File #: O2013-6712, **Version:** 1

CHICAGO October 16, 2013 To the President and

Members of the City Council: Your Committee on Finance having had under consideration

An ordinance amending a Redevelopment Agreement concerning Rosa Parks Limited Partnership.

02013-6712

Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the proposed Ordinance Transmitted Herewith

This recommendation was concurred in by (afviva voce vote^) of members of the committee with dissenting vote(s)T

Alderman Edward M. Burke abstained from voting on this item pursuant to Rule 14.

Respectfully submitted

Chairman

Document No.

REPORT OF THE COMMITTEE ON FINANCE TO THE CITY COUNCIL CITY OF CHICAGO

OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL
MAYOR

September 11,2013

TO THE HONORABLE, THE CITY COUNCIL OF THE CITY
OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Housing and Economic Development, I transmit herewith an ordinance amending a previously passed redevelopment agreement for Rosa Parks, LP.

Your favorable consideration of this ordinance will be appreciated.

Mayor

Very truly yours,

ORDINANCE

WHEREAS, as a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois, the City of Chicago (the "City") has the power to regulate for the protection of the public health, safety, morals and welfare of its inhabitants, and pursuant thereto, has the power to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals; and

WHEREAS, pursuant to an ordinance adopted by the City Council of the City (the "City Council") on February 27, 2002, and published at pages 79794 through 80002 of the Journal of Proceedings ofthe City Council (the "Journal of Proceedings") of such date, a certain redevelopment plan and project (the "Redevelopment Plan") for the Chicago/Central Park Redevelopment Project Area (the "Redevelopment Area") was approved pursuant to the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (the "Act"); and

WHEREAS, pursuant to an ordinance adopted by the City Council on February 27, 2002, and published at pages 80003 through 80014 of the Journal of Proceedings of such date, the Redevelopment Area was designated as a redevelopment project area pursuant to the Act; and

WHEREAS, pursuant to an ordinance (the "TIF Ordinance") adopted by the City Council on February

27, 2002, and published at pages 80015 through 80025 ofthe Journal of Proceedings of such date, tax increment allocation financing was adopted pursuant to the Act as a means of financing certain redevelopment project costs (as defined in the Act) in the Redevelopment Area incurred pursuant to the Redevelopment Plan; and

WHEREAS, pursuant to Section 5/11-74.4-8(b) of the Act and the TIF Ordinance, incremental taxes are deposited from time to time in the "Chicago/Central Park Redevelopment Project Area Special Tax Allocation Fund" established pursuant to the TIF Ordinance; and

WHEREAS, the Congress of the United States has enacted the Cranston-Gonzalez National Affordable Housing Act, 42 U.S.C. Section 12701 et seq., authorizing, inter alia, the HOME Investment Partnerships Program pursuant to which the United States Department of Housing and Urban Development is authorized to make funds available to participating jurisdictions to increase the number of families served with decent, safe, sanitary and affordable housing and to expand the long-term supply of affordable housing; and

WHEREAS, pursuant to an ordinance adopted by the City Council on July 9, 2008, the City, acting through its Department Housing and Economic Development ("HED"), formerly known as the Department of Housing and the Department of Planning and Development (i) entered into that certain Rosa Parks Apartment Redevelopment Agreement (the "RDA") with Rosa Parks Limited Partnership, an Illinois limited partnership (the* "Partnership"), and Bickerdike Redevelopment Corporation, an Illinois not-for-profit corporation ("Bickerdike," and the Partnership shall be collectively referred to herein as the "Developer"), dated August 28, 2008 and recorded in the Office of the Recorder of Deeds of Cook County, Illinois as Document No. 0824145128 on August 28, 2008 providing tax increment financing ("TIF") to assist the Developer in completing the Project (as defined in. the Agreement), which is located on the

S:/Rosa Parks Apartment/Post Closing/Post March 1, 2012 Closing/Ordinance

property described in Exhibit A attached hereto, and (ii) made a certain HOME loan to the Developer on August 28, 2008 in the principal amount of $7,152,474 (the "Loan"); and

WHEREAS, in connection with the Loan, HED and the Partnership executed a certain Housing Loan Agreement, dated August 8, 2007 and a certain Note in the principal amount of $7,152,474 in favor of the City, which is secured by, among other things, that certain Junior Mortgage, Security Agreement and Financing Statement dated August 28, 2008 and recorded on August 28, 2008 as Document Number 0824145131 in the Recorder's Office (the "City Mortgage); and

WHEREAS, the City Mortgage is and was subordinate to that certain Mortgage dated as of August 28, 2008 made by the Partnership as mortgagor in favor of Harris N.A, now known as BMO Harris Bank N.A., as mortgagee (the "Senior Lender"), recorded on August 28, 2008 in the Recorder's Office as Document No. 0824145130, securing (i) a certain Construction Loan that would convert into a Permanent Loan (the "Construction Convertible Loan", under certain circumstances pursuant to the certain Construction Loan and Reimbursement Agreement between the Senior Lender and the Partnership, dated as of August 28, 2008 (the "Senior Loan Agreement") in the aggregate principal amount of $712,974, (ii) and a certain Harris Bank TIF Loan (the "HB TIF Loan") to bridge the receipt of the City TIF Note, as defined in the RDA (the "City TIF Note") in the aggregate principal amount of $2,778,017.47, as evidenced by the Senior Lender's HBTIF Note in the aggregate principal amount of $2,781,624 (the "HBTIF Note"); and

WHEREAS, the Partnership and the Senior Lender, with the consent of the City entered into a certain Collateral Assignment of Redevelopment Agreement (the "Collateral Assignment") on August 28, 2008 (the "Closing Date"), which collaterally assigned the RDA and the City TIF Note, when issued, to the Senior Lender as security for the HBTIF Note; and

WHEREAS, on the Closing Date, the Partnership funded an Interest Reserve Fund in the amount of $373,907 which was used to pay the accrued interest on the HBTIF Note to the Senior Lender during the construction ofthe Project (the "Interest Reserve Account"); and

WHEREAS, the Partnership and the Senior Lender anticipated that the Certificate of Completion, as defined in the RDA (the "Certificate of Completion"), and the City TIF Note would be issued by HED in the second quarter of 2011; and

WHEREAS, on March 1, 2012 HED issued to the Partnership the Certificate of Completion and the City TIF Note, the latter of which was assigned to the Senior Lender pursuant to the Collateral Assignment; and

WHEREAS, the delay in the issuance of the Certificate of Completion and the City TIF Note was due to the delay (i) by the Partnership in providing adequate initial verification of the Partnership's construction compliance with the RDA and (ii) by HED in verifying the Partnership's compliance with the requirements for the issuance of the Certificate of Completion and the City TIF Note, pursuant to the RDA; and

WHEREAS, once the funds in the Interest Reserve Account were depleted to pay the accrued monthly interest, the Partnership was obligated to make interest payments on the HBTIF Note from June 1, 2011 until the City TIF Note was issued on March 1, 2012 and collaterally assigned to the Senior Lender (the "Partnership Interest Payment Period"); and

S:/Rosa Parks Apartment/Post Closing/Post March 1, 2012 Closing/Ordinance

Exhibit A Amendment to the RDA

(See Attached)

S:/Rosa Parks Apartment/Post Closing/Post March 1, 2012 Closing

EXHIBIT A

AMENDMENT TO REDEVELOPMENT AGREEMENT

THIS AMENDMENT (this "Amendment") is made and entered into as of the day of , 20 between the City of Chicago by and through its Department of **Housing and Economic Development (the "City") and Rosa Parks Limited Partnership, an Illinois limited partnership (the "Partnership") and Bickerdike Redevelopment Corporation, an Illinois not-for-profit corporation ("Bickerdike," and the Partnership shall be collectively referred to herein as the "Developer"), and is consented to by BMO Harris Bank NA., a national banking association, successor in interest to Harris N.A. (the "Senior Lender").**

RECITALS

A. On August 28, 2008, the Developer and the City entered into that certain Rosa Parks Apartment Redevelopment Agreement concerning the property legally described on Exhibit A attached hereto and dated and recorded on August 28, 2008 in the Office of the Recorder of Deeds of Cook County, IL as Document No. 0824145128, as authorized by the City Council of City on July 9, 2008 (the "RDA").

B. **In connection with the Loan, HED and the Partnership executed a certain Housing Loan Agreement, dated August 8, 2007 and the Partnership executed a certain Note in the principal amount of $7,152,474 in favor of the City, which is secured by, among other things, that certain Junior Mortgage, Security Agreement and Financing Statement dated August 28, 2008 and recorded on August 28, 2008 as Document Number 0824145131 in the Recorder's Office (the "City Mortgage).**

C. **The City Mortgage is to that certain Mortgage dated as of August 28, 2008 made by the Partnership as mortgagor in favor of the Senior Lender, as mortgagee, recorded on August 28, 2008 in the Recorder's Office as Document No. 0824145130, securing (i) a certain Construction Loan that would convert into a Permanent Loan (the "Construction Convertible Loan", under certain circumstances pursuant to the certain Construction Loan and Reimbursement Agreement between the Senior Lender and the Partnership, dated as of August 28, 2008 (the "Senior Loan Agreement") in the aggregate principal amount of $712,974, (ii) and a certain Harris Bank TIF Loan (the "HB TIF Loan") to bridge the receipt of the City TIF Note, as defined in the RDA (the "City TIF Note") in the aggregate principal amount of $2,778,017.47, as evidenced by the Senior Lender's HBTIF Note in the aggregate principal amount of $2,781,624 (the "HBTIF Note").**

EASTO1208729.5

D. The Partnership and the Senior Lender, with the consent of the City entered into a certain Collateral Assignment of Redevelopment Agreement (the "Collateral Assignment") on August 28, 2008 (the "Closing Date"), which collaterally assigned the RDA and the City TIF Note, when issued, to the Senior Lender as security for the HBTIF Note.

E. On the Closing Date, the Partnership funded an Interest Reserve Fund in the amount of $373,907 which was used to pay the accrued interest on the HBTIF Note to the Senior Lender during the construction of the Project (the "Interest Reserve Account"); and

F. The Partnership and the Senior Lender anticipated that the Certificate of Completion, as defined in the RDA, and the City TIF Note would be issued by HED in the second quarter of 2011.

G. On March 1, 2012 HED issued to the Partnership the Certificate of Completion and the City TIF Note, the latter of which was assigned to the Senior Lender pursuant to the Collateral Assignment.

H. The delay in the issuance of the Certificate of Completion and the City TIF Note was due to the delay (i) by the Partnership in providing adequate initial verification of the Partnership's construction compliance with the RDA and (ii) by HED in verifying the Partnership's compliance with the requirements for the issuance of the Certificate of Completion and the City TIF Note, pursuant to the RDA.

I. Once the funds in the Interest Reserve Account were depleted to pay the accrued monthly interest, the Partnership was obligated to make interest payments on the HBTIF Note from June 1, 2011 until the City TIF Note was issued on March 1, 2012 and collaterally assigned to the Senior Lender (the "Partnership Interest Payment Period"); and

J. Consequently, the Partnership paid interest in the aggregate amount of $150,889.18 (the "Interest Payment") on the HBTIF Note during the Partnership Interest Payment Period.

K. The Partnership is requesting that HED reimburse the Partnership for the Interest Payment it made to the Senior Lender during the Partnership Interest Payment Period because the Partnership was harmed by the delay and it cannot otherwise recover the loss because the Senior Lender receives all proceeds from the City TIF Note that was issued and collaterally assigned to the Senior Lender on March 1, 2012.

L. HED is willing to reimburse the Partnership for a portion of the Interest Payment in the amount of $75,246 from Available Incremental Taxes and the Senior Lender is willing to consent to the amendment ofthe RDA, as required by the Collateral Assignment.

NOW, THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Developer and the City agree as hereinafter set forth:

AGREEMENTS

1. Incorporation of Recitals. The above recitals are incorporated herein by reference and constitute a material part hereof.

2. Capitalized Terms. Capitalized terms used in this Amendment shall have the meanings set forth herein or, if not defined herein, shall have the meanings given in the Agreement.

3. 4.03 (b) Sources of City Funds. The RDA is hereby amended by deleting the first paragraph of Section 4.03(b) of the RDA and inserting in lieu thereof the following:

> 4.03(b) Sources of City Funds. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to provide City funds in an amount not to exceed $3,581,870 (the "City Funds"). Of the $3,581,870, at Closing, $500,000 will be contributed by the City to Bickerdike in the form of cash. Upon receipt, Bickerdike will make a capital contribution or loan of these cash funds to the Partnership. Upon the issuance of a Certificate of Occupancy, a payment in an amount not to exceed $225,000 will be made to reimburse Bickerdike for 50% of the construction costs associated with the Project (the $500,000 cash contribution and the $225,000 contribution at Certificate of Occupancy are collectively referred to as the "Initial Payments"). Upon receipt, Bickerdike will also make a capital contribution or loan of these funds to the Partnership. After the issuance of the Certificate of Completion, the City will make a payment of $75,246 to the Partnership (the "Partnership Payment"). The Initial Payments and the Partnership Payment will be made from Available Incremental Taxes with respect to all property within the Redevelopment Area.

4. Full Force and Effect. Except as amended hereby, the RDA shall remain in full force and effect, and the terms of such RDA are incorporated herein by reference, as if fully set forth herein.

6. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute a single, integrated instrument.

7. Miscellaneous. In the event of any inconsistency between the terms of this Amendment and the RDA, this Amendment shall govern and control in all instances.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been signed as of the date first written above.

ROSA PARKS LIMITED PARTNERSHIP, An Illinois limited partnership

By: BRC Affiliate, Inc., an Illinois not-for-profit corporation and its sole General Partner

By:

Its:

BICKERDIKE REDEVELOPMENT CORPORATION, An Illinois not-for-profit corporation

By:

Its:

CITY OF CHICAGO

By:
Andrew J. Mooney, Commissioner,
Department of Planning and Development

BMO Harris Bank N.A. hereby consents to this Amendment. BMO Harris

Bank N.A., a national banking association

By: _ Name: Title:

STATE OF ILLINOIS)

)SS

(SEAL)
COUNTY OF COOK)

Notary Public

My Commission Expires

STATE OF ILLINOIS) COUNTY OF COOK)

I, , a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that personally known to me to be the of Rosa Parks Limited Partnership, an Illinois limited partnership (the "Partnership"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed, and delivered said instrument, pursuant to the authority given to him/her by the Partners of the Partnership, as his/her free and voluntary act and as the free and voluntary act of the Partnership, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this day of , 2008.

Notary Public

My Commission Expires.

(SEAL)
STATE OF ILLINOIS)

)SS

COUNTY OF COOK)

I, , a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that , personally known to me to be the of Bickerdike Redevelopment Corporation, an Illinois not-for-profit corporation ("Bickerdike"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed, and delivered said instrument, pursuant to the authority given to him/her by the Board of Directors of Bickerdike, as his/her free and voluntary act and as the free and voluntary act of Bickerdike, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this day of , 2008.

Notary Public

My Commission Expires.

(SEAL)

EXHIBIT A to Second Amendment Legal Description of the Property [To be Inserted at Closing]

UNITED STATES
SECUMTIES AND EXCHANGE COMMISSION
11 Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2013

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 94163
(Address of principal executive offices) (Zip Code)

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

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 0 No □

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes 0 No □

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule i2b-2 of the Exchange Act.

Large accelerated filer 0 Accelerated filer □

Non-accelerated filer □ (Do not check if a smaller reporting company) Smaller reporting company □

Indicate by check mark whether the registrant is a shell company (as defined in Rule i2b-2 of the Exchange Act).

Yes □ No 0

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 31. 2013
Common stock, $1-2/3 par value	5,309,782,331

FORM 10-Q CROSS-REFERENCE INDEX

PART I - FINANCIAL INFORMATION

FINANCIAL REVIEW

Summary Financial Data

June 30, 2013

March 31, 2013

Quarter ended

June 30, 2012
June 30, 2012
% Change June 30, 2013 from
March 31, 2013
June 30, 2012

Six months ended

June 30, 2013

%

Change

For the Period
Wells Fargo net income Wells Fargo net income
applicable to common stock Diluted earnings per common share Profitability ratios (annualized): Wells Fargo net income to average assets (ROA) Wells Fargo net income applicable to common stock to average Wells Fargo common stockholders' equity (ROE) Efficiency ratio (1) Total revenue
Pre-tax pre-provision profit (PTPP) (2)
Dividends declared per common share
Average common shares outstanding
Diluted average common shares outstanding
Average loans
Average assets
Average core deposits (3)
Average retail core deposits (4)
Net interest margin

At Period End
Securities available for sale
Loans
Allowance for loan losses
Goodwill
Assets
Core deposits (3)
Wells Fargo stockholders' equity
Total equity
Tier 1 capital (5)
Total capital (5)
Capital ratios:
Total equity to assets
Risk-based capital (5): Tier 1 capital Total capital
Tier 1 leverage (5)
Tier 1 common equity (6) Common shares outstanding Book value per common share Common stock price:
High
Low
Period end

Team members (active, full-time equivalent)

5,272 0.98

l.SS %

14.02 57.3 21,378 9,123 0.30 5,304.7 5,384.6 800,241 1,429,005 936,090 666,043 3.46 %

249,439 801,974
16,144
25,637 1,440,563 941,158 162,421 163,777 132,969 164,998

12.12 15.03 9.63 10.71 5,302.2 28.26

41.74 36.19 41.27 274,300

5,171

4,931 0.92

13.59 58.3 21,259 8,859 0.25 5,279.0 5,353.5 798,074 1,404,334 925,866 662,913 3.48

248,160 799,966 16,711 25,637 1,436,634 939,934 162,086 163,395 129,071 161,551

11.37

11.80 14.76 9.53 10.39 5,288.8 28.27

38.20 34.43 36.99 274,300

4,622

4,403 0.82

12.86 58.2 21,289 8,892 0.22 5,306.9 5,369.9 768,223 1,321,584 880,636 624,329 3.91

226,846 775,199 18,320 25,406 1,336,204 882,137 148,070 149,437 117,856 149,813

11.18

11.69 14.85 9.25 10.08 5,275.7 26.06

34.59 29.80 33.44 264,400

7 %

3 (2) 1 3 20

2 1

(1)

(3)

9 5 12

19

20 20

10

9 (2)

3 36

4 8 6 7

(12)

10 3

(12) 1 8 7 10 10 13 10

4 1 4 6 1 8

21 21 23 4

10,690

10,203 1.90

13.81 57.8 42,637 17,982 0.55 5,291.9 5,369.9 799,164 1,416,741 931,006 664,487 3.47

249,439 801,974 16,144 25,637 1,440,563 941,158 162,421 163,777 132,969 164,998

11.37

12.12 15.03 9.63 10.71 5,302.2 28.26

41.74 34.43 41.27 274,300

8,870

8,425 1.57

1.36

12.51 59.1 42,925 17,535 0.44 5,294.9 5,354.3 768,403 1,312,252 875,576 620,445 3.91

226,846 775,199 18,320 25,406 1,336,204 882,137 148,070 149,437 117,856 149,813

11.18

11.69 14.85 9.25 10.08 5,275.7 26.06

34.59 27.94 33.44 264,400

21 21

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4
8 6 7
(U)

10 3

(12) 1 8 7 10 10 13 10

4
1 4 6 1 8

21 23 23 4

1) The efficiency ratio is noninterest expense divided by total revenue (net interest income and noninterest income).
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) Core deposits are noninterest-bearing deposits, interest-bearing checking, savings certificates, certain market rate and other savings, and certain foreign deposits (Eurodollar sweep balances).
4) Retail core deposits are total core deposits excluding Wholesale Banking core deposits and retail mortgage escrow deposits.
5) See Note 19 (Regulatory and Agency Capital Requirements) to Financial Statements in this Report for additional information.
6) See the "Capital Management" section in this Report for additional information.

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This Quarterly Report, including the Financial Review and the Financial Statements and related Notes, contains forward-looking statements, which may include forecasts of ourfinancial 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 the "Risk Factors" and "Regulation and Supervision" sections of our Annual Report on Form 10-Kfor the year ended December 31,2012 (2012 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. When we refer to "legacy Wells Fargo," we mean Wells Fargo excluding Wachovia Corporation (Wachovia). See the Glossary of Acronyms at the end of this Report for terms used throughout this Report.

Financial Review

Overview

Wells Fargo & Company is a nationwide, diversified, community-based financial services company with $1.4 trillion in assets. Founded in 1852 and headquartered in San Francisco, we provide banking, insurance, investments, mortgage, and consumer and commercial finance through more than 9,000 stores, 12,000 ATMs and the Internet (wellsfargo.com <http://wellsfargo.com>), and we have offices in more than 35 countries to support our customers who conduct business in the global economy. With more than 274,000 active, full-time equivalent team members, we serve one in three households in the United States and rank No. 25 on Fortune's 2013 rankings of America's largest corporations. We ranked fourth in assets and first in the market value of our common stock among all U.S. banks at June 30, 2013.

Our vision is to satisfy all our customers' financial needs, help them succeed financially, be recognized as the premier financial services company in our markets and be one of America's great companies. Our primary strategy to achieve this vision is to increase the number of our products our customers utilize and to offer them all of the financial products that fulfill their needs. Our cross-sell strategy, diversified business model and the breadth of our geographic reach facilitate growth in both strong and weak economic cycles, as we can grow by expanding the number of products our current customers have with us, gain new customers in our extended markets, and increase market share in many businesses.

Financial Performance

Wells Fargo net income was $5.5 billion in second quarter 2013, the highest quarterly profit in our history, with record diluted earnings per share of $0.98. Net income and diluted earnings per share (EPS) increased at double-digit rates (19% and 20%, respectively), compared with second quarter 2012. This was our 14th consecutive quarter of earnings per share growth and 9th consecutive quarter of record earnings per share. Achieving this consistent, strong performance, during a dynamic economic and interest rate environment, demonstrates the benefit of our diversified business model. We are not dependent on any one business to generate growth. We have over 90 different businesses that are all focused on meeting our customer's

financial needs. Our results this quarter demonstrate the momentum we have throughout our businesses. Compared with a year ago:

- we grew pre-tax pre-provision profit by 3%;
- we reduced our expenses and improved our efficiency ratio by 90 basis points to 57.3%;
- *our loans grew by $26.8 billion, up 3%, and our core loan portfolio grew by $42.3 billion, up 6%;*
- our credit performance continued to improve, benefiting from our conservative underwriting and improving economic conditions, especially in housing, with net charge-offs down to 58 basis points and our total net charge-offs down 48% from a year ago;
- our strong deposit franchise continued to grow, with total deposits up 10% from a year ago, while we reduced total deposit costs by 5 basis points to 14 basis points;
- we achieved record retail banking cross-sell of 6.14 products per household (May 2013); Wholesale Banking grew to 6.9 products (March 2013) and Wealth, Brokerage and Retirement cross-sell increased to 10.35 products (May 2013);
- we grew return on assets (ROA) by 14 basis points to 1.55% and return on equity (ROE) increased by 116 basis points to 14.02%; and
- our capital levels continued to grow with our estimated Tier I common equity ratio under Basel III increasing to 8.62%.

Our balance sheet continued to strengthen in second quarter 2013 with further core loan and deposit growth and an increase in our securities portfolio. Our non-strategic/liquidating loan portfolios decreased $3.3 billion during the quarter and, excluding the planned runoff of these loans, our core loan portfolios increased $5.3 billion from the prior quarter. Total average loans were $800.2 billion, up $2.2 billion from the prior quarter. Our short-term investments and federal funds sold balances increased by $4.9 billion during the quarter on continued strong deposit growth. We grew our securities available for sale portfolio by $1.3 billion as new investments were largely offset by run-off and a $6.1 billion reduction in the net unrealized gain on securities available for sale. Deposit growth remained strong with period-end deposits up $10.9 billion from first quarter 2013. We have successfully grown deposits while reducing our deposit costs for 10 consecutive quarters. Our ROA grew to 1.55%, within our targeted range of 1.3% to 1.6%, and our ROE increased to 14.02%, also within our targeted range of 12% to 15%.

Credit Quality

Credit quality continued to improve in second quarter 2013, with solid performance in several of our commercial and consumer loan portfolios. Net charge-offs of $1.2 billion were 0.58% (annualized) of average loans, down 57 basis points from a year ago, and the lowest rate since second quarter 2006. Net losses in our commercial portfolio were $44 million, or 5 basis points of average loans. Net consumer losses declined to 101 basis points from 176 basis points in second quarter 2012.

Commercial losses for second quarter 2013 were favorably affected by our commercial real estate portfolios reporting a net recovery position due to resolutions of problem loans. The consumer loss levels have improved due to lower severity reflecting the positive momentum in the residential real estate market, with home values improving significantly in many markets, as well as lower frequency.

Nonperforming assets decreased to $21.1 billion at June 30, 2013, from $24.5 billion at December 31, 2012, with declines in both nonaccrual loans and foreclosed assets.

Reflecting these improvements in our loan portfolios, our $652 million provision for credit losses this quarter was $1.1 billion less than a year ago. This provision included a release of $500 million from the allowance for credit losses (the amount by which net charge-offs exceeded the provision), compared with a release of $400 million a year ago. We continue to expect future allowance releases absent a significant deterioration in the economy.

Capital

We continued to build capital in second quarter 2013, increasing total equity to $163.8 billion at June 30, 2013. Our Tier 1 common equity ratio grew 32 basis points during the quarter to 10.71% of risk-weighted assets (RWA) under Basel I, reflecting strong internal capital generation. Our estimated Tier I common equity ratio under Basel III which reflects our interpretation of the Basel III capital rules adopted July 2, 2013, increased to 8.62% in the second quarter. Other comprehensive income (OCI) negatively impacted the ratio by 24 basis points in the quarter due primarily to a reduction in net unrealized securities gains as a result of the increase in interest rates. Because of our strong earnings growth, we grew capital even with the impact from the increase in rates. We expect reductions to net unrealized securities gains when rates rise and this is one reason why we target an internal capital buffer of approximately 100 basis points.

Our strong earnings growth has enabled us to grow our capital levels while returning more capital to our shareholders. We increased our second quarter 2013 dividend to $0.30 per share, a 20% increase over our first quarter dividend, purchased 26.7 million shares in the quarter and executed a $500 million forward contract that is expected to settle in third quarter 2013 for approximately 13 million shares.

Our other regulatory capital ratios remained strong with an increase in the Tier 1 capital ratio to 12.12% and Tier 1 leverage ratio to 9.63% at June 30, 2013, from 11.80% and 9.53%, respectively, at March 31, 2013. In July 2013, U.S. banking regulatory agencies issued a supplemental leverage ratio proposal. Based on our initial review, we believe our current leverage levels would meet the applicable proposed requirements at the holding company and each of its insured depository institution subsidiaries. See the "Capital Management" section in this Report for more information regarding our capital, including Tier 1 common equity.

Earnings Performance

Wells Fargo net income for second quarter 2013 was $5.5 billion ($0.98 diluted earnings per common share) compared with $4.6 billion ($0.82 diluted earnings per common share) for second quarter 2012. Net income for the first half of 2013 was $10.7 billion compared with $8.9 billion for the same period a year ago. Our second quarter 2013 quarterly and six-month earnings reflected the strength of our diversified business model with growth in many of our businesses. The key drivers of our financial performance in the second quarter and first half of 2013 were balanced net interest and fee income, diversified sources of fee income, a diversified loan portfolio and strong underlying credit performance.

Revenue, the sum of net interest income and noninterest income, was $21.4 billion in second quarter 2013, compared with $21.3 billion in second quarter 2012. Revenue for the first half of 2013 was $42.6 billion, down 1% from a year ago. The increase in revenue for second quarter 2013 was predominantly due to an increase in noninterest income, resulting from higher fee income in many of the Company's core businesses. The decrease in

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revenue for the first half of 2013 was predominantly due to a decrease in net interest income, resulting from continued repricing of the balance sheet in a low interest rate environment. Net interest income was $10.8 billion in second quarter 2013, representing 50% of revenue, compared with $11.0 billion (52%) in second quarter 2012. Continued success in generating low-cost deposits enabled us to grow assets by funding loans and securities growth while reducing higher cost long-term debt.

Noninterest income was $10.6 billion in second quarter 2013, representing 50% of revenue, compared with $10.3 billion (48%) in second quarter 2012. Noninterest income was $21.4 billion for the first half of 2013 compared with $21.0 billion for the same period a year ago. The increase in noninterest income for the second quarter and first half of 2013 was driven predominantly by solid performance in many of our businesses. Those fee sources generating double-digit year-over-year revenue growth in the second quarter and first half of 2013 included deposit service charges, brokerage advisory, commission and other fees, investment banking fees and card fees.

Noninterest expense was $12.3 billion in second quarter 2013, compared with $12.4 billion in second quarter 2012. Noninterest expense was $24.7 billion for the first half of 2013 compared with $25.4 billion for the same period a year ago. The decrease in noninterest expense in the second quarter and first half of 2013 from the same periods a year ago was primarily due to lower operating losses and a reduction in foreclosed assets expense reflecting improvement in the real estate market. Our efficiency ratio was 57.3% in second quarter 2013, compared with 58.2% in second quarter 2012, reflecting our continued focus on expense management efforts.

Net Interest Income

Net interest income is the interest earned on debt securities, loans (including yield-related loan fees) and other interest-earning assets minus the interest paid on deposits, short-term borrowings and long-term debt. The net interest margin is the average yield on earning assets minus the average interest rate paid for deposits and our other sources of funding. Net interest income and the net interest margin are presented on a taxable-equivalent basis in Table 1 to consistently reflect income from taxable and tax-exempt loans and securities based on a 35% federal statutory tax rate.

While the Company believes that it has the ability to increase net interest income over time, net interest income and the net interest margin in any one period can be significantly affected by a variety of factors including the mix and overall size of our earning asset portfolio and the cost of funding those assets. In addition, some sources of interest income, such as resolutions from purchased credit-impaired (PCI) loans, loan prepayment fees and collection of interest on nonaccrual loans, can vary from period to period.

Net interest income on a taxable-equivalent basis was $10.9 billion and $21.6 billion in the second quarter and first half of 2013, down from $11.2 billion and $22.3 billion, respectively, a year ago. The net interest margin was 3.46% and 3.47% in the second quarter and first half of 2013, down from 3.91% in the same periods a year ago. The decrease in net interest income in both the second quarter and first half of 2013 from the same periods a year ago was largely driven by the impact of higher yielding loan and available-for-sale (AFS) securities runoff, partially offset by the benefits of AFS securities purchases and the retention of $23.1 billion in high-quality, conforming real estate 1-4 family first mortgages in the second half of 2012 and first half of 2013. In addition, reductions in deposit and long-term debt costs also helped offset lower asset income. The decline in net interest margin in the second quarter and first half of 2013, compared with the same periods a year ago, was primarily driven by deposit growth which caused short -term investment balances to increase. These balances, which are dilutive to net interest margin, are essentially neutral to net interest income. In addition, net interest margin for the second quarter and first half of 2013 experienced significant pressure related to growth and repricing of the balance sheet. We expect continued pressure on our net interest margin as the balance sheet continues to reprice in the current low interest rate environment.

Average earning assets increased $114.6 billion and $107.2 billion in the second quarter and first half of 2013 from a year ago, as average securities available for sale increased $20.5 billion and $15.9 billion for the same periods, respectively. Average short-term investments increased $65.2 billion for both the second quarter and first half of 2013. In addition, an increase in commercial and industrial loans contributed to $32.0 billion and $30.8 billion higher average loans in the second quarter and first half of 2013, compared with a year ago.

Core deposits are an important low-cost source of funding and affect both net interest income and the net interest margin. Core deposits include noninterest-bearing deposits, interest-bearing checking, savings certificates, market rate and other savings, and certain foreign deposits (Eurodollar sweep balances). Average core deposits rose to $936.1 billion in second quarter 2013 ($931.0 billion in the first half of 2013), compared with $880.6 billion in second quarter 2012 ($875.6 billion in the first half of 2012) and funded 117% of average loans in second quarter 2013 (116% for the first half of 2013), compared with 115% a year ago (114% for the first half of 2012). Average core deposits decreased to 74% of average earning assets in both the second quarter and first half of 2013, compared with 76% a year ago. The cost of these deposits has continued to decline due to a sustained low interest rate environment and a shift in our deposit mix from higher cost certificates of deposit to lower yielding checking and savings products. About 94% of our average core deposits are in checking and savings deposits, one of the highest industry percentages.

Earnings Performance (continued)

Tabic l: Average Balances, Yields and Rates Paid (Taxable-Equivalent Basis) (l)(2)(3)

Quarter ended June 30,

2013

Average balance

Yields/ rates

Interest income/ expense

Average balance

Yields/ rates

Interest income/ expense

Earning assets
Federal funds sold, securities purchased under
resale agreements and other short-term investments Trading assets
Securities available for sale (3):
Securities of U.S. Treasury and federal agencies Securities of U.S. states and political subdivisions Mortgage-backed securities: Federal agencies
' Residential and commercial
Total mortgage-backed securities
Other debt and equity securities
Total securities available for sale Mortgages held for sale (4) Loans held for sale (4) Loans:
Commercial:
Commercial and industrial
Real estate mortgage
Real estate construction
Lease financing
Foreign
Total commercial
Consumer:
Real estate 1-4 family first mortgage Real estate 1-4 family junior lien mortgage Credit card Automobile
Other revolving credit and installment
Total consumer
Total loans (4)
Other
Total earning assets

136,484 46,622

6,684 39,267

102,007 31,315

133,322 55,533

234,806 43,422 177

186,130 105,261 16,458 12,338 42,273

362,460

252,558 71,376 24,023 47,942 41,882

437,781

800,241 4,151

0.33 °/o 2.98

1.73 4.42

2.79 6.50

3.66 3.84

3.77 3.48 7.85

3.69 3.92 5.02 6.66 2.23

3.75

4.23 4.29 12.55 7.05 4.74

5.05

4.46 5.55

3.80 °/o

113 347

29 434

711 509

1,220 531

2,214 378 4

1,714 1,029 206 206 235

3,390

2,671 764 752 842 495

5,524

8,914 57

71,250 42,614

1,954 34,560

95,031 33,870

128,901 48,915

214,330 49,528 833

171,776 105,509 17,943 12,890 38,917

347,035

230,065 82,076 22,065 44,625 42,357

421.188

768,223 4,486

1,151,264

0.47 % 3.27

1.60 4.39

3.37 6.97

4.32 4.39

4.32 3.86 5.48

4.21 4.60 4.96 6.86 2.57

4.28

4.62 4.30 12.70 7.59 4.51

5.29

4.83 4.56

4.37

83 348

379

800 591

1,391 535

2,313 477 12

1,801 1,208 221 221 249

3,700

2,658 878 697 842 475

5,550

9,250 51

12,534

Funding sources

Deposits:

Interest-bearing checking

Market rate and other savings
Savings certificates
Other time deposits
Deposits in foreign offices

Total interest-bearing deposits Short-term borrowings Long-term debt
Other liabilities

Total interest-bearing liabilities Portion of noninterest-bearing funding sources

Total funding sources

40,422 541,843 52,552 26,045 68,871

729,733 57,812
125,496 13,315

926,356 339,547

0.06 %
0.08
1.23
0.76
0.15

0.19 0.14 2.02 2.25

0.47 0.34

6
111 161 50 25

353 21
632 75

1,081

30,440 500,327 60,341 12,803 65,587

669,498 51,698
127,660 10,408

859,264 292.000

1,151.264

0.07 %
0.12
1.34
1.83
0.17

0.27 0.19 2.48 2.48

0.62

0.46

5
152 200 59 27

443 24
789 65

1,321

Net interest margin and net interest income on
a taxable-equivalent basis (5) Noninterest-earning assets
Cash and due from banks Goodwill
Other

16,214 25,637 121,251

16,200 25,332 128,788

Total noninterest-earning assets

Noninterest-bearing funding sources
Deposits Other liabilities Total equity
Noninterest-bearing funding sources used to fund earning assets

280,029 57,959 164,661 (339,5471

254,442 58,441 149,437 (292,000)

Net noninterest-bearinq funding sources

Total assets

1) Our average prime rate was 3.25% for the quarters ended June 30, 2013 and 2012, and 3.25% for the first six months of both 2013 and 2012. The average three-month London Interbank Offered Rate (LIBOR) was 0.28% and 0.47% for the quarters ended June 30, 2013 and 2012, respectively, and 0.28% and 0.49%, respectively, for the first six months of 2013 and 2012.
2) Yield/rates and amounts include the effects of hedge and risk management activities associated with the respective asset and liability categories.
3) Yields and rates are based on interest income/expense amounts for the period, annualized based on the accrual basis for the respective accounts. The average balance amounts represent amortized cost for the periods presented.
4) Nonaccrual loans and related income are included in their respective loan categories.
5) Includes taxable-equivalent adjustments of $196 million and $176 million for the quarters ended June 30, 2013 and 2012, respectively, and $373 million and $346 million for the first six months of 2013 and 2012, respectively, primarily related to tax-exempt income on certain loans and securities. The federal statutory tax rate utilized was 35% for the periods presented.

Six months ended June 30,

2013

Average balance

Yields/ rates

Interest income/ expense

Average balance

Yields/ rates

Interest income/ expense

Earning assets

Federal funds sold, securities purchased under resale agreements and other short-term investments Trading assets

Securities available for sale (3):

Securities of U.S. Treasury and federal agencies Securities of U.S. states and political subdivisions Mortgage-backed securities:

Federal agencies

Residential and commercial

Total mortgage-backed securities

Other debt and equity securities

Total securities available for sale Mortgages held for sale (4) Loans held for sale (4) Loans:

Commercial:

Commercial and industrial

Real estate mortgage

Real estate construction

Lease financing

Foreign

Total commercial

128,797 44,388

6,880 38,430

98,705 31,726

130,431 54,634

230,375 43,367 159

185,327 105,738 16,508 12,381 41,093

361,047

0.35 % 3.07

1.65 4.40

2.77 6.48

3.67 3.71

3.74 3.45 8.28

3.71 3.88 4.93 6.72 2.19

3.75

221 681

56 844

1,365 1,028

2,393 1,008

4,301 749 7

3,414 2,035 404 416 448

6,717

63,635 43,190

3,875 33,578

93,165 34,201

127,366 49,658

214,477 48,218 790

169,279 105,750 18,337 13,009 40,042

346,417

0.49 % 3.39

1.13 4.45

3.43 6.89

4.36 4.10

4.26 3.88 5.29

4.20 4.33 4.87 7.89 2.54

4.22

156 731

22 747

1,597 1,178

2,775 1,015

4,559 936 21

3,534 2,280 444 513 507

7,278

Consumer:

Real estate 1-4 family first mortgage Real estate 1-4 family junior lien mortgage Credit card Automobile

Other revolving credit and installment

Total consumer

Total loans (4)

Total earning assets

252,305 72,715 24,060 47,258 41,779

438,117

799,164 4,203

4.26 4.29 12.58 7.12 4.72

5.08

4.47 5.37

5,374 1,548 1,502 1,668 977

11,069

17,786 112

23,857

229,859 83,397 22,097 44,155 42,478

421,986

768,403 4,545

1,143,258

4.66 4.28 12.81 7.69 4.54

5.31

4.82 4.49

4.38 %

5,346 1,778 1,408 1,688 958

11,178

18,456 103

Funding sources

Deposits:

Interest-bearing checking

Market rate and other savings

Savings certificates

Other time deposits

Deposits in foreign offices

Total interest-bearing deposits Short-term borrowings Long-term debt

Other liabilities

Total interest-bearing liabilities Portion of noninterest-bearing funding sources

Total funding sources

36,316 539,708 53,887 21,003 69,968

720,882 56,618
126,299 12,467

916,266 334,187

1,250,453

0.06 °/o
0.09
1.23
0.95
0.15

0.20 0.16 2.11 2.24

0.49 0.36

11 233 328 99 51

722 44 1,329 140

2,235

31,299 498,177 61,515 12,727 65,217

668,935 50,040
127,599 10,105

856,679 286,579

1,143,258

0.06 0.12 1.35 1.88 0.16

0.27 0.17 2.54 2.55

0.63 0.47

10 305 413 119
53

900 43 1,619 129

2,691

2,691

Net interest margin and net interest income on
a taxable-equivalent basis (5) Noninterest-earning assets

Cash and due from banks

Goodwill

Other

16,371 25,638 124,279

16,587 25,230 127,177

Total noninterest-earning assets

Noninterest-bearing funding sources
Deposits Other liabilities Total equity
Noninterest-bearinq funding sources used to fund earning assets

277,141 60,784 162,550 (334,187)

250,528 57,821 147,224 (286,579)

Net noninterest-bearinq funding sources
Total assets

Earnings Performance (continued,)

Noninterest Income

Tabic 2: Noninterest Income

Quarter ended June 30, %

2013 2012 Change

Six months ended June 30,

2012 Change

Service charges on deposit accounts Trust and investment fees:
Brokerage advisory, commissions and other fees (1)
Trust and investment management (1)
Investment banking

Total trust and investment fees

Card fees Other fees:
Charges and fees on loans
Merchant processing fees
Cash network fees
Commercial real estate brokerage commissions Letters of credit fees All other fees

Total other fees

Mortgage banking:
Servicing income, net
Net gains on mortgage loan origination/sales activities

Total mortgage banking

Insurance
Net gains from trading activities
Net losses on debt securities available for sale
Net gains from equity investments
Lease income
Life insurance investment income All other

Total

1,139

1,845 762 291

1,248

2,898

2,127 829 538

704

427 157 120 82 108 240

3,494

813

679 2,214

387 174 125 73 102 228

2,802

393 2,409
2,893

485 522
331 263
(54) (61)
203 242
225 120
142 154
10,252
(150) 244
10,628
10 % $

15 9 85

21 15

(9) 11 4

(11) (6) (5)

(4)

(42) 9

(3)

(7) 26

(11) (16) 88 (8) NM

2,223

3,675 1,514 548

2,462
5,737

4,177 1,628 891

1,358

872 282 238 132 220 485

6,696

1,551
2,229
931 4,832

771 328 242 118 211 453

707
948 901
(9) 316 355 287 162

5,763

1,041 903 (68) 606 179 322 707

21,388 21,000

11 %

14
8 63

17

14

(12) 16 2

(11) (4) (7)
(5)

(24) 1

(3) (9)

(87) (48) 98

(ID (77)

2

NM - Not meaningful
(1) Prior year periods have been revised to reflect all fund distribution fees as brokerage related income.

Noninterest income was $10.6 billion and $10.3 billion for second quarter 2013 and 2012, respectively, and $21.4 billion and $21.0 billion for the first half of 2013 and 2012, respectively. Noninterest income represented 50% of revenue for both the second quarter and first half of 2013 compared with 48% and 49%, respectively, for the same periods a year ago. The increase in noninterest income in the second quarter and first half of 2013 from the same periods a year ago was driven by solid performance in many of our businesses including retail deposits, credit card, merchant card processing, government and institutional banking, corporate banking, capital markets, asset-backed finance, commercial real estate, corporate trust, wealth management, retail brokerage, and retirement services.

Our service charges on deposit accounts increased in second quarter 2013 by $109 million, or 10% from second quarter 2012, and $239 million in the first half of 2013, or 11% from the first half of 2012, due to primary consumer checking customer growth, product changes and continued customer adoption of overdraft services.

We receive brokerage advisory, commissions and other fees for providing services to full-service and discount brokerage customers. Brokerage advisory, commissions and other fees
include transactional commissions based on the number of transactions executed at the customer's direction, and asset-based fees, which are based on the market value of the customer's assets. These fees increased to $2.1 billion and $4.2 billion in the second quarter and first half of 2013, respectively, from $1.8 billion and $3.7 billion for the same periods in 2012. The growth was predominantly due to higher asset-based fees from improved market performance and growing market share, as well as higher brokerage transactional revenue driven by increased client activity. Brokerage client assets totaled $1.3 trillion at June 30, 2013, a 9% increase from $1.2 trillion at June 30, 2012, due to higher market values and customer growth in assets under management.

We earn trust and investment management fees from managing and administering assets, including mutual funds, corporate trust, personal trust, employee benefit trust and agency assets. At June 30,2013, these assets totaled $2.3 trillion, up 4% from $2.2 trillion at June 30,2012, driven by higher market values. Trust and investment management fees are largely based on a tiered scale relative to the market value of the assets under management or administration. These fees increased to $829 million and $1.6 billion in the second quarter

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and first half of 2013, respectively, from $762 million and $1.5 billion for the same periods in 2012, primarily due to growth in assets under management and higher market values.

We earn investment banking fees from underwriting debt and equity securities, loan syndications, and performing other related advisory services. Investment banking fees increased to $538 million and $891 million in the second quarter and first half of 2013, respectively, from $291 million and $548 million for the same periods a year ago, due primarily to increased loan syndication volume and equity originations.

Card fees were $813 million in second quarter 2013, compared with $704 million in second quarter 2012 and $1.6 billion and $1.4 billion for the first half of 2013 and 2012, respectively. Card fees increased primarily due to active account growth and increased purchase activity.

Mortgage banking noninterest income, consisting of net servicing income and net gains on loan origination/sales activities, totaled $2.8 billion in second quarter 2013, compared with $2.9 billion in second quarter 2012 and totaled $5.6 billion for the first half of 2013, compared with $5.8 billion for the same period a year ago.

Net mortgage loan servicing income includes amortization of commercial mortgage servicing rights (MSRs), changes in the fair value of residential MSRs during the period, as well as changes in the value of derivatives (economic hedges) used to hedge the residential MSRs. Net servicing income for second quarter 2013 included a $68 million net MSR valuation gain ($1.87 billion increase in the fair value of the MSRs offset by a $1.80 billion hedge loss) and for second quarter 2012 included a $377 million net MSR valuation gain ($1.63 billion decrease in the fair value of MSRs offset by a $2.01 billion hedge gain). For the first half of 2013, net servicing income included a $197 million net MSR valuation gain ($2.63 billion increase in the fair value of the MSRs offset by a $2.43 billion hedge loss) and for the same period of 2012, included a $319 million net MSR valuation gain ($1.79 billion decrease in the fair value of MSRs offset by a $2.11 billion hedge gain). Our portfolio of loans serviced for others was $1.90 trillion at June 30, 2013, and $1.91 trillion at December 31, 2012. At June 30, 2013, the ratio of MSRs to related loans serviced for others was 0.81%, compared with 0.67% at December 31, 2012. See the "Risk Management - Mortgage Banking Interest Rate and Market Risk" section of this Report for additional information regarding our MSRs risks and hedging approach.

Net gains on mortgage loan origination/sale activities were $2.4 billion and $4.9 billion in the second quarter and first half of 2013, respectively, compared with $2.2 billion and $4.8 billion for the same periods a year ago. The year over year increases for both periods were driven by higher margins, partially offset by lower origination volumes. Mortgage loan originations were $112 billion for second quarter 2013, of which 44% were for home purchases, compared with $131 billion and 38% for the same period a year ago. During the first half of 2013, we retained for investment $3.6 billion of 1-4 family conforming first mortgage loans, forgoing approximately $120 million of revenue that could have been generated had the loans been originated for sale along with other agency conforming loan production. While retaining these mortgage loans on our balance
sheet reduced mortgage revenue, we expect to generate greater spread income in future quarters from mortgage loans with higher yields than mortgage-backed securities we could have purchased in the market. While we do not currently plan to hold additional conforming mortgages on balance sheet, we have a large mortgage business and strong capital that provides us with the flexibility to make such choices in the future to benefit our long-term results. Mortgage applications were $146 billion and $286 billion in the second quarter and first half of 2013, compared with $208 billion and $396 billion for the same periods a year ago. The 1-4 family first mortgage unclosed pipeline was $63 billion at June 30, 2013, and $102 billion at June 30, 2012. For additional information about our mortgage banking activities and results, see the "Risk Management -Mortgage Banking Interest Rate and Market Risk" section and Note 8 (Mortgage Banking Activities) and Note 13 (Fair Values of Assets and Liabilities) to Financial Statements in this Report.

Net gains on mortgage loan origination/sales activities include the cost of additions to the mortgage repurchase liability. Mortgage loans are repurchased from third parties based on standard representations and warranties, and early payment default clauses in mortgage sale contracts. Additions to the mortgage repurchase liability that were charged against net gains on mortgage loan origination/sales activities during second quarter 2013 totaled $65 million (compared with $669 million for second quarter 2012), of which $25 million ($597 million for second quarter 2012) was for subsequent increases in estimated losses on prior period loan sales. Additions to the mortgage repurchase liability for the first half of 2013 and 2012 were $374 million and $1.1 billion, respectively, of which $275 million and $965 million, respectively, were for subsequent increase in estimated losses on prior period loan sales. For additional information about mortgage loan repurchases, see the "Risk Management - Credit Risk Management - Liability for Mortgage Loan Repurchase Losses" section and Note 8 (Mortgage Banking Activities) to Financial Statements in this Report.

We engage in trading activities primarily to accommodate the investment activities of our customers, execute economic hedging to manage certain of our balance sheet risks and for a very limited amount of proprietary trading for our own account. Net gains (losses) from trading activities, which reflect unrealized changes in fair value of our trading positions and realized gains and losses, were $331 million and $901 million in the second quarter and first half of 2013, respectively, and $263 million and $903 million in the second quarter and first half of 2012. The year-over-year increase for the quarter was driven in part by higher gains on deferred compensation plan investments (offset in employee benefits expense). Net gains (losses) from trading activities do not include interest and dividend income and expense on trading securities. Those amounts are reported within interest income from trading assets and other interest expense from trading liabilities. Proprietary trading generated $4 million of net gains in second quarter 2013 and $8 million of net gains in the first half of 2013 compared with $1 million of net loss and $14 million of net gains for the same periods, respectively, in 2012. Proprietary trading results also included interest and fees reported in their corresponding

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Earnings Performance (continued)

income statement line items. Proprietary trading activities are not significant to our client-focused business model. For additional information about proprietary and other trading, see Risk Management - "Asset and Liability Management - Market Risk - Trading Activities" section in this Report.

Net gains on debt and equity securities totaled $149 million for second quarter 2013 and $181 million for second quarter 2012 ($307 million and $538 million for the first half of 2013 and 2012, respectively), after other-than-temporary impairment (OTTI) write -downs of $111 million and $120 million for second

Noninterest Expense

quarter 2013 and 2012, respectively, and $189 million and $185 million for the first half of 2013 and 2012, respectively.

All other income includes ineffectiveness recognized on derivatives that qualify for hedge accounting, losses on low income housing tax credit investments, foreign currency adjustments, and income from investments accounted for under the equity accounting method, any of which can cause other income losses. Lower other income for the second quarter and first half of 2013 primarily reflected an increase in ineffectiveness losses on derivatives that qualify for hedge accounting.

Table 3: Noninterest Expense

	Quarter ended June 30, 2013	2012	% Change	Six months ended June 30, 2013	2012	% Change
Salaries	3,768	3,705	2 %	7,431	7,306	2 %
Commission and incentive compensation	2,626	2,354	12	5,203	4,771	9
Employee benefits	1,118	1,049	7	2,701	2,657	2
Equipment	418	459	(9)	946	1,016	(7)
Net occupancy	716	698	3	1,435	1,402	2
Core deposit and other intangibles	377	418	(10)	754	837	(10)
FDIC and other deposit assessments	259	333	(22)	551	690	(20)
Outside professional services	607	658	(8)	1,142	1,252	(9)
Operating losses	288	524	(45)	445	1,001	(56)
Foreclosed assets	146	289	(49)	341	593	(42)
Contract services	226	236	(4)	433	539	(20)
Outside data processing	235	233	1	468	449	4
Travel and entertainment	229	218	5	442	420	5
Postage, stationery and supplies	184	195	(6)	383	411	(7)
Advertising and promotion	183	144	27	288	266	8
Telecommunications	125	127	(2)	248	251	(1)
Insurance	143	183	(22)	280	340	(18)
Operating leases	49	27	81	97	55	76
All other	558	547	2	1,067	1,134	(6)
Total	12,397		(1)	24,655		_J2)

Noninterest expense was $12.3 billion in second quarter 2013, down 1% from $12.4 billion a year ago, primarily due to lower operating losses ($288 million, down from $524 million a year ago) and lower foreclosed assets expense ($146 million, down from $289 million a year ago), partially offset by higher personnel expenses ($7.5 billion, up from $7.1 billion a year ago). For the first half of 2013, noninterest expense was down 3% from the same period a year ago predominantly due to lower operating losses ($445 million, down from $1.0 billion in first half of 2012), the completion of Wachovia merger integration activities in the prior year ($218 million in first half of 2012), and lower foreclosed assets expense reflecting an improvement in the real estate market ($341 million, down from $593 million in first half of 2012), partially offset by higher personnel expenses ($15.3 billion, up from $14.7 billion a year ago).

Personnel expenses were up $404 million, or 6%, in second quarter 2013 compared with the same quarter last year, largely due to higher revenue-based compensation, increased staffing primarily in our mortgage business, and annual salary increases and related employment taxes. Included in personnel expense was a $69 million increase in employee benefits partly due to 10
higher deferred compensation expense (offset in trading income). Personnel expenses were up $601 million, or 4%, for the first half of 2013 compared with the same period in 2012, mostly due to higher revenue-based compensation, and annual salary increases and related salary taxes.

The completion of Wachovia integration activities, which totaled $218 million in first quarter 2012, contributed to year-over-year reductions in the first half of 2013, mainly in outside professional services and contract services.

Operating losses were down 45% and 56% in the second quarter and first half of 2013, respectively, compared with the same periods a year ago. The decrease for both periods is primarily due to lower mortgage-related litigation charges.

Foreclosed assets expense was down 49% in second quarter 2013 compared with the same quarter last year and down 42% in the first half of 2013 compared with the same period in 2012, reflecting lower write-downs and higher gains on sale of foreclosed properties, primarily due to the improvement in the real estate market.

The Company continued to operate within its targeted efficiency ratio range of 55 to 59%, with a ratio of 57.3% in second quarter 2013, compared with 58.2% in the prior year.

Income Tax Expense

Our effective tax rate was 34.2% and 33.9% for second quarter 2013 and 2012, respectively. Our effective tax rate was 33.1% in the first half of 2013, down from 34.6% in the first half of 2012. The lower tax rate in the first half of 2013 reflected a tax benefit from the realization for tax purposes of a previously written down investment and a reduction in accruals for uncertain tax positions.

Operating Segment Results

We are organized for management reporting purposes into three operating segments: Community Banking; Wholesale Banking; and Wealth, Brokerage and Retirement. These segments are defined by product type and customer segment and their results are based on our management accounting process, for which there is no comprehensive, authoritative financial accounting guidance equivalent to generally accepted accounting principles (GAAP). In first quarter 2012, we modified internal funds transfer rates and the allocation of funding. Table 4 and the following discussion present our results by operating segment. For a more complete description of our operating segments, including additional financial information and the underlying management accounting process, see Note 18 (Operating Segments) to Financial Statements in this Report.

Tabic 4: Operating Segment Results - Highlights

Community Banking 2013 2012

Wholesale Banking 2013 2012

2012

Wealth, Brokerage and Retirement

2013

2012

Consolidated Company

2013

Quarter ended June 30,

Revenue $	12.9	13.1	6.1	6.1				
Provision (reversal of provision)								
				for credit losses	0.8	1.6	(0.1)	0.2
Noninterest expense	7.2	7.6	3.2	3.1				
Net income	3.2	2.5	2.0	1.9				

3.3

2.5 0.4

3.0

2.4 0.3

(0.7) (01)

(0.9) (0.9)

(0.6) (0-1)

21.4

0.7 12.3 5.5

21.3

1.8 12.4 4.6

Average loans Average core deposits

498.2 623.0

483.9 586.1

286.9 270.2 230.5 220.9

45.4 146.4

42.5 134.2

(30.3) C63-8)

(28.4) (60.6)

800.2 936.1

768.2 880.6

Six months ended June 30,

Revenue $	25.8	26.5	12.2	12.2				
Provision (reversal of provision)				for credit losses	2.0	3.5	(0.2)	0.3
Noninterest expense	14.6	15.4	6.3	6.2				
Net income	6.2	4.9	4.0	3.7				

6.5

5.2 0.8

6.0

0.1 4.9 0.6

(1.9)

0.1 (1.4) (0-3)

(1.8)

(0.1) (1.1) (0-3)

42.6

1.9 24.7 10.7

42.9

3.8 25.4 8.9

Average loans Average core deposits

498.6 621.1

485.0 580.7

285.7 227.3

269.4 220.9

44.6 147.9

42.5 134.9

(29.7) (65.3)

(28.5) (60.9)

799.2 931.0

768.4 875.6

(1) Includes corporate items not specific to a business segment and which represents products and services for wealth management the elimination of certain items that are included in more than one business segment, substantially all of customers provided in Community Banking stores.

Community Banking offers a complete line of diversified financial products and services for consumers and small businesses. These products include investment, insurance and trust services in 39 states and D.C., and mortgage and home equity loans in all 50 states and D.C. through its Regional Banking and Wells Fargo Home Lending business units. Cross-sell of our products is an important part of our strategy to achieve our vision to satisfy all our customers' financial needs. Our retail bank household cross-sell was 6.14 products per household in May 2013, up from 6.00 in May 2012. We believe there is more opportunity for cross-sell as we continue to earn more business from our customers. Our goal is eight products per household, which is approximately half of our estimate of potential demand for an average U.S. household. In May 2013, one of every four of our retail banking households had eight or more of our products.

Community Banking had net income of $3.2 billion, up $710 million, or 28%, from second quarter 2012, and $6.2 billion for the first six months of 2013, up $1.3 billion, or 26%,
compared with the same period a year ago. Revenue of $12.9 billion, decreased $150 million, or 1%, from second quarter 2012, and was $25.8 billion for the first six months of 2013, a decrease of $672 million, or 3%, compared with the same period last year. The decrease in revenue was due to lower net interest income, lower mortgage banking revenue, and lower other noninterest income, mostly offset by growth in deposit service charges, higher trust and investment fees, and higher debit, credit and merchant card processing volumes. Average core deposits increased $37 billion, or 6%, from second quarter 2012 and $40 billion, or 7%, from the first six months of 2012. The number of primary consumer checking customers grew 3.5% from second quarter 2012 (May 2013 compared with May 2012). Noninterest expense declined 5% from second quarter 2012 and for the first six months of 2012, largely driven by lower operating losses and Federal Deposit Insurance Corporation (FDIC) deposit insurance assessments. The provision for credit losses was $810 million, or 51% lower than second quarter 2012, and $1.4 billion, or 41% lower than the first six months of 2012,

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Earnings Performance (continued)

as net-charge offs declined and portfolio credit performance improved, largely in the residential real estate portfolios.

Wholesale Banking provides financial solutions to businesses across the United States and globally with annual sales generally in excess of $20 million. Products and business segments include Middle Market Commercial Banking, Government and Institutional Banking, Corporate Banking, Commercial Real Estate, Treasury Management, Wells Fargo Capital Finance, Insurance, International, Real Estate Capital Markets, Commercial Mortgage Servicing, Corporate Trust, Equipment Finance, Wells Fargo Securities, Principal Investments, Asset Backed Finance, and Asset Management.

Wholesale Banking had net income of $2.0 billion in second quarter 2013, up $123 million, or 7%, from second quarter 2012. In the first half of the year, net income increased $300 million or 8% from a year ago to $4.0 billion. Results for the first six months of 2013 benefited from strong noninterest income growth and improvement in provision for loan losses. Revenue in second quarter 2013 increased $18 million, or 0.3%, from second quarter 2012 and revenue in the first half of 2013 increased $71 million, or 1%, from the first half of 2012 as strong noninterest income growth in capital markets, asset backed finance and real estate capital markets was partially offset by lower net interest income primarily related to lower purchased credit impaired (PCI) resolutions. Average loans of $286.9 billion in second quarter 2013 increased 6% from second quarter
2012 driven by strong customer demand. Average core deposits of $230.5 billion in second quarter 2013 increased 4% from second quarter 2012, reflecting continued customer liquidity. Noninterest expense in second quarter and for the first half of
2013 increased 296, from the comparable periods last year, due to higher personnel expense related to growing the business and higher non-personnel expenses related to growth initiatives. The provision for credit losses improved $306 million from second quarter 2012 and $459 million from first half of 2012 driven by net recoveries in 2013 compared with net charge-offs in 2012 and other improved credit performance.

Balance Sheet Analysis

At June 30, 2013, our assets totaled $1.4 trillion, up $17.6 billion from December 31, 2012. The predominant areas of asset growth were in securities available for sale, which increased $14.2 billion, and federal funds sold and short-term investments, which increased $11.4 billion, partially offset by a $3.9 billion decrease in cash and due from banks. Deposit growth of $18.8 billion and total equity growth of $4.9 billion from December 31, 2012, were the predominant sources of funding our asset growth for the first half of 2013. The deposit growth resulted in an increase in the proportion of interest-bearing deposits while equity growth benefited from $7.3 billion in earnings, net of dividends paid, as well as from the repurchase of common stock and the issuance of preferred stock. The strength of our business model produced record earnings and continued

Wealth, Brokerage and Retirement provides a full range of financial advisory services to clients using a planning approach to meet each client's financial needs. Wealth Management provides affluent and high net worth clients with a complete range of wealth management solutions, including financial planning, private banking, credit and investment fiduciary services. Abbot Downing, a Wells Fargo business, provides comprehensive wealth management services to ultra high net worth families and individuals as well as their endowments and foundations. Brokerage serves customers' advisory, brokerage and financial needs as part of one of the largest full-service brokerage firms in the United States. Retirement is a national leader in providing institutional retirement and trust services (including 40i(k) and pension plan record keeping) for businesses, retail retirement solutions for individuals, and reinsurance services for the life insurance industry.

Wealth, Brokerage and Retirement reported net income of $434 million in second quarter 2013, up 27% from second quarter 2012. Net income for the first half of 2013 was $771 million, up 21% compared with the same period a year ago. Net income growth was driven by higher noninterest income and an improved efficiency ratio. Second quarter 2013 total revenue was up 10% from second quarter 2012 and up 7% for the first six months of 2013 from the same period in 2012, predominantly due to growth in asset-based fees from improved market performance and growing market share, as well as higher brokerage transaction revenue, partially offset by reduced securities gains in the brokerage business. Average core deposits in second quarter 2013 of $146.4 billion were up 9% from second quarter 2012. First half 2013 average core deposits increased 10% from the same period a year ago. Noninterest expense for the second quarter 2013 was up 7% from second quarter 2012 and up 5% from the first six months of 2012 largely due to higher personnel expenses, primarily broker commissions. Total provision for credit losses decreased $18 million and $47 million from the second quarter and first half of 2012, respectively, driven by lower net charge-offs and continued improvement in credit.

internal capital generation as reflected in our capital ratios, all of which improved from December 31, 2012. Tier 1 capital as a percentage of total risk-weighted assets increased to 12.12%, total capital increased to 15.03%, Tier 1 leverage increased to 9.63%, and Tier 1 common equity increased to 10.71% at June 30, 2013, compared with 11.75%, 14.63%, 9.47%, and 10.12%, respectively, at December 31,2012.

The following discussion provides additional information about the major components of our balance sheet. Information regarding our capital and changes in our asset mix is included in the "Earnings Performance - Net Interest Income" and "Capital Management" sections and Note 19 (Regulatory and Agency Capital Requirements) to Financial Statements in this Report.

Securities Available for Sale Tabic 5: Securities Available for Sale

December 31, 2012

(in millions)

Debt securities available for sale Marketable equity securities

Cost

242,158 2,210

Net

unrealized

gain

4,524 547

Fair value

246,682

Cost

220,946 2,337
Net

unrealized
gain.

11,468 448

Fair value

232,414 2,785

Total securities available for sale

Table 5 presents a summary of our securities available-for-sale portfolio, which consists of both debt and marketable equity securities. The total net unrealized gains on securities available for sale were $5.1 billion at June 30, 2013, down from net unrealized gains of $11.9 billion at December 31, 2012, due primarily to an increase in long-term interest rates.

The size and composition of the available-for-sale portfolio is largely dependent upon the Company's liquidity and interest rate risk management objectives. Our business generates assets and liabilities, such as loans, deposits and long-term debt, which have different maturities, yields, re-pricing, prepayment characteristics and other provisions that expose us to interest rate and liquidity risk. The available-for-sale securities portfolio consists primarily of liquid, high quality federal agency debt, privately issued mortgage-backed securities (MBS), securities issued by U.S. states and political subdivisions and corporate debt securities. Due to its highly liquid nature, the available-for-sale portfolio can be used to meet funding needs that arise in the normal course of business or due to market stress. Changes in our interest rate risk profile may occur due to changes in overall • economic or market conditions that could influence drivers such as loan origination demand, prepayment speeds, or deposit balances and mix. In response, the available-for-sale securities portfolio can be rebalanced to meet the Company's interest rate risk management objectives. In addition to meeting liquidity and interest rate risk management objectives, the available-for-sale securities portfolio may provide yield enhancement over other short-term assets. See the "Risk Management - Asset/Liability Management" section of this Report for more information on liquidity and interest rate risk.

We analyze securities for OTTI quarterly or more often if a potential loss-triggering event occurs. Of the $189 million in OTTI write-downs recognized in the first half of 2013, $105 million related to debt securities. There was $9 million in OTTI write-downs for marketable equity securities and $75 million in OTTI write-downs related to nonmarketable equity investments. For a discussion of our OTTI accounting policies and underlying considerations and analysis see Note 1 (Summary of Significant Accounting Policies - Investments) in our 2012 Form 10-K and Note 4 (Securities Available for Sale) to Financial Statements in this Report.

At June 30, 2013, debt securities available for sale included $40.9 billion of municipal bonds, of which 83% were rated "A-" or better based predominantly on external and, in some cases, internal ratings. Additionally, some of the securities in our total municipal bond portfolio are guaranteed against loss by bond insurers. These guaranteed bonds are predominantly investment grade and were generally underwritten in accordance with our own investment standards prior to the determination to purchase, without relying on the bond insurer's guarantee in making the investment decision. Our municipal bond holdings are monitored as part of our ongoing impairment analysis of our securities available for sale.

The weighted-average expected maturity of debt securities available for sale was 6.7 years at June 30, 2013. Because 58% of this portfolio is MBS, the expected remaining maturity is shorter than the remaining contractual maturity because borrowers generally have the right to prepay obligations before the underlying mortgages mature. The estimated effects of a 200 basis point increase or decrease in interest rates on the fair value and the expected remaining maturity of the MBS available for sale are shown in Table 6.

Table 6: Mortgage-Backed Securities

(in billions)		Fair value	Net unrealized gain (loss)	Expected remaining maturity (in years)
At June 30, 2013				
Actual	$	144.0	2.6	5.7
Assuming a 200 basis point:				
Increase in interest rates		130.4	(11-0)	7.0
Decrease in interest rates		151.2	9J5	3.2

See Note 4 (Securities Available for Sale) to Financial Statements in this Report for securities available for sale by security type.

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Balance Sheet Analysis (continued)

Loan Portfolio

Total loans were $802.0 billion at June 30, 2013, up $2.4 billion from December 31, 2012. Table 7 provides a summary of total outstanding loans for our commercial and consumer loan portfolios. The runoff in the non-strategic/liquidating portfolios was $7.0 billion, while loans in the core portfolio grew $9.4 billion from December 31, 2012. Our core loan growth in 2013 included:

- a $2.9 billion increase in the commercial segment from growth in the commercial and industrial and foreign loans portfolios; and
- a $6.5 billion increase in consumer loans with growth of $11.0 billion of 1-4 family non-conforming first mortgages, partially offset by runoff in the core portfolio.

In July 2013, we signed an agreement to acquire an institutional loan portfolio from Commerzbank's Hypothekenbank Frankfurt involving £3.5 billion ($5.4 billion) of commercial real estate loans throughout the United Kingdom. A portion of the portfolio, consisting of approximately £1.0 billion ($1.5 billion) of non-performing assets, was acquired by a third party, for which we provided financing. The transaction closed on August 2, 2013.

Additional information on the non-strategic and liquidating loan portfolios is included in Table 12 in the "Risk Management - Credit Risk Management" section of this Report.

Tabic 7: Ix>an Portfolios

December 31, 2012

Core Liquidating

Commercial Consumer

2,532 85,032

363,472 438,502

358,028 346,984

3,170 91,392

361,198 438,376

Total loans

A discussion of 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

Table 8: Maturities for Selected Commercial Loan Categories

this Report. Period-end balances and other loan related information are in Note 5 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

Table 8 shows contractual loan maturities for loan categories normally not subject to regular periodic principal reduction and sensitivities of those loans to changes in interest rates.

December 31, 2012

Within one year

After one year through five years

After five years

After

Within one year After

one through five

year five years years

Selected loan maturities:

Commercial and industrial

Real estate mortgage

Real estate construction

Foreign

42,973 20,504 6,659

126,183 57,284 8,507

19,602 26,885 1,276 2,394

188,758 104,673 16,442 41,833

45,212	123,578
22,328	56,085
7,685	7,961
27,219	7,460
18,969	187,759
27,927	106,340
1,258	16,904
3,092	37,771

195,084 51,246 348,774

Distribution of loans to
changes in interest rates: Loans at fixed
interest rates
Loans at floating/variable
interest rates

16,157 84,211

21,305 179,876

17,218 20,894 11,387 49,499 85,226 174,190 39,859 299,275
102,444 195,084 51,246 348,774

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Deposits

Deposits totaled $1.0 trillion at June 30, 2013, and December 31, 2012. Table 9 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 "Earnings Performance - Net
Interest Income" and Table 1 earlier in this Report. Total core deposits were $941.2 billion at June 30, 2013, down $4.5 billion from

$945.7 billion at December 31, 2012.

Table 9: Deposits

June 30, 2013
% of total deposits

Dec. 31, 2012
% of total deposits

%

Change
Noninterest-bearing
Interest-bearing checking
Market rate and other savings
Savings certificates
Foreign deposits (1)
Core deposits
Other time and savings deposits
Other foreign deposits

277,647 35,924
527,036 49,987 50,564
941,158 46,763 33,664

27 %
3 52
5
5
92 5 3

288,207 35,275
517,464 55,966 48,837
945,749 33,755 23,331

29 %
4 52
6
4
95 3 2

(4) 2 2
(U) 4

39 44

$ 1,002,835

(1) Reflects Eurodollar sweep balances included in core deposits.

Fair Valuation of Financial Instruments

We use fair value measurements to record fair value adjustments to certain financial instruments and to determine fair value disclosures. See our 2012 Form 10-K for a description of our critical accounting policy related to fair valuation of financial instruments and a discussion of our fair value measurement techniques.

Table 10 presents the summary of the fair value of financial instruments recorded at fair value on a recurring basis, and the amounts measured using significant Level 3 inputs (before derivative netting adjustments). The fair value of the remaining assets and liabilities were measured using valuation methodologies involving market-based or market-derived information (collectively Level 1 and 2 measurements).

Table 10: Fair Value Level 3 Summary

		June 30, 2013		December 31, 2012	
($ in billions)		Total balance	Level 3(1)	Total balance	Level 3 (1)
Assets carried at fair value	$	368.5	42.5	358.7	51.9
As a percentage of total assets		26 %	3	25	4

See Note 13 (Fair Values of Assets and Liabilities) to Financial Statements in this Report for additional information regarding our use of fair valuation of financial instruments, our related measurement techniques and the impact to our financial statements.

Equity

Total equity was $163.8 billion at June 30, 2013 compared with $158.9 billion at December 31, 2012. The increase was predominantly driven by a $7.2 billion increase in retained earnings, partially offset by a $3.9 billion decline in cumulative other comprehensive income (OCI). The decline in OCI was due to a $6.8 billion ($4.2 billion after tax) reduction in net unrealized gains on our securities available for sale portfolio resulting from an increase in long-term interest rates. This decline was partially offset by our recognition of settlement losses and the related re-measurement of our Cash Balance Plan liability, which increased cumulative other comprehensive income by $840 million ($524 million aftertax). See Note 15 (Employee Benefits) to Financial Statements in this Report for additional information.

Liabilities carried at fair value	$	23.2	3.6	22.4	3.1
As a percentage of total liabilities		2 °/o	*	2	<

* Less than 1%. (1) Before derivative netting adjustments.

Off-Balance Sheet Arrangements

In the ordinary course of business, we engage in financial transactions that are not recorded in the balance sheet, or may be recorded in the 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, transactions with unconsolidated entities, guarantees, derivatives, and other commitments. These transactions are designed to (l) 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 funds to customers, which are usually at a stated interest rate, if funded, and for specific purposes and time periods. When we make commitments, we are exposed to credit risk. However, the maximum credit risk for these commitments will generally be lower than the contractual amount because a significant portion of these commitments are not expected to be fully utilized or will expire without being used by the customer. For more information on lending commitments, see Note 5 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

Transactions with Unconsolidated Entities

We routinely enter into various types of on- and off-balance sheet transactions with special purpose entities (SPEs), which are corporations, trusts or partnerships that are established for a limited purpose. Generally, SPEs are formed in connection with securitization transactions. For more information on securitizations, including sales proceeds and cash flows from securitizations, see Note 7 (Securitizations and Variable Interest Entities) to Financial Statements in this Report.

Guarantees and Certain Contingent Arrangements

Guarantees are contracts that contingently require us to make payments to a guaranteed party based on an event or a change in an underlying asset, liability, rate or index. Guarantees are generally in the form of standby letters of credit, securities lending and other indemnifications, liquidity agreements, written put options, recourse obligations, residual value guarantees and contingent consideration.

For more information on guarantees and certain contingent arrangements, see Note 10 (Guarantees, Pledged Assets and Collateral) to Financial Statements in this Report.

Derivatives
We primarily 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. Derivative transactions 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 balance sheet and is not, when viewed in isolation, a meaningful measure of the risk profile of the instruments.

For more information on derivatives, see Note 12 (Derivatives) to Financial Statements in this Report.

Other Commitments
We also have other off-balance sheet transactions, including obligations to make rental payments under noncancelable operating leases and commitments to purchase certain debt securities available for sale and private equity investments. Our operating lease obligations are discussed in Note 7 (Premises, Equipment, Lease Commitments and Other Assets) to Financial Statements in our 2012 Form 10-K. For more information on commitments to purchase debt securities available for sale, see the "Off-Balance Sheet Arrangements" section in our 2012 Form 10-K. Commitments to purchase private equity investments are further described in Note 13 (Fair Values of Assets and Liabilities) to Financial Statements in this Report.

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Risk Management

As a financial institution we must manage and control a variety of business risks that can significantly affect our financial performance. Among the key risks that we must manage are credit risks, asset/liability interest rate and market risks, and operational risks. For more information about how we managed credit, asset/liability interest rate and market risks, see the "Risk Management" section in our 2012 Form 10-K. The discussion that follows provides an update regarding these risks.

Operational Risk Management
Effective management of operational risks, which include risks relating to management information systems, security systems, and information security, is also an important focus for financial institutions such as Wells Fargo. Wells Fargo and reportedly other financial institutions continue to be the target of various evolving and adaptive denial-of-service or other cyber attacks as part of what appears to be a coordinated effort to disrupt the operations of financial institutions and potentially test their cybersecurity capabilities. Wells Fargo has not experienced any material losses relating to these or other cyber attacks. Cybersecurity and the continued development and enhancement of our controls, processes and systems to protect our networks, computers, software, and data from attack, damage or unauthorized access remain a priority for Wells Fargo. See the "Risk Factors" section in our 2012 Form 10-K for additional information regarding the risks associated with a failure or breach of our operational or security systems or infrastructure, including as a result of cyber attacks.

Credit Risk Management
Loans represent the largest component of assets on our balance sheet and their related credit risk is a significant risk we manage. 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). Table 11 presents our total loans outstanding by portfolio segment and class of financing receivable.

Dec. 31, 2012

Table 11: Total Loans Outstanding by Portfolio Segment and Class of Financing Receivable

June 30, 2013
188,758 104,673 16,442 11,766

187,759 106,340 16,904 12,424 37,771

Commercial:
363,472
361,198

Commercial and industrial		
Real estate mortgage		
Real estate construction		
Lease financing		
Foreign (1)		
Total commercial		
Consumer:		
Real estate 1-4 family first mortgage	252,841	249,900
Real estate 1-4 family junior lien mortgage	70,059	75,465
Credit card	24,815	24,640
Automobile	48,648	45,998
Other revolving credit and installment	42,139	42,373
Total consumer		
Total loans		

438,376

(1) Substantially all of our foreign loan portfolio is commercial loans. Loans are classified as foreign if the borrower's primary address is outside of the United States.

1

Risk Management - Credit Risk Management (continued)

Non-Strategic and Liquidating Loan Portfolios We continually evaluate and modify our credit policies to address appropriate levels of risk. We may designate certain portfolios and loan products as non-strategic or liquidating after we cease their continued origination and actively work to limit losses and reduce our exposures.

Table 12 identifies our non-strategic and liquidating loan portfolios. They consist primarily of the Pick-a-Pay mortgage portfolio and PCI loans acquired from Wachovia, certain portfolios from legacy Wells Fargo Home Equity and Wells Fargo Financial, and our education finance government guaranteed loan portfolio. The total balance of our non-strategic and liquidating loan portfolios has decreased 54% since the merger with Wachovia at December 31, 2008, and decreased 7% from the end of 2012.

The home equity portfolio of loans generated through third party channels is designated as liquidating. Additional information regarding this portfolio, as well as the liquidating PCI and Pick-a-Pay loan portfolios, is provided in the discussion of loan portfolios that follows.

Tabic 12: Non-Strategic and Liquidating Loan Portfolios

Outstanding balance

June 30, 2013

Commercial:

Legacy Wachovia commercial and industrial, CRE and foreign PCI loans (1)

Total commercial

Consumer:

Pick-a-Pay mortgage (1)

Liquidating home equity

Legacy Wells Fargo Financial indirect auto

Legacy Wells Fargo Financial debt consolidation

Education Finance - government guaranteed

Legacy Wachovia other PCI loans (1)

54,755 4,173
428 13,707 11,534

435

58,274 4,647
830 14,519 12,465

657

95,315 10,309 18,221 25,299 20,465 2,478

91,392 172,087

Total non-strategic and liquidating loan portfolios

(1) Net of purchase accounting adjustments related to PCI loans.

PURCHASED CREDIT-IMPAIRED (PCI) LOANS Loans acquired with evidence of credit deterioration since their origination and where it is probable that we will not collect all contractually required principal and interest payments are PCI loans. Substantially all of our PCI loans were acquired in the Wachovia acquisition on December 31, 2008. PCI loans are recorded at fair value at the date of acquisition, and the historical allowance for credit losses related to these loans is not carried over. The carrying value of PCI loans totaled $28.8 billion at June 30,2013, down from $31.0 billion and $58.8 billion at December 31, 2012 and 2008, respectively. Such loans are considered to be accruing due to the existence of the accretable yield and not based on consideration given to contractual interest payments. For additional information on PCI loans, see the "Risk Management - Credit Risk Management - Purchased Credit-Impaired Loans" section in our 2012 Form 10-K and Note 5 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

During the first half of 2013, we recognized as income $52 million released from the nonaccretable difference related to commercial PCI loans due to payoffs and other resolutions. We also transferred $907 million from the nonaccretable difference to the accretable yield for PCI loans with improving credit-related cash flows and absorbed $564 million of losses in the nonaccretable difference from loan resolutions and write-downs. Our cash flows expected to be collected have been favorably affected by lower than expected defaults and losses as a result of observed economic strengthening, particularly in housing prices, and by our loan modification efforts. See the "Real Estate 1-4 Family First and Junior Lien Mortgage Loans" section in this Report for additional information. Table 13 provides an analysis of changes in the nonaccretable difference.

Table 13: Changes in Nonaccretable Difference for PCI Loans

Commercial Pick-a-Pay

Balance, December 31, 2008

Addition of nonaccretable difference due to acquisitions Release of nonaccretable difference due to:

Loans resolved by settlement with borrower (1)

Loans resolved by sales to third parties (2)

Reclassification to accretable yield for loans with improving credit-related cash flows (3) Use of nonaccretable difference due to:

Losses from loan resolutions and write-downs (4)

$ 10,410 26,485 195

(85) (792)

(1,426) (303) (1,531) (3,031)

(6,923) (17,222) (2,882) (27,027)

Balance, December 31, 2012 422 6,232 310 6,964

Addition of nonaccretable difference due to acquisitions ....

Release of nonaccretable difference due to:

Loans resolved by settlement with borrower (1) (47) - - (47)

Loans resolved by sales to third parties (2) (5) --(5)

Reclassification to accretable yield for loans with improving credit-related cash flows (3) (41) (866) - (907)

Use of nonaccretable difference due to:

Losses from loan resolutions and write-downs (4) (18) (486) (60) (564)

Balance, June 30, 2013

Balance, March 31, 2013 $ 336 5,887 263 6,486

Addition of nonaccretable difference due to acquisitions ....

Release of nonaccretable difference due to:

Loans resolved by settlement with borrower (1) (17) - - (17)

Loans resolved by sales to third parties (2) -

Reclassification to accretable yield for loans with improving credit-related cash flows (3) (10) (866) - (876)

Use of nonaccretable difference due to:

Losses from loan resolutions and write-downs (4) 2 (141) (13) (152)

Balance, June 30, 2013 $ 311 4,880 250 5,441

1) Release of the nonaccretable difference for settlement with borrower, on individually accounted PCI loans, increases interest income in the period of settlement. Pick-a-Pay and Other consumer PCI loans do not reflect nonaccretable difference releases for settlements with borrowers due to pool accounting for those loans, which assumes that the amount received approximates the pool performance expectations.
2) Release of the nonaccretable difference as a result of sales to third parties increases noninterest income in the period of the sale.
3) Reclassification of nonaccretable difference to accretable yield for loans with increased cash flow estimates will result in increased interest income as a prospective yield adjustment over the remaining life of the loan or pool of loans.
4) Write-downs to net realizable value of PCI loans are absorbed by the nonaccretable difference when severe delinquency (normally 180 days) or other indications of severe borrower financial stress exist that indicate there will be a loss of contractually due amounts upon final resolution of the loan. Also includes foreign exchange adjustments related to underlying principal for which the nonaccretable difference was established.

Since December 31, 2008, we have released $8.1 billion in nonaccretable difference, including $6.3 billion transferred from the nonaccretable difference to the accretable yield and ■$1.8 billion released to income through loan resolutions. Also, we have provided $1.8 billion for losses on certain PCI loans or pools of PCI loans that have had credit-related decreases to cash flows expected to be collected. The net result is a $6.3 billion reduction from December 31, 2008, through June 30, 2013, in our initial projected losses of $41.0 billion on all PCI loans.

At June 30, 2013, the allowance for credit losses on certain PCI loans was $71 million. The allowance is to absorb credit-related decreases in cash flows expected to be collected and primarily relates to individual PCI commercial loans. Table 14 analyzes the actual and projected loss results on PCI loans since acquisition through June 30, 2013.

For additional information on PCI loans, see Note 1 (Summary of Significant Accounting Policies - Loans) in our 2012 Form 10-K and Note 5 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

Risk Management - Credit Risk Management (continued)

Table 14: Actual and Projected Ix>ss Results on PCI Loans Since Acquisition of Wachovia

Other

Commercial Pick-a-Pay consumer

Release of nonaccretable difference due to:

Loans resolved by settlement with borrower (1) Loans resolved by sales to third parties (2)

Reclassification to accretable yield for loans with improving credit-related cash flows (3)

1,473 308 1,572

1,473 85 393 792 6,261

Total releases of nonaccretable difference due to better than expected losses

Provision for losses due to credit deterioration (4)

3,353 (1.659)

877 (!24)

8,127 (1,783)

Actual and projected losses on PCI loans less than originally expected

1) Release of the nonaccretable difference for settlement with borrower, on individually accounted PCI loans, increases interest income in the period of settlement. Pick-a-Pay and Other consumer PCI loans do not reflect nonaccretable difference releases for settlements with borrowers due to pool accounting for those loans, which assumes that the amount received approximates the pool performance expectations.
2) Release of the nonaccretable difference as a result of sales to third parties increases noninterest income in the period of the sale.
3) Reclassification of nonaccretable difference to accretable yield for loans with increased cash flow estimates will result in increased interest income as a prospective yield adjustment over the remaining life of the loan or pool of loans.
4) Provision for additional losses is recorded as a charge to income when it is estimated that the cash flows expected to be collected for a PCI loan or pool of loans may not support full realization of the carrying value.

Significant Portfolio Reviews Measuring and monitoring our credit risk is an ongoing process that tracks delinquencies, collateral values, 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 5 (Loans and Allowance for Credit Losses) to Financial Statements in this Report for more analysis and credit metric information.

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. Table 15 summarizes commercial and industrial loans and lease financing by industry with the related nonaccrual totals. 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 divided between special mention, substandard and doubtful categories.

The commercial and industrial loans and lease financing portfolio, which totaled $200.5 billion or 25?6 of total loans at June 30,2013, experienced credit improvement in second quarter 2013. The annualized net charge-off rate for this portfolio was 0.19% for both first and second quarter 2013, and 0.46% for the full year of 2012. At June 30, 2013, 0.52% of this portfolio was nonaccruing compared with 0.72% at December 31, 2012. In addition, $17.2 billion of this portfolio was criticized at June 30, 2013, down from $19.0 billion at December 31, 2012.

A majority of our commercial and industrial loans and lease financing portfolio is secured by short-term assets, such as accounts receivable, inventory and securities, as well as long-lived assets, such as equipment and other business assets. Generally, the collateral securing this portfolio represents a secondary source of repayment. See Note 5 (Loans and Allowance for Credit Losses) to Financial Statements in this Report for additional credit metric information.

Table 15: Commercial and Industrial Loans and Lease Financing by Industry

% of total loans

Nonaccrual loans

June 30, 2013

22 27 17 44 51 45 34 29 9 7 32 135 590

15,729 14,160 13,392 12,876 10,588 10,569 10,271
8,825
7,292
6,408
6,018
5,569 78,827 (2)

Total portfolio (1)

Investors
Cyclical retailers
Oil and gas
Food and beverage
Financial institutions
Industrial equipment
Healthcare
Real estate lessor
Technology
Transportation
Business services
Public Administration
Total
Other

1,042 200,524

* Less than 1%.
1) Includes $195 million PCI loans, which are considered to be accruing due to the existence of the accretable yield and not based on consideration given to contractual interest payments.
2) No other single category had loans in excess of $4.9 billion.

At the time of any modification of terms or extensions of maturity, we evaluate whether the loan should be classified as a TDR, and account for it accordingly. For more information on TDRs, see "Troubled Debt Restructurings" later in this section and Note 5 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

COMMERCIAL real ESTATE (CRE) The CRE portfolio totaled $121.1 billion, or 15%, of total loans at June 30, 2013, and consisted of $16.4 billion of construction loans and $104.7 billion of mortgage loans. Table 16 summarizes CRE loans by state and property type with the related nonaccrual totals. The portfolio is diversified both geographically and by property type. The largest geographic concentrations of combined CRE loans are in California and Florida, which

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represented 27% and 8% of the total CRE portfolio, respectively. By property type, the largest concentrations are office buildings at 27% and apartments at 12% of the portfolio. CRE nonaccrual loans totaled 2.8% of the CRE outstanding balance at June 30, 2013, compared with 3.5% at December 31, 2012. At June 30,2013, we had $15.4 billion of criticized CRE mortgage loans, down from $18.8 billion at December 31, 2012, and $2.8 billion of criticized CRE construction loans, down from
$4.5 billion at December 31, 2012. See Note 5 (Loans and Allowance for Credit Losses) to Financial Statements in this Report for additional information on criticized loans.

At June 30, 2013, the recorded investment in PCI CRE loans totaled $2.3 billion, down from $12.3 billion when acquired at December 31,2008, reflecting the reduction resulting from principal payments, loan resolutions and write-downs.

Tabic 16: CRE Loans by State and Property Type

June 30, 2013

(in millions)
By state:
California

Florida
Texas
New York
North Carolina
Arizona
Virginia
Georgia
Washington
Colorado
Other

Total
Real estate mortgage
Total
Real estate construction
627 389 208
49 183 115
71 176
29
58 803
29,250 8,836 8,537 6,386 4,010 3,979 2,831 3,198 2,932 2,821
31,893
707 485 235
59 234 131
80 235
35
65 1,107

80 96 27 10 51 16 9 59 6 7

304

2,960 1,315 1,564 1,001 1,011 541 1,059 464 554 500 5,473

Nonaccrual Total Nonaccrual Total Nonaccrual Total

loans portfolio (1) loans portfolio (1) loans portfolio (1)

32,210 10,151 10,101
7,387
5,021
4,520
3,890
3,662
3,486
104,673
665
3,321 37,366 (2)
3,373 121,115

% of

total loans

4 %
1
1
1
1
1
1

5
15 %

By property: Office buildings Apartments
Retail (excluding shopping center)
Industrial/warehouse
Real estate - other

Hotel/motel
Shopping center
Land (excluding 1-4 family)
Institutional
Agriculture
Other

689 138 350 407 311 140 218 8 82 92 273

30,790 10,599 12,158 11,811 10,379 8,531 7,753 82 2,629 2,479 7,462

53 18 37 20 9 10 10 207

301

1,728
4,493 768 659 284 631 591
3,977 336 17
2^958

742 156 387 427 320 150 228 215 82 92 574

32,518 15,092 12,926 12,470 10,663 9,162 8,344 4,059 2,965 2,496 10,420

4 %
2
2
2
1
1
1
2,708 104,673

* Less than 1%.

1) Includes a total of $2.3 billion PCI loans, consisting of $1.7 billion of real estate mortgage and $602 million of real estate construction, which are considered to be accruing due to the existence of the accretable yield and not based on consideration given to contractual interest payments.

2) Includes 40 states; no state had loans in excess of $2.7 billion.

FOREIGN LOANS AND COUNTRY RISK EXPOSURE We classify loans for financial statement and certain regulatory purposes as foreign if the borrower's primary address is outside of the United States. At June 30,2013, foreign loans totaled $41.8 billion, representing approximately 5% of our total consolidated loans outstanding and approximately 3% of our consolidated total assets.

Our foreign country risk monitoring process incorporates frequent dialogue with our financial institution customers, counterparties and regulatory agencies, enhanced by centralized monitoring of macroeconomic and capital markets conditions in the respective countries. We establish exposure limits for each country through a centralized oversight process based on customer needs, and in consideration of relevant economic, political, social, legal, and transfer risks. We monitor
exposures closely and adjust our country limits in response to changing conditions.

We evaluate our individual country risk exposure on an ultimate country of risk basis, which is normally based on the country of residence ofthe guarantor or collateral location, and is different from the reporting based on the borrower's primary address. Our largest single foreign country exposure on an ultimate risk basis at June 30, 2013, was the United Kingdom, which totaled $15.7 billion, or 1% of our total assets, and included $2.0 billion of sovereign claims. Our United Kingdom sovereign claims arise primarily from deposits we have placed with the Bank of England pursuant to regulatory requirements in support; of our London branch.

At June 30,2013, our Eurozone exposure, including cross-border claims on an ultimate risk basis, and foreign exchange and derivative products, aggregated approximately

Risk Management - Credit Risk Management (continued)

$10.4 billion, including $200 million of sovereign claims, compared with approximately $10.5 billion at December 31, 2012, which included $232 million of sovereign claims. Our Eurozone exposure is relatively small compared to our overall credit risk exposure and is diverse by country, type, and counterparty.

We conduct periodic stress tests of our significant country risk exposures, analyzing the direct and indirect impacts on the risk of loss from various macroeconomic and capital markets scenarios. We do not have significant exposure to foreign country risks because our foreign portfolio is relatively small. However, we have identified exposure to increased loss from U.S. borrowers associated with the potential impact of a European downturn on the U.S. economy. We mitigate these potential impacts on the risk of loss through our normal risk management processes which include active monitoring and, if necessary, the application of aggressive loss mitigation strategies.

Table 17 provides information regarding our top 20 exposures on an ultimate risk basis by country (excluding the U.S.) and our Eurozone exposure. The selection of the top 20 countries is based solely on our largest total exposure by country.

Table 17: Select Country Exposures

Lending (1)

Non-sovereign

Securities (2)

Non-sovereign

Derivatives and other (3) Non-
Sovereign sovereign

Total exposure

Non-

Sovereign sovereign (4)

June 30, 2013

Top 20 country exposures:

United Kingdom
Canada
China
Netherlands Germany Bermuda Brazil
South Korea
India
Turkey
Australia
France
Chile
Switzerland Japan
Cayman Islands Spain
Luxembourg Ireland
Mexico

5,886 6,291 3,865 2,506 1,531 2,385 2,248 1,764 1,614 1,687 932 198 1,344 747 431 889 794 754 639 771

7,419 4,532 73 349 810 76 17 74 209

611 1,149 12 82 37

53 90 128 25

454 655 11 18 241 22 2 2

2 17 136 48 518 98 23 5 4 9

1,978 38 63

10

778

33 1

13,759 11,478 3,949 2,873 2,582 2,483 2,267 1,840 1,823 1,689 1,560 1,483 1,404 1,347 566 912 852 848 776 800

15,737 11,478 3,987 2,873 2,645 2,483 2,267 1,850 1,823 1,689 1,560 1,483 1,404 1,347 1,344 912 852 848 809 801

Total top 20 country exposures

Eurozone exposure:		
Eurozone countries included in Top 20 above (5)	$	966,422
Austria	103	269
Italy	-	209
Belgium	-	142
Other Eurozone countries (6)	:	64
Total Eurozone exposure	$	1997,106

2,579 - 413 96 9,414 9,510

2 - - 103 271 374

75 - 1 - 285 285

19 - 14 - 175 175

28 1 9 1 101 102.

2,703 1 437 200 10,246 10,446

1) Lending exposure includes funded loans and unfunded commitments, leveraged leases, and money market placements presented on a gross basis prior to the deduction of impairment allowance and collateral received under the terms of the credit agreements. For the countries listed above, includes $472 million in PCI loans, predominantly to customers in Germany and the United Kingdom, and $2.3 billion in defeased leases secured predominantly by U.S. Treasury and government agency securities, or government guaranteed.
2) Represents issuer exposure on cross-border debt and equity securities, held in trading or available-for-sale portfolio, at fair value.
3) Represents counterparty exposure on foreign exchange and derivative contracts, and securities resale and lending agreements. This exposure is presented net of counterparty netting adjustments and reduced by the amount of cash collateral. It includes credit default swaps (CDS) predominantly used to manage our U.S. and London-based cash credit trading businesses, which sometimes results in selling and purchasing protection on the identical reference entity. Generally, we do not use market instruments such as CDS to hedge the credit risk of our investment or loan positions, although we do use them to manage risk in our trading businesses. At June 30, 2013, the gross notional amount of our CDS sold that reference assets in the Top 20 or Eurozone countries was $6.0 billion, which was offset by the notional amount of CDS purchased of $6.2 billion. We did not have any CDS purchased or sold that reference pools of assets that contain sovereign debt or where the reference asset was solely the sovereign debt of a foreign country.
4) For countries presented in the table, total non-sovereign exposure comprises $29.0 billion exposure to financial institutions and $27.1 billion to non-financial corporations at June 30, 2013.
5) Consists of exposure to Netherlands, Germany, France, Spain, Luxembourg and Ireland included in Top 20.
6) Includes non-sovereign exposure to Greece, Cyprus and Portugal in the amount of $5 million, $6 million and $23 million, respectively. Sovereign debt exposure to these countries was insignificant at June 30, 2013.

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REAL ESTATE 1-4 FAMILY FIRST AND JUNIOR LIEN MORTGAGE LOANS Our real estate 1-4 family first and junior lien mortgage loans primarily include loans we have made to customers and retained as part of our asset liability management strategy. These loans include the Pick-a-Pay portfolio acquired from Wachovia and the home equity portfolio, which are discussed later in this Report. These loans also include other purchased loans and loans included on our balance sheet due to the adoption of consolidation accounting guidance related to variable interest entities (VIEs).

Our underwriting and periodic review of loans collateralized by residential real property includes appraisals or estimates from automated valuation models (AVMs) to support property values. Additional information about AVMs and our policy for their use can be found in the "Risk Management - Credit Risk Management - Real Estate 1-4 Family Mortgage Loans" section in our 2012 Form 10-K.

Some of our real estate 1-4 family first and junior lien mortgage loans include an interest-only feature as part of the loan terms. These interest-only loans were approximately 17% of total loans at June 30, 2013, compared with 18% at December 31, 2012.

We believe we have manageable adjustable-rate mortgage (ARM) reset risk across our owned mortgage loan portfolios. 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. Our liquidating option ARM portfolio was acquired from Wachovia. Since our acquisition of the Pick-a-Pay loan portfolio at the end of 2008, we have reduced the option payment portion of the portfolio, from 86% to 46% ofthe portfolio at June 30, 2013. For more information, see the "Pick-a-Pay Portfolio" section in this Report.

We continue to modify real estate 1-4 family mortgage loans to assist homeowners and other borrowers experiencing financial difficulties. For more information on our participation in the U.S. Treasury's Making Home Affordable (MHA) programs, see the "Risk Management - Credit Risk Management - Real Estate 1-4 Family Mortgage Loans" section in our 2012 Form 10-K.

Real estate 1-4 family first and junior lien mortgage loans by state are presented in Table 18. Our real estate 1-4 family mortgage loans to borrowers in California represented approximately 13% of total loans at June 30, 2013, located mostly within the larger metropolitan areas, with no single California metropolitan area consisting of more than 3% of total loans. We monitor changes in real estate values and underlying economic or market conditions for all geographic areas of our real estate 1-4 family mortgage portfolio as part of our credit risk management process.

We monitor the credit performance of our junior lien mortgage portfolio for trends and factors that influence the frequency and severity of loss. In third quarter 2012 we aligned our nonaccrual and troubled debt reclassification policies in accordance with guidance in the Office ofthe Comptroller of the Currency (OCC) update to the Bank Accounting Advisory Series (OCC guidance), which requires consumer loans discharged in bankruptcy to be written down to net realizable collateral value and classified as nonaccrual TDRs, regardless of their delinquency status.

Table 18: Real Estate 1-4 Family First and Junior Lien

Mortgage Loans by State

Total real
estate 1-4 % of
family total
mortgage loans

June 30, 2013

Real estateReal estate
1-4 family1-4 family
first junior lien
mortgagemortgage

32 23 17 62
16,616 2,160 1,237 5,529
(in millions)

2 %
1

3 %
134
25,542
25,408
16,584 2,137 1,220 5,467
Total PCI loans

All other loans:

California	$ 67,163		19,550	86,713	11 %
Florida		15,261	6,302	21,563	3
New York		12,943	3,035	15,978	2
New Jersey		9,862	5,337	15,199	2
Virginia		6,826	3,698	10,524	1
Pennsylvania		6,066	3,309	9,375	1
North Carolina		6,068	2,997	9,065	1
Texas		7,725	1,013	8,738	1
Georgia		4,892	2,761	7,653	1
Other (2)		61,005	21,923	82,928	10
Government insured/					

37 % 40 %

guaranteed loans (3) 29,622 29,622 4_

69,925 297,358

Total all
252,841
Total
other loans

70,059 322,900

* Less than 1%.
1) Consists of 45 states; no state had loans in excess of $691 million.
2) Consists of 41 states; no state had loans In excess of $7.0 billion.
3) Represents loans whose repayments are predominantly insured by the FHA or guaranteed by the VA.

Part of our credit monitoring includes tracking delinquency, FICO scores and collateral values (LTV/CLTV) on the entire real estate 1-4 family mortgage loan portfolio. These credit risk indicators, which exclude government insured/guaranteed loans, continued to improve in second quarter 2013 on the non-PCI mortgage portfolio. Loans 30 days or more delinquent at June 30, 2013, totaled $13.3 billion, or 4%, of total non-PCI mortgages, compared with $15.5 billion, or 5%, at December 31, 2012. Loans with FICO scores lower than 640 totaled $34.2 billion at June 30, 2013, or 12% of total non-PCI mortgages, compared with $37.7 billion, or 13%, at December 31,2012. Mortgages with a LTV/CLTV greater than 100% totaled $48.7 billion at June 30, 2013, or 16% of total non-PCI mortgages, compared with $58.7 billion, or 20%, at December 31, 2012. Information regarding credit risk indicators can be found in Note 5 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

Risk Management - Credit Risk Management (continued)

Pick-a-Pay Portfolio The Pick-a-Pay portfolio was one of the consumer residential first mortgage portfolios we acquired from Wachovia and a majority of the portfolio was identified as PCI loans.

The Pick-a-Pay portfolio includes loans that offer payment options (Pick-a-Pay option payment loans), and also includes loans that were originated without the option payment feature, loans that no longer offer the option feature as a result of our modification efforts since the acquisition, and loans where the customer voluntarily converted to a fixed-rate product. The Pick-a-Pay portfolio is included in the consumer real estate 1-4 family first mortgage class of loans throughout this Report. Real estate 1-4 family junior lien mortgages and lines of credit associated with Pick-a-Pay loans are reported in the home equity portfolio. Table 19 provides balances by types of loans as of June 30, 2013, as a result of modification efforts, compared to the types of loans included in the portfolio at acquisition. Total adjusted unpaid principal balance of PCI Pick-a-Pay loans was $30.3 billion at June 30, 2013, compared with $61.0 billion at acquisition. . Modification efforts have largely involved option payment PCI loans, which have declined to 18% of the total Pick-a-Pay portfolio at June 30, 2013, compared with 51% at acquisition.

Table 19: Pick-a-Pay Portfolio - Comparison to Acquisition Date

December 31,

June 30, 2013

(in millions)

Option payment loans

Non-option payment adjustable-rate

and fixed-rate loans (2) Full-term loan modifications

Adjusted unpaid principal balance (1) % of total

27,643

8,619 23,549

Adjusted unpaid principal balance (1)

31,510

8,781 23,528

% of total

49 %

14 37

Adjusted unpaid principal balance (1)

99,937 15,763

% of total

86 °/ 14

Total adjusted unpaid principal balance (2)

Total carrying value

1) Adjusted unpaid principal balance includes write-downs taken on loans where severe delinquency (normally 180 days) or other indications of severe borrower financial stress exist that indicate there will be a loss of contractually due amounts upon final resolution of the loan.
2) Includes loans refinanced under the Refinance Program discussed in the "Risk Management - Credit Risk Management - Risks Relating to Servicing Activities" section in this Report.

Pick-a-Pay loans may have fixed or adjustable rates with payment options that include a minimum payment, an interest-only payment or fully amortizing payment (both 15 and 30 year options). Total interest deferred due to negative amortization on Pick-a-Pay loans was $1.1 billion at June 30, 2013, and $1.4 billion at December 31, 2012. Approximately 91% of the Pick-a-Pay customers making a minimum payment in June 2013 did not defer interest, consistent with December 2012.

Deferral of interest on a Pick-a-Pay loan may continue as long as the loan balance remains below a pre-defined principal cap, which is based on the percentage that the current loan balance represents to the original loan balance. The majority of the Pick-a-Pay portfolio has a cap of 125% of the original loan balance. Most of the Pick-a-Pay loans on which there is a deferred interest balance re-amortize (the monthly payment amount is reset or "recast") on the earlier of the date when the loan balance reaches its principal cap, or generally the 10-year anniversary of the loan. After a recast, the customers' new payment terms are reset to the amount necessary to repay the balance over the remainder of the original loan term.

Due to the terms of the Pick-a-Pay portfolio, there is little recast risk in the near term. Based on assumptions of a flat rate environment, if all eligible customers elect the minimum payment option 100% of the time and no balances prepay, we would expect the following balances of loans to recast based on reaching the principal cap: $16 million for the remainder of 2013, $41 million in 2014 and $72 million in 2015. In addition, in a flat rate environment, we would expect the following balances of loans to start fully amortizing due to reaching their recast anniversary date: $54 million for the remainder of 2013, $274 million in 2014 and $716 million in 2015. In second quarter 2013, the amount of loans reaching their recast anniversary date and also having a payment change over the annual 7.5% reset was $6 million.

Table 20 reflects the geographic distribution of the Pick-a-Pay portfolio broken out between PCI loans and all other loans. The LTV ratio is a useful metric in predicting future real estate 1-4 family first mortgage loan performance, including potential charge-offs. Because PCI loans were initially recorded at fair value, including write-downs for expected credit losses, the ratio of the carrying value to the current collateral value will be lower compared with the LTV based on the adjusted unpaid principal balance. For informational purposes, we have included both ratios for PCI loans in the following table.

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Tabic 20: Pick-a-Pay Portfolio (1)

June 30, 2013

All other loans

Adjusted unpaid principal balance (2)

Current LTV ratio (3)

Carrying value (4)

Ratio of carrying value to current value (5)

Carrying value (4)

Ratio of carrying value to current value (5)

California Florida New Jersey New York Texas
Other states

20,585 2,605 1,143 657 285 5,002

103 % $ 107
91
88
76
97

16,570 2,070 1,183 667 270 4,347

82 %
79
89
85
71
82

14,450 3,026 1,925 866 1,183 8,198

75 %
87
78
77
61
81

Total Pick-a-Pay loans

1) The individual states shown in this table represent the top five states based on the total net carrying value of the Pick-a-Pay loans at the beginning of 2013.
2) Adjusted unpaid principal balance includes write-downs taken on loans where severe delinquency (normally 180 days) or other indications of severe borrower financial stress exist that indicate there will be a loss of contractually due amounts upon final resolution of the loan.
3) The current LTV ratio is calculated as the adjusted unpaid principal balance divided by the collateral value. Collateral values are generally determined using automated valuation models (AVM) and are updated quarterly. AVMs are computer-based tools used to estimate market values of homes based on processing large volumes of market data including market comparables and price trends for local market areas.
4) Carrying value, which does not reflect the allowance for loan losses, includes remaining purchase accounting adjustments, which, for PCI loans may include the nonaccretable difference and the accretable yield and, for all other loans, an adjustment to mark the loans to a market yield at date of merger less any subsequent charge-offs.
5) The ratio of carrying value to current value is calculated as the carrying value divided by the collateral value.

To maximize return and allow flexibility for customers to avoid foreclosure, we have in place several loss mitigation strategies for our Pick-a-Pay loan portfolio. We contact customers who are experiencing financial difficulty and may in certain cases modify the terms of a loan based on a customer's documented income and other circumstances.

We also have taken steps to work with customers to refinance or restructure their Pick-a-Pay loans into other loan products. For customers at risk, we offer combinations of term extensions of up to 40 years (from 30 years), interest rate reductions, forbearance of principal, and, in geographies with substantial property value declines, we may offer permanent principal forgiveness.

In second quarter 2013, we completed more than 2,400 proprietary and Home Affordability Modification Program (HAMP) Pick-a-Pay loan modifications. We have completed more than 117,000 modifications since the Wachovia acquisition, resulting in $5.5 billion of principal forgiveness to our Pick-a-Pay customers as well as an additional $331 million of conditional forgiveness that can be earned by borrowers through performance over the next three years.

Due to better than expected performance observed on the Pick-a-Pay PCI portfolio compared with the original acquisition estimates, we have reclassified $3.9 billion from the nonaccretable difference to the accretable yield since acquisition. Our cash flows expected to be collected have been favorably affected by lower expected defaults and losses as a result of observed and forecasted economic strengthening, particularly in housing prices, and our loan modification efforts. These factors are expected to reduce the frequency and severity of defaults and keep these loans performing for a longer period, thus increasing future principal and interest cash flows. The resulting increase in the accretable yield will be realized over the remaining life of the portfolio, which is estimated to have a weighted-average
remaining life of approximately 14.5 years at June 30, 2013. The weighted-average remaining life increased from fourth quarter 2012 due to the positive housing market, credit trends and economic outlook. The accretable yield percentage during second quarter 2013 was 4.70%, unchanged from the end of 2012. The accretable yield balance increased by $2.1 billion to $20.0 billion during second quarter 2013 as a result of a reclassification from the nonaccretable difference and an increase in cash flows expected to be collected. Due to this increase in the accretable yield balance, the accretable yield percentage is expected to be 4.98% for third quarter 2013. Fluctuations in the accretable yield are driven by changes in interest rate indices for variable rate PCI loans, prepayment assumptions, and expected principal and interest payments over the estimated life of the portfolio, which will be affected by the pace and degree of improvements in the U.S. economy and housing markets and projected lifetime performance resulting from loan modification activity. Changes in the projected timing of cash flow events, including loan liquidations, modifications and short sales, can also affect the accretable yield rate and the estimated weighted-average life of the portfolio.

The Pick-a-Pay portfolio includes a significant portion of our PCI loans. For further information on the judgment involved in estimating expected cash flows for PCI loans, see "Critical Accounting Policies - Purchased Credit-Impaired Loans" in our 2012 Form 10-K.

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Risk Management - Credit Risk Management (continued)

HOME EQUITY PORTFOLIOS Our home equity portfolios consist of real estate 1-4 family junior lien mortgages and first and junior lien lines of credit secured by real estate. Our first lien lines of credit represent 21% of our home equity portfolio and are included in real estate 1-4 family first mortgages. The majority of our junior lien loan products are amortizing payment loans with fixed interest rates and repayment periods between five to 30 years.

Our first and junior lien lines of credit products generally have a draw period of 10 years (with some up to 15 or 20 years) with variable interest rate and payment options during the draw period of (1) interest only or (2) 1.5% of outstanding principal balance plus accrued interest. During the draw period, the borrower has the option of converting all or a portion of the line from a variable interest rate to a fixed rate with terms including interest-only payments for a fixed period between three to seven years or a fully amortizing payment with a fixed period between five to 30 years. At the end of the draw period, a line of credit generally converts to an amortizing payment schedule with repayment terms of up to 30 years based on the balance at time of conversion. Certain lines and loans have been structured with a balloon payment, which requires full repayment of the

Tabic 21: Home Equity Portfolio Payment Schedule

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. 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 21 reflects the outstanding balance of our home equity portfolio segregated into scheduled end of draw or end of term periods and products that are currently amortizing, or in balloon repayment status. It excludes real estate 1-4 family first lien line reverse mortgages, which total $2.4 billion, because they are predominantly insured by the FHA, and it excludes PCI loans, which total $170 million, because their losses were generally reflected in our nonaccretable difference established at the date of acquisition.

Scheduled end of draw / term

Outstanding balance Remainder of

June 30, 2013 2013

2018 and 2017 thereafter (4)

Home equity lines secured by real estate (1): Junior residential lines First residential lines

60,624 19,046

1,222 417

3,703 1,118

6,763 1,460

8,279 1,157

8,377 1,128

30,136 13.149

2,144 617

Total residential lines (2)

Junior loans (3)

79,670 9,316

1,639 6

4,821 13

8,223 125

9,436 162

9,505 165

43,285 1,666

2,761 7,179

Total home equity portfolio

» of portfolio

1) Products in their draw period are predominantly interest-only.
2) Includes scheduled end-of-term balloon payments totaling $354 million, $1.1 billion, $573 million, $375 million, $483 million and $2.0 billion for the remainder of 2013, 2014, 2015, 2016, 2017, 2018 and thereafter, respectively, and $109 million reported as "Amortizing" in the table. At June 30, 2013, $235 million, or 9% of outstanding lines of credit that are amortizing are 30 or more days past due compared to $1.6 billion, or 2% for lines in their draw period. The portfolio also has unfunded credit commitments of $75.5 billion.
3) Loans within the term period predominantly represent principal and interest products that require a balloon payment upon the end of the loan term. Amortizing junior loans include $85 million of balloon loans that have reached end of term and are now past due.
4) The annual scheduled end of draw or term ranges from $2.2 billion to $6.6 billion per year for 2018 through 2023, except for $11.4 billion in 2022. The remaining $12.4 billion of loans that convert in 2024 and thereafter have draw periods that generally extend to 15 or 20 years.

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Table 22 summarizes delinquency and loss rates for our junior lien mortgages and lines by the holder of the first lien. For additional information regarding current junior liens behind delinquent first lien loans, see the "Risk Management - Credit Risk Management - Real Estate 1-4 Family First and Junior Lien Mortgage Loans" section in this Report.

Tabic 22: Home Equity Portfolios Performance by Holder of 1st Lien (1)

% of loans two payments or more past due

Loss rate (annualized) quarter ended

June 30, 2013 Dec. 31, 2012 June 30, 2013 Dec. 31, 2012

June 30, 2013 Mar. 31, 2013 Dec. 31, 2012 (3) Sept. 30, 2012 (3) June 30, 2012

First lien lines

Total

Junior lien mortgages and lines behind:

Wells Fargo owned or

serviced first lien

Third party first lien

34,808 37,913 35,132 37,417
19,046 19,744

$ 88,986 95,074

2.38 % 2.55

2.46

2.93

2.56

2.65 2.86

2.75

3.08

2.82

2.08 2.00

2.04

0.56

1.72

2.46 2.48

2.47

0.61

2.08

3.81 3.15

3.48

1.00

2.97

4.96 5.40

5.18

0.95

4.32

3.34 3.44

3.39

0.88

2.89

1) Excludes real estate 1-4 family first lien line reverse mortgages predominantly insured by the FHA, and PCI loans.

2) Includes $1.3 billion at June 30, 2013 and December 31, 2012, associated with the Pick-a-Pay portfolio.
3) Reflects the impact of the OCC guidance issued in third quarter 2012, which requires consumer loans discharged in bankruptcy to be written down to net realizable collateral value, regardless of their delinquency status. The junior lien loss rates for third quarter 2012 reflect losses based on estimates of collateral value to implement the OCC guidance, which were then adjusted in the fourth quarter to reflect actual appraisals. Fourth quarter 2012 losses on the junior liens where Wells Fargo owns or services the first lien were elevated primarily due to the OCC guidance.

We monitor the number of borrowers paying the minimum amount due on a monthly basis. In June 2013, approximately 44% of our borrowers with a home equity outstanding balance paid only the minimum amount due; 93% paid the minimum or more.

The home equity liquidating portfolio includes home equity loans generated through third party channels, including correspondent loans. This liquidating portfolio represents less than 1% of our total loans outstanding at June 30, 2013, and contains some ofthe highest risk in our home equity portfolio, with an annualized loss rate of 5.05% compared with 1.56% for the core (non-liquidating) home equity portfolio for the quarter ended June 30,2013.

2

Risk Management - Credit Risk Management (continued)

Table 23 shows the credit attributes of the core and liquidating home equity portfolios and lists the top five states by outstanding balance for the core portfolio. Loans to California borrowers represent the largest state concentration in each of these portfolios. The decrease in outstanding balances since December 31, 2012, primarily reflects loan paydowns and charge-offs. As of June 30,2013,30% of the outstanding balance of the core home equity portfolio was associated with loans that
had a combined loan to value (CLTV) ratio in excess of 100%. CLTV means the ratio of the total loan balance of first mortgages and junior lien mortgages (including unused line amounts for credit line products) to property collateral value. The unsecured portion of the outstanding balances of these loans (the outstanding amount that was in excess of the most recent property collateral value) totaled 13% of the core home equity portfolio at June 30, 2013.

Table 23: Home Equity Portfolios (1)

Dec. 31, 2012

Outstanding balance

June 30, 2013

Dec. 31, 2012

% of loans two payments or more past due

June 30, 2013

Loss rate (annualized) quarter ended

June 30, Mar. 31, Dec. 31, Sept. 30, June 30, 2013 2013 2012 (2) 2012 (2) 2012

Core portfolio (3)
California
Florida
New Jersey
Virginia
Pennsylvania
Other

Total

Liquidating portfolio

Total core and

liquidating portfolios

21,404 9,171 6,999 4,499 4,441
38,299

84,813

88,986

22,900 9,763 7,338 4,758 4,683
40,985

90,427

4,647

95,074

2.24 %
3.71
3.31
1.75
2.53
2.31

2.51 3.63

2.56

2.46 4.15 3.43 2.04 2.67 2.59

2.77 3.82

2.82

1.47 2.13 1.43 1.03 1.18 1.60

1.56 5.05

1.72

2.01 2.61 1.70 1.36 1.36 1.80

1.89 5.87

2.08

2.89 3.09 2.30 1.78 1.72 2.77

2.69 8.33

2.97

4.77 4.75 3.22 2.54 2.15 3.75

3.93 11.60

4.32

3.13 3.76 2.02 1.60 1.45 2.37

2.60 8.14

2.89

1) Consists predominantly of real estate 1-4 family junior lien mortgages and first and junior lines of credit secured by real estate, but excludes PCI loans because their losses were generally reflected in PCI accounting adjustments at the date of acquisition, and excludes real estate 1-4 family first lien open-ended line reverse mortgages because they do not have scheduled payments. These reverse mortgage loans are predominantly insured by the FHA.
2) Reflects the impact of the OCC guidance issued in third quarter 2012, which requires consumer loans discharged in bankruptcy to be written down to net realizable collateral value, regardless of their delinquency status.
3) Includes $1.3 billion at June 30, 2013 and December 31, 2012, associated with the Pick-a-Pay portfolio.

CREDIT cards Our credit card portfolio totaled $24.8 billion at June 30, 2013, which represented 3% of our total outstanding loans. The quarterly net charge-off rate (annualized) for our credit card loans was 3.90% for second quarter 2013, compared with 4-37% for second quarter 2012 and 3.93% and 4.39% for the six months ended June 30, 2013 and 2012, respectively.

AUTOMOBILE Our automobile portfolio, predominantly composed of indirect loans, totaled $48.6 billion at June 30, 2013. The quarterly net charge-off rate (annualized) for our automobile portfolio for second quarter 2013 was 0.35%, compared with 0.25% for second quarter 2012 and 0.50% and 0.46% for the six months ended June 30, 2013 and 2012, respectively.

OTHER REVOLVING CREDIT AND INSTALLMENT Other revolving credit and installment loans totaled $42.1 billion at June 30, 2013, and primarily include student and security-based margin loans. The quarterly net charge-off rate (annualized) for other revolving credit and installment loans was 1.38% for second quarter 2013, compared with 1.35% for second quarter 2012 and 1.38% and 1.34% for the six months ended June 30, 2013 and 2012, respectively. Excluding government guaranteed student loans, the quarterly net charge-off rates (annualized) were 1.84% and 1.93% for second quarter 2013 and 2012, respectively, and 1.83% and 1.94% for the first half of 2013 and 2012, respectively.

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NONPERFORMING ASSETS (NONACCRUAL LOANS AND FORECLOSED ASSETS) Table 24 summarizes nonperforming assets (NPAs) for each of the last four quarters. We generally place loans on nonaccrual status when:

- the full and timely collection of interest or principal becomes uncertain (generally based on an assessment ofthe borrower's financial condition and the adequacy of collateral, if any);

- they are 90 days (120 days with respect to real estate 1-4 family first and junior lien mortgages) past due for interest

Table 24: Nonperforming Assets (Nonaccrual Loans and Foreclosed Assets)

June 30, 2013

% of total

Balance loans

March 31, 2013

% of total loans

Balance

December 31, 2012

% of total

Balance loans

September 30, 2012

% of total

Balance loans

Nonaccrual loans: Commercial:

Commercial and industrial Real estate mortgage Real estate construction Lease financing

Foreign

1,022 2,708 665 20 40

0.54 °/o $

2.59

4.04

0.17

0.10

1,193 3,098 870 25 56

0.64 % $

2.92

5.23

0.20

0.14

1,422 3,322 1,003 27 50

0.76 % $

3.12

5.93

0.22

0.13

1,404 3,599 1,253 49 66

0.79 %

3.44

7.08

0.40

0.17

Total commercial (1)

Consumer:

Real estate 1-4 family

first mortgage (2) 10,705

Real estate 1-4 family

junior lien mortgage **2,522**

Automobile **200**

13,460

Other revolving credit and installment **33**

Total consumer

17,915

Total nonaccrual loans (3)(4)(5)

11,320

2,712 220 32

4.23

3.60 0.41 0.08

2.23

3.07 14,284

19,526

4.49

11,455

3.74 2,922

0.47 245

0.08 40_

2.44

3.26 14,662

20,486

4.58

4.02 0.64 0.10 3.41

11,195 4.65

3.87 3,140

0.53 295

0.09 43_

2.56

3.34 14,673

21,044 2.69

Foreclosed assets:

Government insured/guaranteed (6) 1,026

Non-government insured/guaranteed **2,114**

969 2,381

1,509 2,514

1,479 2,730

3,350

2.63 °/o $ 22,876

d.633)

1) Includes LHFS of $15 million, $15 million, $16 million and $22 million at June 30 and March 31, 2013, and December 31 and September 30, 2012, respectively.
2) Includes MHFS of $293 million, $368 million, $336 million and $338 million at June 30 and March 31, 2013, and December 31 and September 30, 2012, respectively.
3) Excludes PCI loans because they continue to earn interest Income from accretable yield, independent of performance in accordance with their contractual terms.
4) Real estate 1-4 family mortgage loans predominantly insured by the FHA or guaranteed by the VA and student loans predominantly guaranteed by agencies on behalf of the U.S. Department of Education under the Federal Family Education Loan Program are not placed on nonaccrual status because they are insured or guaranteed.
5) See Note 5 (Loans and Allowance for Credit Losses) to Financial Statements in this Report for further information on impaired loans.
6) Consistent with regulatory reporting requirements, foreclosed real estate securing government insured/guaranteed loans are classified as nonperforming. Both principal and interest for government insured/guaranteed loans secured by the foreclosed real estate are collectible because the loans are predominantly insured by the FHA or guaranteed by the VA.

Risk Management - Credit Risk Management (continued)

Table 25 provides an analysis of the changes in nonaccrual loans.

Tabic 25: Analysis of Changes in Nonaccrual Loans

Quarter ended

June 30, 2013
Mar. 31, 2013
Dec. 31, 2012
Sept. 30, 2012
June 30, 2012

Commercial nonaccrual loans
Balance, beginning of quarter Inflows Outflows:
Returned to accruing
Foreclosures
Charge-offs
Payments, sales and other (1)

5,242 557

(128) (120) (193) (903)

5,824 611

(109) (91) (189) (804)

6,371 746

(135) (107) (322) (729)

6,924 976

(90) (151) (364) (924)

7,599 952

(242) (92) (402) (891)

(1,344) (1,193) (1,293) (1,529) (1,627)

Balance, end of quarter

Consumer nonaccrual loans
Balance, beginning of quarter Inflows (2) Outflows:
Returned to accruing
Foreclosures
Charge-offs
Payments, sales and other (1)

14,284 2,071

(1,156) (95) (651) (993)

14,662 2,340

(1,031) (173) (775) (739)

14,673 2,943

(893) (151) (1,053) (857)

13,654 4,111

(1,039) (182) (987) (884)

14,427 2,750

(1,344) (186)
(1,137) (856)

(2,895) (2,718) (2,954) (3,092)

Balance, end of quarter

Total nonaccrual loans

1) Other outflows include the effects of VIE deconsolidations and adjustments for loans carried at fair value.
2) Quarter ended September 30, 2012, includes $1.4 billion of performing loans moved to nonaccrual status as a result of OCC guidance issued in third quarter 2012, which requires consumer loans discharged in bankruptcy to be placed on nonaccrual status and written down to net realizable collateral value, regardless of their delinquency status.

Typically, changes to nonaccrual loans period-over-period represent inflows for loans that are placed on nonaccrual status in accordance with our policy, offset by reductions for loans that are paid down, charged off, sold, transferred to foreclosed properties, 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. Also, reductions can come from borrower repayments even if the loan remains on nonaccrual.

While nonaccrual loans are not free of loss content, we believe exposure to loss is significantly mitigated by the following factors at June 30, 2013:

- 97% of total commercial nonaccrual loans and 99% of total consumer nonaccrual loans are secured. Of the consumer nonaccrual loans, 98% are secured by real estate and 51% have a combined LTV (CLTV) ratio of 80% or below.
- losses of $1.2 billion and $4.2 billion have already been recognized on 37% of commercial nonaccrual loans and 51% of consumer nonaccrual loans, respectively. Generally, when a consumer real estate loan is 120 days past due (except when required earlier by the Interagency or OCC guidance), we transfer it to nonaccrual status. When the loan reaches 180 days past due, or is discharged in bankruptcy, it is our policy to write these loans down to net realizable value (fair value of collateral less estimated costs to sell), except for modifications in their trial period that are not written down as long as trial payments arc made on time. Thereafter, we reevaluate each loan regularly and record additional write-downs if needed.
- 65% of commercial nonaccrual loans were current on interest.
- the risk of loss of all nonaccrual loans has been considered and we believe is adequately covered by the allowance for loan losses.
- $2.4 billion of consumer loans discharged in bankruptcy and classified as nonaccrual were less than 60 days past due, of which $2.2 billion were current.

Under both our proprietary modification programs and the MHA 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. In addition, for loans in foreclosure, some states, including California and New Jersey, have enacted legislation or the courts have changed the foreclosure process in a manner that significantly increases the time to complete the foreclosure process; therefore loans remain in nonaccrual status for longer periods. In certain other states, including New York and Florida, the foreclosure timeline has significantly increased due to backlogs in an already complex process.

Table 26 provides a summary of foreclosed assets and an analysis of changes in foreclosed assets.

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Table 26: Foreclosed Assets

June 30, 2013
Mar. 31, 2013
Dec. 31, 2012
Sept. 30, 2012
June 30, 2012

Government insured/guaranteed (1) PCI loans: Commercial
Consumer

1,026

597 127

969

641 179
1,509

667 219
1,479

707 263
1,465

777 321

Total PCI loans

All other loans: Commercial Consumer

1,012 378

1,060 501

1,073 555

1,175 585

1,147 597

Total all other loans

Total foreclosed assets

Analysis of changes in foreclosed assets

Balance, beginning of quarter

Net change in government insured/guaranteed (2) Additions to foreclosed assets (3) Reductions: Sales

Write-downs and loss on sales

3,350 57 406

(647) (26)

4,023 (540) 559

(658) (34)

4,209 30 537

(710) (43)

4,307 14 692

(750) (54)

4,617 113 664

(1,003)

(Ml

(804) (1,087)

Balance, end of guarter

1) Consistent with regulatory reporting requirements, foreclosed real estate securing government insured/guaranteed loans are classified as nonperforming. Both principal and interest for government insured/guaranteed loans secured by the foreclosed real estate are collectible because the loans are predominantly insured by the FHA or guaranteed by the VA.
2) Foreclosed government insured/guaranteed loans are temporarily transferred to and held by us as servicer, until reimbursement is received from FHA or VA. The net change in government insured/guaranteed foreclosed assets is made up of inflows from mortgages held for investment and MHFS, and outflows when we are reimbursed by FHA/VA. Transfers from government insured/guaranteed loans to foreclosed assets amounted to $1.4 billion, $803 million, $1.6 billion, $1.7 billion and $1.7 billion for the quarters ended June 30 and March 2013, and December 31, September 30, and June 30, 2012, respectively.
3) Predominantly include loans moved into foreclosure from nonaccrual status, PCI loans transitioned directly to foreclosed assets and repossessed automobiles.

Foreclosed assets at June 30, 2013, included $1.0 billion of foreclosed real estate that is predominantly FHA insured or VA guaranteed and expected to have minimal or no loss content. The remaining balance of $2.1 billion of foreclosed assets has been written down to estimated net realizable value. Foreclosed assets were down $883 million, or 22%, at June 30, 2013, compared with December 31, 2012. At June 30, 2013,59% of foreclosed assets of $3.1 billion have been in the foreclosed assets portfolio one year or less.

Given our real estate-secured loan concentrations and current economic conditions, we anticipate continuing to hold an elevated level of foreclosed assets on our balance sheet.

Risk Management - Credit Risk Management (continued)

TROUBLED DEBT RESTRUCTURINGS (TDRs)

Tabic 27: Troubled Debt Restructurings (TDRs)

	June 30,	Mar. 31,	Dec. 31,	Sept. 30,	June 30,
	2013	2013	2012	2012	2012

Commercial TDRs

Commercial and industrial

Real estate mortgage

Real estate construction

Lease financing

Foreign

1,238 2,605 680 11 17

1,493 2,556 735 17 17

1,683 2,625 801 20 17

1,877 2,498 949 26 28

1,937 2,457 980 27 28

Total commercial TDRs

Consumer TDRs

Real estate 1-4 family first mortgage Real estate 1-4 family junior lien mortgage Credit Card Automobile
Other revolving credit and installment Trial modifications

19,093 2,408 477 246 29 716

18,928 2,431 501 279 27 723

17,804 2,390 531 314 24 705

17,861 2,437 557 392 32 733

13,919 1,975 575 265 16 745

Total consumer TDRs (1)

Total TDRs

TDRs on nonaccrual status TDRs on accrual status

9,030 18,490

10,332 17,375

10,149 16,765

9,990 17,400

6,900 16,024

Total TDRs

(1) Includes loans discharged in bankruptcy of $6.2 billion, $6.2 billion, $5.2 billion and $4.3 billion at June 30 and March 31, 2013 and December 31 and September 30, 2012, respectively. The OCC guidance issued in third quarter 2012 requires consumer loans discharged in bankruptcy to be classified as TDRs, as well as written down to net realizable collateral value.

Table 27 provides information regarding the recorded investment of loans modified in TDRs. The allowance for loan losses for TDRs was $5.2 billion and $5.0 billion at June 30, 2013 and December 31, 2012, respectively. See Note 5 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.for additional information regarding TDRs. In those situations where principal is forgiven, the entire amount of such forgiveness is immediately charged off to the extent not done so prior to the modification. We sometimes delay the timing on the repayment of a portion of principal (principal forbearance) and charge off the amount of forbearance if that amount is not considered fully collectible.

Our nonaccrual policies are generally the same for all loan types when a restructuring is involved. We re-underwrite loans at the time of restructuring to determine whether there is sufficient evidence of sustained repayment capacity based on the borrower's documented income, debt to income ratios, and other factors. Loans lacking sufficient evidence of sustained repayment capacity at the time of modification are charged down to the fair value of the collateral, if applicable. For an accruing loan that has been modified, if the borrower has demonstrated performance under the previous terms and the underwriting process shows the capacity to continue to perform under the restructured terms, the loan will generally remain in accruing status. Otherwise, the loan will be placed in nonaccrual status until the borrower demonstrates a sustained period of performance, generally six consecutive months of payments, or equivalent, inclusive of consecutive payments made prior to modification. Loans will also be placed on nonaccrual, and a corresponding charge-off is recorded to the loan balance, when
we believe that principal and interest contractually due under the modified agreement will not be collectible.

Table 28 provides an analysis of the changes in TDRs. Loans that may be modified more than once are reported as TDRs inflows only in the period they are first modified. 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.

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Table 28: Analysis of Changes in TDRs

Quarter ended

June 30, 2013
Mar. 31, 2013
Dec. 31, 2012
Sept. 30, 2012
June 30, 2012

Commercial TDRs

Balance, beginning of quarter Inflows Outflows

Charge-offs

Foreclosures

Payments, sales and other (1)

4,818 468

(24) (26) (685)

5,146 500

(40) (30) (758)

5,378 542

(66) (14) (694)

5,429 620

(84) (20) (567)

5,548 687

(112) (24) (670)

Balance, end of quarter

Consumer TDRs

Balance, beginning of quarter Inflows (2) Outflows

Charge-offs (3)

Foreclosures (3)

Payments, sales and other (1) Net change in trial modifications (4)

22,889 1,352

(241)

(240)

(785)

L§J_

21,768 2,076

(280) (114) (579) 18

22,012 1,247

(542) (333) (588) (28)

17,495 5,212

(244) (35)

(404) (12)

17,447 762

(319) (25) (392) 22

Balance, end of quarter

Total TDRs

1) Payments, sales and other outflows reflect pay downs, sales, normal amortization/accretion of loan basis adjustments and loans transferred to held-for-sale. It also included $40 million and $15 million of loans refinanced or restructured as new loans and removed from TDR classification for the quarters ended June 30 and March 31, 2013, respectively. No loans were removed from TDR classification for the quarters ended December 31, September 30 and June 30, 2012, as a result of being refinanced or restructured as new loans.
2) Includes loans discharged in bankruptcy of $586 million, $1.3 billion, $316 million and $4.3 billion for the quarters ended June 30 and March 31, 2013, and December 31 and September 30, 2012, respectively. The OCC guidance issued in third quarter 2012 requires consumer loans discharged in bankruptcy to be classified as TDRs, as well as written down to net realizable collateral value.
3) Fourth quarter 2012 charge-offs and foreclosures outflows reflect the resolution of certain loans discharged in bankruptcy that were initially reported as TDRs in accordance with the OCC guidance starting in third quarter 2012.
4) 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. Our recent experience is

that most of the mortgages that enter a trial payment period program are successful in completing the program requirements.

3

Risk Management - Credit Risk Management (continued)

LOANS 90 DAYS OR MORE PAST DUE AND STILL ACCRUING Loans 90 days or more past due as to interest or principal are still accruing if they arc (1) well-secured and in the process of collection or (2) real estate 1-4 family mortgage loans or consumer loans exempt under regulatory rules from being classified as nonaccrual until later delinquency, usually 120 days past due. PCI loans are not included in past due and still accruing loans even though they are 90 days or more contractually past due. These PCI loans are considered to be accruing because they continue to earn interest from accretable yield, independent of performance in accordance with their contractual terms.

Excluding insured/guaranteed loans, loans 90 days or more past due and still accruing at June 30, 2013, were down $281 million, or 20%, from December 31, 2012, due to loss mitigation activities including modifications, seasonality, decline in non-strategic and liquidating portfolios, and credit stabilization.

Loans 90 days or more past due and still accruing whose repayments are predominantly insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA) for mortgages and the U.S. Department of Education for student loans under the Federal Family Education Loan Program (FFELP) were $21.0 billion at June 30, 2013, down from $21.8 billion at December 31, 2012.

Table 29 reflects non-PCI 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 5 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

Tabic 29: Loans 90 Days or More Past Due and Still Accruing

	June 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sept. 30, 2012	June 30, 2012
Loans 90 days or more past due and still accruing:					
Total (excluding PCI (1)):					

Less: FHA insured/guaranteed by the VA (2)(3)
Less: Student loans guaranteed under the FFELP (4)

22,197 20,112 931

23,082 20,745 977

23,245 20,745 1,065

22,894 20,320 1,082

22,872 20,368 1,144

Total, not government insured/guaranteed

By segment and class, not government insured/guaranteed: Commercial:

Commercial and industrial
Real estate mortgage
Real estate construction
Foreign

37 175 4

47 164 47 7

47 228 27 1

49 206 41 2

44 184 25 3

Total commercial

Consumer:

Real estate 1-4 family first mortgage (3) Real estate 1-4 family junior lien mortgage (3) Credit card Automobile
Other revolving credit and installment

476 92
263 32 75

563 112 306 33 81

564 133 310 40 85

627 151 288 43 85

561 159 274 36 74

Total consumer

Total, not government insured/guaranteed

1) PCI loans totaled $5.4 billion, $5.8 billion, $6.0 billion, $6.2 billion and $6.6 billion at June 30 and March 31, 2013, and December 31, September 30 and June 30, 2012.
2) Represents loans whose repayments are predominantly insured by the FHA or guaranteed by the VA.
3) Includes mortgages held for sale 90 days or more past due and still accruing.
4) Represents loans whose repayments are predominantly guaranteed by agencies on behalf of the U.S. Department of Education under the FFELP.

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NET CHARGE-OFFS

Tabic 30: Net CharRC-offs

($ in millions)

Commercial:

Commercial and

industrial

Real estate mortgage

Real estate construction

Lease financing

Foreign

Total commercial

June 30, 2013 As a

77 (5) (45) 18

-111

Net loan % of charge- avg. offs loans(l)

0.17 % (0.02) (1.10)

44

0.57 (0.01)

0.05

Mar. 31, 2013 As a

93 29 (34)

(1)

3

Net loan % of charge- avg. offs loans (1)

0.20 %

0.11 (0.83) (0.02)

90

0.03

0.10

Dec. 31, 2012 As a

209 38
(18) 2 24

Net loan % of charge- avg. offs loans (1)

255

0.46 % $ 0.14 (0-43) 0.04 0.25
0.29

Sept. 30, 2012 As a
131 54 1 1

30

Net loan % of charge- avg. offs loans (1)

0.29 %
0.21
0.03
0.03
217
0.29

0.24
Quarter ended

June 30, 2012 As a

249 81 17

11

Net loan % of charge- avg. offs loans (1)

0.58 %
0.31
0.40
358

0.11 0.42

Consumer:
Real estate 1-4 family
first mortgage Real estate 1-4 family
junior lien mortgage Credit card Automobile Other revolving credit
and installment

Total consumer (2)

Total

328

359 234 42

145

1,108
649

690 222 112

153
0.69

2.46 3.96 0.66

1.37 1.23

0.52

2.02 3.90 0.35
1,329

1.38 1.01
1,826
0.58 °/o $ 1,419 0.72 % $ 2,081
1.05

3.57 3.71 0.97

673

1,036 212 75

145

1.46
1.68 2,141 1.05 % $ 2,358

1.15

5.17 3.67 0.66

1.38 2.01 1.21 %

743

689 240 28

142
1,842
$ 2,200

1.30

3.38 4.37 0.25

1.35 1.76 1.15 %

1) Quarterly net charge-offs (recoveries) as a percentage of average respective loans are annualized.
2) The quarters ended December 31, 2012 and September 30, 2012 include $321 million and $567 million respectively, resulting from the implementation of OCC guidance issued in third quarter 2012, which requires consumer loans discharged in bankruptcy to be placed on nonaccrual status and written down to net realizable collateral value, regardless of their delinquency status.

Table 30 presents net charge-offs for second quarter 2013 and the previous four quarters. Net charge-offs in second quarter 2013 were $1.2 billion (0.58% of average total loans outstanding) compared with $2.2 billion (1.15%) in second quarter 2012.

Due to higher dollar amounts associated with individual commercial and industrial and CRE loans, loss recognition tends to be irregular and varies more, compared with consumer loan portfolios.

ALLOWANCE FOR CREDIT LOSSES The allowance for credit losses, which consists ofthe allowance for loan losses and the allowance for unfunded credit commitments, is management's estimate of credit losses inherent in the loan portfolio and unfunded credit commitments at the balance sheet date, excluding loans carried at fair value. The detail of the changes in the allowance for credit losses by portfolio segment (including charge-offs and recoveries by loan class) is in Note 5 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

We employ a disciplined process and methodology to establish our allowance for credit losses each quarter. This process takes into consideration many factors, including historical and forecasted loss trends, loan-level credit quality ratings and loan grade-specific loss factors. 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 allowance for credit losses, see the "Critical Accounting Policies - Allowance for Credit Losses" section in our 2012 Form 10-K and Note 5 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

Table 31 presents the allocation of the allowance for credit losses by loan segment and class for the current quarter and last four years.

3

Risk Management - Credit Risk Management (continued)

Tabic 31: Allocation of the Allowance for Credit Losses (ACL)

June 30, 2013

Loans as % of total ACL loans

Dec. 31, 2012

Loans as % of total ACL loans

Dec. 31, 2011

Loans as % of total ACL loans

Dec. 31, 2010

Loans as % of total ACL loans

Dec. 31, 2009

Loans as % of total ACL loans

Commercial:

Commercial and industrial

Real estate mortgage

Real estate construction

Lease financing

Foreign

2,757 2,314

448 95

282

24 °/o$ 13

2

1

5

2,543 2,283

552 85

251

23 % $ 13

2

2

5

2,649 2,550

893 82

184

22 % $ 3,299

14 3,072

2 1,387

2 173

5 238

20 % $ 13

4
2
4

4,014 2,398 1,242 181 306

20 % 12
5
2
4

Total commercial

Consumer:

Real estate 1-4 family first mortgage	5,268	326,100	316,934	307,603	306,449	29				
Real estate 1-4 family junior lien mortgage	3,249	9	3,462	10	3,897	11	.4,557	13	5,43013	
Credit card	1,271	31,234	31,294	31,945	32,745 3					
Automobile	3816	4176	5556	7716	1,381 6					
Other revolving credit and installment	553	5	550	5	630	5	418	5	885	6_

Total consumer

100 %$ 17,477 100 % $ 19,668 100 % $ 23,463 100 % $ 25,031 100 %

June 30, 2013

Components:

Allowance for loan losses Allowance for unfunded credit commitments

16,144 474

17,060 417

19,372 296

23,022 441

24,516 515

Allowance for credit losses

Allowance for loan losses as a percentage
of total loans Allowance for loan losses as a percentage
of total net charge-offs (1) Allowance for credit losses as a percentage
of total loans Allowance for credit losses as a percentage
of total nonaccrual loans

2.01 °/o 349 2.07 93

2.13 189 2.19 85

2.52 171 2.56 92

3.04 130 3.10 89

3.13 135

3.20 103

(1) Total net charge-offs are annualized for quarter ended lune 30, 2013.

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In addition to the allowance for credit losses, there was $5.4 billion at June 30, 2013, and $7.0 billion at December 31, 2012, of nonaccretable difference to absorb losses for PCI loans. The allowance for credit losses is lower than otherwise would have been required without PCI loan accounting. As a result of PCI loans, certain ratios of the Company may not be directly comparable with credit-related metrics for other financial institutions. For additional information on PCI loans, see the "Risk Management - Credit Risk Management - Purchased Credit-Impaired Loans" section and Note 5 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

The ratio of the allowance for credit losses to total nonaccrual loans may fluctuate significantly 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. Over half of nonaccrual loans were home mortgages at June 30, 2013.

The decline in the allowance for loan losses in second quarter 2013 reflected continued improvement in consumer loss severity, delinquency trends and improved portfolio performance, particularly in residential real estate. The reduction included a $500 million allowance release due to strong underlying credit. Total provision for credit losses was $0.7 billion in second quarter 2013, compared with $1.8 billion a year ago.

We believe the allowance for credit losses of $16.6 billion at June 30, 2013, was appropriate to cover credit losses inherent in the loan portfolio, including unfunded credit commitments, at that date. The allowance for credit losses 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 allowance for credit losses 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. Absent significant deterioration in the economy, we continue to expect future allowance releases. Our process for determining the allowance for credit losses is discussed in the "Critical Accounting Policies - Allowance for Credit Losses" section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2012 Form 10-K.

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Risk Management - Credit Risk Management (continued)

LIABILITY FOR MORTGAGE LOAN REPURCHASE LOSSES We sell residential mortgage loans to various parties, including (1) government-sponsored entities Freddie Mac and Fannie Mae (GSEs) who include the mortgage loans in GSE-guaranteed mortgage securitizations, (2) SPEs that issue private label MBS, and (3) other financial institutions that purchase mortgage loans for investment or private label securitization. In addition, we pool FHA-insured and VA-guaranteed mortgage loans that back securities guaranteed by the Government National Mortgage Association (GNMA). We may be required to repurchase these mortgage loans, indemnify the securitization trust, investor or insurer, or reimburse the securitization trust, investor or insurer for credit losses incurred on loans (collectively, repurchase) in the event of a breach of contractual representations or warranties that is not remedied within a period (usually 90 days or less) after we receive notice ofthe breach.

We have established a mortgage repurchase liability related to various representations and warranties that reflect management's estimate of probable losses for loans for which we have a repurchase obligation, whether or not we currently service those loans, based on a combination of factors. Our mortgage repurchase liability estimation process also incorporates a forecast of repurchase demands associated with mortgage insurance rescission activity. Our mortgage repurchase liability considers all vintages; however, repurchase demands have predominantly related to 2006 through 2008 vintages and to GSE-guaranteed MBS.

During the first half.of 2013, we experienced some leveling off in repurchase activity as measured by outstanding repurchase demands. We repurchased or reimbursed investors for incurred losses on mortgage loans with original balances of $457 million in second quarter 2013, compared with $847 million a year ago. We incurred net losses on repurchased loans and investor reimbursements totalling $160 million in second quarter 2013, compared with $349 million a year ago.

Table 32 provides the number of unresolved repurchase demands and mortgage insurance rescissions. We do not typically receive repurchase requests from GNMA, FHA and the Department of Housing and Urban Development (HUD) or VA. As an originator of an FHA-insured or VA-guaranteed loan, we are responsible for obtaining the insurance with FHA or the guarantee with the VA. To the extent we are not able to obtain the insurance or the guarantee we must request permission to repurchase the loan from the GNMA pool. Such repurchases from GNMA pools typically represent a self-initiated process upon discovery of the uninsurable loan (usually within 180 days from funding of the loan). Alternatively, in lieu of repurchasing loans from GNMA pools, we may be asked by FHA/HUD or the VA to indemnify them (as applicable) for defects found in the Post Endorsement Technical Review process or audits performed by FHA/HUD or the VA. The Post Endorsement Technical Review is a process whereby HUD performs underwriting audits of closed/insured FHA loans for potential deficiencies. Our liability for mortgage loan repurchase losses incorporates probable losses associated with such indemnification.

Table 32: Unresolved Repurchase Demands and Mortgage Insurance Rescissions

Government sponsored entities (1)

Original loan balance (3)

Number of loans

Mortgage insurance

Private rescissions with no demand (2)

Original loan Number of Original loan

balance (3) loans balance (3)

Number of loans

Total

Original loan balance (3)

2013 June 30,
March 31,

6,313 $
5,910

1,413
1,371

1,206 $
1,278

258
278

561 $
652

127
145

8,080 $
7,840

1,798
1,794

2012
December 31, September 30, June 30, March 31,

6,621 6,525 5,687 6,333

1,503 1,489 1,265 1,398

1,306 1,513 913 857

281 331 213 241

753 817 840 970

160 183 188 217

8,680 8,855 7,440 8,160

1,944 2,003 1,666 1,856

1) Includes unresolved repurchase demands of 942 and $190 million, 674 and $147 million, 661 and $132 million, 534 and $111 million, 526 and $103 million and 694 and $131 million at June 30 and March 31, 2013, and December 31, September 30, June 30 and March 31, 2012, respectively, received from investors on mortgage servicing rights acquired from other originators. We generally have the right of recourse against the seller and may be able to recover losses related to such repurchase demands subject to counterparty risk associated with the seller. The number of repurchase demands from GSEs that are from mortgage loans originated in 2006 through 2008 totaled 89% at June 30, 2013.
2) As part of our representations and warranties in our loan sales contracts, we typically represent to GSEs and private investors that certain loans have mortgage insurance to the extent there

are loans that have loan to value ratios in excess of 80% that require mortgage insurance. To the extent the mortgage insurance is rescinded by the mortgage insurer due to a claim of breach of a contractual representation or warranty, the lack of insurance may result in a repurchase demand from an investor. Similar to repurchase demands, we evaluate mortgage insurance rescission notices for validity and appeal for reinstatement if the rescission was not based on a contractual breach. When investor demands are received due to lack of mortgage insurance, they are reported as unresolved repurchase demands based on the applicable investor category for the loan (GSE or private). Over the last year, approximately 15% of our repurchase demands from GSEs had mortgage insurance rescission as one of the reasons for the repurchase demand. Of all the mortgage insurance rescission notices received in 2012, approximately 75% have resulted in repurchase demands through June 2013. Not all mortgage insurance rescissions received in 2012 have been completed through the appeals process with the mortgage insurer and, upon successful appeal, we work with the investor to rescind the repurchase demand.

3) While the original loan balances related to these demands are presented above, the establishment of the repurchase liability is based on a combination of factors, such as our appeals success rates, reimbursement by correspondent and other third party originators, and projected loss severity, which is driven by the difference between the current loan balance and the estimated collateral value less costs to sell the property.

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The overall level of unresolved repurchase demands and mortgage insurance rescissions outstanding at June 30,2013, was up from a year ago in both number of outstanding loans and in total dollar balances as we continued to work through the new demands and mortgage insurance rescissions. Customary with industry practice, we have the right of recourse against correspondent lenders from whom we have purchased loans with respect to representations and warranties. Of total repurchase demands and mortgage insurance recissions outstanding as of June 30, 2013, presented in Table 32, approximately 25% relate to loans purchased from correspondent lenders. Due primarily to the financial difficulties of some correspondent lenders, we are currently recovering on average approximately 45% of losses from these lenders. Historical recovery rates as well as projected lender performance are incorporated in the establishment of our mortgage repurchase liability.

We believe we have a high quality residential mortgage loan servicing portfolio. Of the $1.9 trillion in the residential mortgage loan servicing portfolio at June 30, 2013, 93% was current, less than 2% was subprime at origination, and less than 1% was related to home equity loan securitizations. Our combined delinquency and foreclosure rate on this portfolio was 6.65% at June 30, 2013, compared with 7.04% at December 31, 2012. Four percent of this portfolio is private label securitizations for which we originated the loans and therefore have some repurchase risk. We have observed a decrease in outstanding demands, compared with December 31,2012, associated with our private label securitizations. Investors continue to review defaulted loans for potential breaches of our loan sale representations and warranties, and we continue to believe the risk of repurchase in our private label securitizations is substantially reduced, relative to third-party issued private label securitizations, because approximately one-half of this portfolio of private label securitizations does not contain representations and warranties regarding borrower or other third party misrepresentations related to the mortgage loan, general compliance with underwriting guidelines, or property valuation, which are commonly asserted bases for repurchase. For the 4% private label securitization segment of our residential mortgage loan servicing portfolio (weighted average age of 92 months), 57% are loans from 2005 vintages or earlier; 77% were prime at origination; and.approximately 62% are jumbo loans. The weighted-average LTV as of June 30, 2013 for this private securitization segment was 69%. We believe the highest risk segment of these private label securitizations is the subprime loans originated in 2006 and 2007. These subprime loans have seller representations and warranties and currently have LTVs close to or exceeding 100%, and represent 10% of the private label securitization portion ofthe residential mortgage servicing portfolio. We had $12 million of repurchases related to private label securitizations in the quarter ended June 30, 2013.

Of the servicing portfolio, 3% is non-agency acquired servicing and 1% is private whole loan sales. We did not underwrite and securitize the non-agency acquired servicing and therefore we have no obligation on that portion of our servicing portfolio to the investor for any repurchase demands arising from origination practices. For the private whole loan segment, while we do have repurchase risk on these loans, less than 2% were subprime at origination and loans that were sold and subsequently securitized are included in the private label securitization segment discussed above.

Table 33 summarizes the changes in our mortgage repurchase liability.

Table 33: Changes in Mortgage Repurchase Liability

Quarter ended

June 30, Mar. 31, Dec. 31, Sept. 30, June 30,

2013 2013 2012 2012 2012

Six months ended

June 30, June 30, 2013 2012

Balance, beginning of period

Provision for repurchase losses:

Loan sales

Change in estimate (1)

2,317

40
25
2,206

59 250

2,033

66 313

1,764

75 387

1,444

72 597

2,206

99 275

1,326

134 965
65 (160)
309 »98)
379 (206)
462 (193)
669 (349)
374 (358)
1,099 (661)
Balance, end of period

(1) Results from changes in investor demand and mortgage insurer practices, credit deterioration and changes in the financial stability of correspondent lenders.

Risk Management - Credit Risk Management (continued)

Our liability for mortgage repurchases, included in "Accrued expenses and other liabilities" in our consolidated balance sheet, was $2.2 billion at June 30, 2013 and December 31, 2012. In the quarter ended June 30, 2013, we provided $65 million, which reduced net gains on mortgage loan origination/sales activities, compared with a provision of $669 million a year ago. Our provision in second quarter 2013 reflected an increase for indemnifications and specific private investor demands (comprising approximately 55% ofthe second quarter 2013 provision) and new loan sales (approximately 45%).

The mortgage repurchase liability of $2.2 billion at June 30, 2013, represents our best estimate of the probable loss that we expect to incur for various representations and warranties in the contractual provisions of our sales of mortgage loans. The mortgage repurchase liability estimation process requires management to make difficult, subjective and complex judgments about matters that are inherently uncertain, including demand expectations, economic factors, and the specific characteristics ofthe loans subject to repurchase. Our evaluation considers all vintages and the collective actions of the GSEs and their regulator, the Federal Housing Finance Agency (FHFA), mortgage insurers and our correspondent lenders. We maintain regular contact with the GSEs, the FHFA, and other significant investors to monitor their repurchase demand practices and issues as part of our process to update our repurchase liability estimate as new information becomes available.

Because of the uncertainty in the various estimates underlying the mortgage repurchase liability, there is a range of losses in excess of the recorded mortgage repurchase liability that are reasonably possible. The estimate of the range of possible loss for representations and warranties does not represent a probable loss, and is based on currently available information, significant judgment, and a number of assumptions that are subject to change. The high end of this range of reasonably possible losses in excess of our recorded liability was $2.2 billion at June 30, 2013, and was determined based upon modifying the assumptions (particularly to assume significant changes in investor repurchase demand practices) utilized in our best estimate of probable loss to reflect what we believe to be the high end of reasonably possible adverse assumptions. For additional information on our repurchase liability, see the "Critical Accounting Policies - Liability for Mortgage Loan Repurchase Losses" section in our 2012 Form 10-K and Note 8 (Mortgage Banking Activities) to Financial Statements in this Report.

To the extent that economic conditions and the housing market do not recover or future investor repurchase demands and appeals success rates differ from past experience, we could continue to have increased demands and increased loss severity on repurchases, causing future additions to the repurchase liability. However, some of the underwriting standards that were permitted by the GSEs for conforming loans in the 2006 through 2008 vintages, which significantly contributed to recent levels of repurchase demands, were tightened starting in mid to late 2008. Accordingly, we do not expect a similar rate of repurchase requests from the 2009 and prospective vintages, absent deterioration in economic conditions or changes in investor behavior.

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. For additional information regarding risks related to our servicing activities, see pages 77-79 in our 2012 Form 10-K.

In April 2011, the FRB and the Office of the Comptroller of the Currency (OCC) issued Consent Orders that require us to correct deficiencies in our residential mortgage loan servicing and foreclosure practices that were identified by federal banking regulators in their fourth quarter 2010 review. The Consent Orders also require that we improve our servicing and foreclosure practices. We believe that we have implemented all of the operational changes that resulted from the expanded servicing responsibilities outlined in the Consent Orders.

On February 9, 2012, a federal/state settlement was announced among the DOJ, HUD, the Department of the Treasury, the Department of Veterans Affairs, the Federal Trade Commission (FI'C), the Executive Office of the U.S. Trustee, the Consumer Financial Protection Bureau, a task force of Attorneys General representing 49 states, Wells Fargo, and four other servicers related to investigations of mortgage industry servicing and foreclosure practices. While Oklahoma did not participate in the larger settlement, it settled separately with the five servicers under a simplified agreement. Under the terms of the larger settlement, which will remain in effect for three and a half years (subject to a trailing review period) we have agreed to the following programmatic commitments, consisting of three components totaling approximately $5.3 billion:

- Consumer Relief Program commitment of $3.4 billion
- Refinance Program commitment of $900 million
- Foreclosure Assistance Program of $1 billion

Additionally and simultaneously, the OCC and "FRB announced the imposition of civil money penalties of $83 million and $87 million, respectively, pursuant to the Consent Orders. While still subject to FRB confirmation, Wells Fargo believes the civil money obligations were satisfied through payments made under the Foreclosure Assistance Program to the federal government and participating states for their use to address the impact of foreclosure challenges as they determine and which may include direct payments to consumers.

As of June 30, 2013, we believe we have successfully executed activities required under both the Consumer Relief (and state-level sub-commitments) and the Refinance Programs in accordance with the terms of our commitments. In our May 14,2013, submission to the Monitor of the National Mortgage Settlement, we reported $2.5 billion of earned credits toward our Consumer Relief commitment and $1.7 billion of earned credits toward our Refinance Program commitment. We expect our August 14,2013 submission to the Monitor will include sufficient credits to satisfy the requirements of both

programs. Our earned credits are subject to review and approval by the Monitor.

Under the Refinance Program, we refinanced approximately 31,000 borrowers with an unpaid principal balance of approximately $6.7 billion. Based on the mix of loans we have refinanced, the weighted average note rate was reduced by approximately 260 basis points and the weighted average estimated remaining life is approximately 10 years. The impact of fulfilling our commitment under the Refinance Program will be recognized over a period of years in the form of lower interest income as qualified borrowers benefit from reduced interest rates on loans refinanced under the Refinance Program. We expect the future reduction in interest income to be approximately $1.8 billion, or $180 million annually. As a result of refinancings under the Refinance Program, we will be forgoing interest that we may not otherwise have agreed to forgo. No loss was recognized in our consolidated financial statements for this estimated forgone interest income at the time of the settlement as the impact will be recognized over a period of years in the form of lower interest income as qualified borrowers benefit from reduced interest rates on loans refinanced under the Refinance Program. The impact of this forgone interest income on our future net interest margin is anticipated to be modestly adverse and will be influenced by the overall mortgage interest rate environment. The Refinance Program also affects our fair value for these loans. The estimated reduction of the fair value of our loans for the Refinance Program is approximately $1.1 billion.

Although the Refinance Program related to borrowers in good standing as to their payment history who were not experiencing financial difficulty, we evaluated each borrower to confirm their ability to repay their mortgage obligation. This evaluation included reviewing key credit and underwriting policy metrics to validate that these borrowers were not experiencing financial difficulty and therefore, actions taken under the Refinance Program were not generally considered a TDR. To the extent we determined that an eligible borrower was experiencing financial difficulty, we generally considered alternative modification programs that were intended for loans that may be classified and accounted for as a TDR.

On February 28, 2013, we entered into amendments to the April 2011 Interagency Consent Order with both the OCC and the FRB, which effectively ceased the Independent Foreclosure Review (IFR) program created by such Interagency Consent Order and replaced it with an accelerated remediation process to be administered by the OCC and the FRB.

In aggregate, the servicers have agreed to make cash payments into a qualified settlement fund to be administered by the OCC and the FRB and to provide additional assistance, such as loan modifications, to consumers. Our portion of the cash settlement is $766 million, which is based on the proportionate share of Wells Fargo-serviced loans in the overall IFR population. We accrued the cash portion of the settlement in 2012, along with our estimate of other remediation-related costs, and we paid this settlement in the first quarter of 2013. We also committed to foreclosure prevention actions which include first and second lien modifications and short sales/deeds-in-lieu of foreclosure on $1.2 billion of loans. We anticipate meeting this commitment primarily through first lien modification and short sale activities. We are required to meet this commitment by January 7, 2015, and we anticipate that we will be able to meet our commitment within the required timeline. This commitment did not result in any charge as we believe that this commitment is covered through the existing allowance for credit losses and the nonaccretable difference relating to the purchased credit-impaired loan portfolios. With this settlement, beginning in second quarter 2013, we no longer incur significant costs associated with the independent foreclosure reviews, which approximated $125 million per quarter during 2012 for external consultants and additional staffing.

Asset/Liability Management

Asset/liability management involves evaluating, monitoring and managing of interest rate risk, market risk, liquidity and funding. Primary Board oversight of these risks resides with its Finance Committee, which oversees the administration and effectiveness of financial risk management policies and processes used to assess and manage these risks. At the management level we utilize a Corporate Asset/Liability Management Committee (Corporate ALCO), which consists of senior financial and business executives, to oversee these risks and report on them periodically to the Board's Finance Committee. Each of our principal lines of business has its own asset/liability management committee and process linked to the Corporate ALCO process. As discussed in more detail for trading activities below, we employ separate management level oversight specific to the market risks related to our trading activities. Market risk, in its broadest sense, refers to the possibility that losses will result from the impact of adverse changes in market rates and prices on our trading and non-trading portfolios and financial instruments. Interest rates are a key driver of market values and a primary driver of potentially significant impact on our earnings.

INTEREST RATE RISK Interest rate risk, which potentially can have a significant earnings impact, is an integral part of being a financial intermediary. We are subject to interest rate risk because:

- assets and liabilities may mature or reprice at different times (for example, if assets reprice faster than liabilities and interest rates are generally falling, earnings will initially decline);
- assets and liabilities may reprice at the same time but by different amounts (for example, when the general level of interest rates

is falling, we may reduce rates paid on checking and savings deposit accounts by an amount that is less than the general decline in market interest rates);

- short-term and long-term market interest rates may change by different amounts (for example, the shape of the yield curve may affect new loan yields and funding costs differently);
- the remaining maturity of various assets or liabilities may shorten or lengthen as interest rates change (for example, if long-term mortgage interest rates decline sharply, MBS held in the securities available-for-sale portfolio may prepay significantly earlier than anticipated, which could reduce portfolio income); or
- interest rates may also have a direct or indirect effect on loan demand, collateral values, credit losses, mortgage origination volume, the fair value of MSRs and other financial instruments, the value of the pension liability and other items affecting earnings.

We assess interest rate risk by comparing outcomes under various earnings 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 how changes in interest rates and related market

conditions could influence drivers of earnings and balance sheet composition such as loan origination demand, prepayment speeds, deposit balances and mix, as well as pricing strategies.

OUr risk measures include both net interest income sensitivity and interest rate sensitive noninterest income and expense impacts. We refer to the combination of these exposures as interest rate sensitive earnings. In general, the Company is positioned to benefit from higher interest rates. Currently, our profile is such that net interest income will benefit from higher interest rates as our assets reprice faster and to a greater degree than our liabilities, and, in response to lower market rates, our assets will reprice downward and to a greater degree than our liabilities. Our interest rate sensitive noninterest income and expense is largely driven by mortgage activity, and tends to move in the opposite direction of our net interest income. So, in response to higher interest rates, mortgage activity, primarily refinancing activity, generally declines. And in response to lower rates, mortgage activity generally increases. Mortgage results arc also impacted by the valuation of MSRs and related hedge positions. See the "Risk Management - Mortgage Banking Interest Rate and Market Risk" section in this Report for more information.

The degree to which these sensitivities offset each other is dependent upon the timing and magnitude of changes in interest rates, and the slope of the yield curve. During a transition to a higher or lower interest rate environment, a reduction or increase in interest sensitive earnings from the mortgage banking business could occur quickly, while the benefit or detriment from balance sheet repricing could take more time to develop. For example, our lower rate scenarios (scenario l and scenario 2) in the following table primarily measure a decline in long-term interest rates versus our most likely scenario. Although the performance in both lower rate scenarios contains initial benefit from increased mortgage banking activity, each results in lower earnings relative to the most likely scenario over time given pressure on net interest income. The higher rate scenarios (scenario 3 and scenario 4) measure the impact of varying degrees of rising short-term and long-term interest rates over the course of the forecast horizon relative to the most likely scenario, both resulting in positive earnings sensitivity.

As of June 30, 2013, our most recent simulations estimate earnings at risk over the next 24 months under a range of both lower and higher interest rates. The results of the simulations are summarized in Table 34, indicating cumulative net income after tax earnings sensitivity relative to the most likely earnings plan over the 24 month horizon (a positive range indicates a beneficial earnings sensitivity measurement relative to the most likely earnings plan).

Table 34: Earnings Sensitivity Over 24 Month Horizon Relative to Most Likely Earnings Plan

	Most likely	Lower rates Scenario 1	Scenario 2	Higher rates Scenario 3	Scenario 4
Ending rates:					
Fed funds	0.50 %	0.25	0.25	1.25	4.00
10-year treasury (1)	3.24	1.45	2.35	4.24	5.10
Earnings relative to most likely	N/A	-2.7%	-0.5%	0-5%	>5%

(1) U.S. Constant Maturity Treasury Rate

We use the available-for-sale securities portfolio and exchange-traded and over-the-counter (OTC) interest rate derivatives to hedge our interest rate exposures. See the "Balance Sheet Analysis - Securities Available for Sale" section of this Report for more information on the use of the available-for-sale securities portfolio. The notional or contractual amount, credit risk amount and fair value of the derivatives used to hedge our interest rate risk exposures as of June 30, 2013, and December 31, 2012, are presented in Note 12 (Derivatives) to Financial Statements in this Report. We use derivatives for asset/liability management in three main ways:

- to convert a major portion of our long-term fixed-rate debt, which we issue to finance the Company, from fixed-rate payments to floating-rate payments by entering into receive-fixed swaps;
- to convert the cash flows from selected asset and/or liability instruments/portfolios from fixed-rate payments to floating-rate payments or vice versa; and
- to economically hedge our mortgage origination pipeline, funded mortgage loans and MSRs using interest rate swaps, swaptions, futures, forwards and options.

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 a discussion of mortgage banking interest rate and market risk, see pages 81-83 of our 2012 Form 10-K.

While our hedging activities are designed to balance our mortgage banking interest rate risks, the financial instruments we use may not perfectly correlate with the values and income being hedged. For example, the change in the value of ARM production held for sale from changes in mortgage interest rates may or may not be fully offset by Treasury and LIBOR index-based financial instruments used as economic hedges for such ARMs. Additionally, hedge-carry income on our economic hedges for the MSRs may not continue if the spread between short-term and long-term rates decreases, we shift composition of the hedge to more interest rate swaps, or there are other changes in the market for mortgage forwards that affect the implied carry.

The total carrying value of our residential and commercial MSRs was $15.4 billion at June 30,2013, and $12.7 billion at December 31,2012. The weighted-average note rate on our portfolio of loans serviced for others was 4.59% at June 30, 2013, and 4.77% at December 31, 2012. The carrying value of our total MSRs represented 0.81% of mortgage loans serviced for others at June 30, 2013, and 0.67% at December 31, 2012.

MARKET RISK - TRADING ACTD/nTES We engage in trading activities primarily to accommodate the investment and risk management activities of our customers, execute economic hedging to manage certain balance sheet risks and for a very limited amount of proprietary trading for our own account. These activities primarily occur within our trading businesses and include entering into transactions with our customers that are recorded as trading assets and liabilities on our balance sheet. All of our trading assets and liabilities, including securities, foreign exchange transactions, commodity transactions and derivatives are carried at fair value. Income earned related to these trading activities include net interest income and changes in fair value related to trading assets and liabilities. Net interest income earned on trading assets and liabilities is reflected in the interest income and interest expense components of our income statement. Changes in fair value of trading assets and liabilities are reflected in net gains (losses) on trading activities, a component of noninterest income in our income statement.

Table 35 presents total revenue from trading activities.

Table 35: Income from Trading Activities

	Quarter ended June 30,		Six months ended June 30,	
(in millions)	2013	2012	2013	2012
Interest income (1)	$ 340	343	667	720
Less: Interest expense (2)	75	65	140	129
Net interest income	265	278	527	591
Noninterest income:				
Net gains (losses) from trading activities (3):				
Customer accommodation	337	356	804	690
Economic hedging and other (4)	(11)	(92)	88	199
Proprietary trading	5	(1)	9	14
Total net trading gains	331	263	901	903
Total trading-related net interest and noninterest income	$ 596	541	1,428	1,494

1) Represents interest and dividend income earned on trading securities.
2) Represents interest and dividend expense incurred on trading securities we have sold but have not yet purchased.
3) Represents realized gains (losses) from our trading activity and unrealized gains (losses) due to changes in fair value of our trading positions, attributable to the type of business activity.
4) Excludes economic hedging of mortgage banking activities and asset/liability management.

For further information regarding the fair value of our trading assets and liabilities, refer to Note 12 (Derivatives) and Note 13 (Fair Values of Assets and Liabilities) to Financial Statements in this Report.

Customer accommodation Customer accommodation activities are conducted to help customers manage their investment needs and risk management and hedging activities. We engage in market-making activities or act as an intermediary to purchase or sell financial instruments in anticipation or in response to customer needs. This category also includes positions we use to manage our exposure to such transactions.

For the majority of our customer accommodation trading, we serve as intermediary between buyer and seller. For example, we may purchase or sell a derivative to a customer who wants to

manage interest rate risk exposure. We typically enter into offsetting derivative(s) or security positions with a separate counterparty or exchange to manage our exposure to the derivative with our customer. We earn income on this activity based on the transaction price difference between the customer and offsetting derivative or security positions, which is reflected in the fair value changes of the positions recorded in net gains (losses) on trading activities.

Customer accommodation trading also includes net gains related to market-making activities in which we take positions to facilitate customer order flow. For example, we may own securities recorded as trading assets (long positions) or sold securities we have not yet purchased, recorded as trading liabilities (short positions), typically on a short-term basis, to facilitate anticipated buying and selling demand from our customers. As market-maker in these securities, we earn income due (1) to the difference between the price paid or received for the purchase and sale of the security (bid-ask spread) and (2) the net interest income and change in fair value of the long or short positions during the short-term period held on our balance sheet. Additionally, we may enter into separate derivative or security positions to manage our exposure related to our long or short security positions. Collectively, income earned on this type of market-making activity is reflected in the fair value changes of these positions recorded in net gain (losses) on trading activities.

Economic hedges and other Economic hedges in trading are not designated in a hedge accounting relationship and exclude economic hedging related to our asset/liability risk management and substantially all mortgage banking risk management activities. Economic hedging activities include the use of trading securities to economically hedge risk exposures related to non-trading activities or derivatives to hedge risk exposures related to trading assets or trading liabilities. Economic hedges arc unrelated to our customer accommodation activities. Other activities include financial assets held for investment purposes that we elected to carry at fair value with changes in fair value recorded to earnings in order to mitigate accounting measurement mismatches or avoid embedded derivative accounting complexities.

Proprietary trading Proprietary trading consists of security or derivative positions executed for our own account based upon market expectations or to benefit from price differences between financial instruments and markets. Proprietary trading activity is expected to be restricted by the Dodd-Frank Act provisions known as the "Volcker Rule," which has not yet been finalized. On October 11, 2011, federal banking agencies and the SEC issued proposed regulations to implement the Volcker Rule. We believe our definition of proprietary trading is consistent with the proposed regulations. However, given that final rule-making is required by various governmental regulatory agencies to define proprietary trading within the context of the final Volcker Rule, our definition of proprietary trading may change. We have reduced or exited certain business activities in anticipation of the final Volcker Rule. As discussed within this section and the noninterest income section of our financial results, proprietary trading activity is not significant to our business or financial results.

Table 36 and Table 37 provide information on daily trading-related revenues for the Company's trading portfolio. This trading-related revenue is defined as the change in value ofthe trading assets and trading liabilities, trading-related net interest income and trading-related intra-day gains and losses. Net trading-related revenue does not include activity related to long-term positions held for economic hedging purposes, period-end adjustments and other activity not representative of daily price changes driven by market factors.

Table 37: Daily Trading-Related Revenues

30 r-

(20) Jan-13

Market Risk Governance The Board of Directors reviews and approves the acceptable level of market risk for the Company and delegates authority to Corporate ALCO to establish corporate level Value-at-Risk (VaR) and other risk limits. Corporate ALCO, through its Market Risk Committee, provides governance and oversight over market risk-taking activities across the Company and establishes and monitors risk tolerances and line of business VaR limits. The Corporate Market Risk group, which is part ofthe independent Corporate Risk Group, administers and monitors compliance with the requirements of the Market Risk Committee. The Corporate Market Risk group has oversight in identifying and managing the Company's market risk. The group is responsible for quantitative model development, calculation and analysis of market risk capital, and reporting aggregated and line of business market risk information. Each line of business that exposes the Company to market risk has direct responsibility for managing market risk in accordance with defined risk tolerances and approved market risk mandates and hedging strategies. As described below, we measure and monitor market risk for both management and regulatory capital purposes.

Market Risk Measurement We use VaR metrics complemented with sensitivity analysis and stress testing in measuring and managing market risk. These market risk measures are monitored at both the business unit level and at an aggregated level on a daily basis. Our corporate market risk management function aggregates all Company exposures to monitor whether risk measures are within established tolerances. Changes to the Company's market risk profile are analyzed and reported on a daily basis. The Company monitors risk exposure from a variety of perspectives, which include line of business, product, risk type and legal entity.
Value-at-Risk Overview VaR is a statistical risk measure used to estimate the potential loss from adverse market moves on trading and other positions carried at fair value. We utilize VaR models to measure market risk on an aggregate basis as well as on a disaggregated basis for individual lines of business. The VaR measures assume that historical changes in market values (historical simulation analysis) are representative of the potential future outcomes and measure the worst expected loss over a given time interval (for example, 1 day or 10 days) within a given confidence level. The historical simulation analysis approach uses historical scenarios of the risk factors from each trading day in the previous 12 months and is used to identify the critical risk driver of each trading position with respect to interest rates, credit spreads, foreign exchange rates, and equity and commodity prices. The risk drivers for each position are updated on a daily basis. We measure and report VaR for a l-day holding period and a 10-day holding period at a 99% confidence level. This means that we would expect to incur single day losses greater than predicted by VaR estimates for the measured trading positions one time in every 100 trading days. We treat data from all historical periods as equally relevant and consider utilizing data for the previous 12 months as appropriate for determining VaR. We believe using a 12 month look back period helps ensure the Company's VaR is responsive to current market conditions.

VaR measurement between institutions is not readily comparable due to modeling and assumption differences. VaR measures are more useful when interpreted as an indication of trends rather than an absolute measure to be compared across institutions.

Risk Management - Asset/Liability Management (continued)

Sensitivity Analysis Sensitivity analysis is the measure of exposure to a single risk factor, such as a one basis point increase in rates or a 1% increase in equity prices. We conduct and monitor sensitivity on interest rates, credit spreads, volatility, equity, commodity, and foreign exchange exposure. Since VaR is based upon previous moves in market risk factors over recent periods, it may not provide accurate predictions of future market moves. Sensitivity analysis complements VaR as it provides an indication of risk relative to each factor irrespective of historical market moves.

Stress Testing While VaR captures the risk of loss due to adverse changes in markets using recent historical data, stress testing captures the Company's exposure to extreme, but low probability market movements. Stress scenarios estimate the risk of losses based on management's assumptions of abnormal but severe market movements such as severe credit spread widening or a large decline in equity prices. These scenarios also assume that the market moves happen instantaneously and no repositioning

Table 38: Trading l-Pay 99% Value-at-Risk (VaR) Metrics

or hedging activity takes place to mitigate losses as events unfold (although experience demonstrates otherwise). We update and review the stress scenarios with recent market trends on a daily basis.

Market Risk Management Trading VaR is the VaR 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 risk limits. Trading VaR is calculated based on all trading positions classified as trading assets or trading liabilities on our balance sheet. In addition, the Company monitors and manages a variety of sensitivity exposures and stress testing estimates.

Table 38 shows the results of the Company's Trading VaR by risk category. As presented in the table, average Trading VaR was $15 million for the quarter ended June 30, 2013, compared with $24 million for the quarter ended March 31, 2013. The decrease was primarily driven by several volatile days rolling off ofthe l-year historical time series used in the VaR calculation.

Quarter ended

March 31, 2013

Period end

Period end

VaR Risk Categories

Credit

Interest rate

Equity

Commodity

Foreign exchange

Diversification benefit (1)

31 20 6 3 1

(43)

16 19 5 3 2

(30)

12 31

11 30

4 8

2 5

1 3

25 29

5

2

2

J40L

25 28 4 3 2

(38)

24 26 4 2 1

26 30 5 3 2

Total VaR

(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 - Regulatory Capital Effective January 1, 2013, the U.S banking regulators adopted "Risk-Based Capital Guidelines: Market Risk" as the regulations covering the calculation of market risk capital. The market risk capital rule, commonly known as Basel 2.5, substantially modified the determination of market risk-weighted assets, and implements a more risk sensitive methodology for the risks inherent in certain "covered" trading positions. The positions that are "covered" by the market risk rule are generally a subset of our trading assets and trading liabilities, specifically those held by the Company for the purpose of short-term resale or with the intent of benefiting from actual or expected short-term price movements, or to lock in arbitrage profits.

The material portfolio of the Company's "covered" positions are predominantly concentrated in the trading assets managed within Wholesale Banking, which is the predominant contributor to the Company's overall VaR and manages the areas traditionally considered as trading lines of business. Wholesale Banking engages in fixed income, foreign exchange, equities, and commodities markets and those positions comprise predominantly all of our "covered" positions.

Basel 2.5 prescribes various VaR calculations (e.g. Regulatory VaR) in the determination of regulatory capital and risk-weighted assets.

46

Regulatory VaR The VaR measurements use the previous rolling 12 months of historical market data and include:

- Total VaR - is composed of General and Specific Risk VaR and uses the previous 12 months of historical market data to comply with regulatory requirements.
  - o General VaR
    - Measures the risk of broad market movements such as changes in the level of interest rates, credit spreads, equity prices, foreign exchange rates, and commodity prices.
    - Uses historical simulation analysis based on 99% confidence level and a 10-day time horizon.
  - o Specific Risk VaR
    - Measures the risk of loss that could result from factors other than broad market movement.
    - Uses historical simulation analysis based on a 99% confidence level and a 10-day time horizon.
- Total Stressed VaR - uses a historical period of significant financial stress over a continuous 12 month period using historically available market data and is composed of

General and Specific Risk Stressed VaR. Stressed VaR uses the same methodology and models as General VaR. • Incremental Risk Charge

- Measures the potential loss in value of non-securitized credit products from both default and credit migration events.
- Analysis is based on 99.9% confidence level and a 12 month time horizon.

The Company's regulatory capital models have all been approved for use by the Company's regulators. The Company uses the same VaR models for both market risk management (i.e. Trading VaR) purposes as well as regulatory capital calculations.

Table 39 shows the results of the Company's modeled measures for regulatory capital calculations. As presented in the table, average total Wells Fargo VaR was $38 million for the quarter ended June 30, 2013, compared with $50 million for the quarter ended March 31, 2013. The decrease was primarily driven by several volatile days rolling off ofthe l-ycar historical time series used in the VaR calculation.

Table 39: Regulatory 10-Day 99% Value-at-Risk (VaR) Metrics

Quarter ended

June 30, 2013

Period end

Period end

Wholesale General VaR Risk Categories

Credit

Interest rate

Equity

Commodity

Foreign exchange

Diversification benefit (1)

96 30 5 5 2

(US)

46 32 7 5 2

(71)

27 23 2 3 1

96 48 11 10 6

27 34 11 4

3
(61)

54 34 7 5 2
(67)

27 25 4 3

68 45 12 6 5

Wholesale General VaR Wholesale Specific Risk VaR

Wholesale Banking Total VaR (2)(3)(4)

Wells Fargo Total VaR (2)(4)

20 22

30 42
21 26

34 38
15 21
32 37
18 36

40 41
35 30

46 50
18 25
56 37

Wholesale Stressed General VaR	**253 243**	
Wholesale Stressed Specific Risk VaR	**115 136**	
Wholesale Banking		
Total Stressed VaR (2)(3)(4)	**278 280**	
Wells Fargo Total Stressed VaR (2)(4)	**290**	**299**

190 104
305 187
260 162

306 329
288 138

319 345

218 83

356 169

Wells Fargo Incremental
Risk Charge (1-year 99.9%)

Wells Fargo Market Risk Regulatory Capital

Wells Fargo
Risk-Weighted Assets

402 2,906 36,325

396 3,025 37,814

1) The period-end VaR and average VaR were 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.
2) The Low and High metrics may have occurred during different days for the individual components. As such, the low and high for the overall portfolio will not equal the sum of the individual components.
3) The material portfolio of the Company's "covered" positions is predominantly concentrated in the trading assets managed within Wholesale Banking.
4) General VaR and Specific Risk VaR are combined in accordance with regulator prescribed methodology.

Risk Management - Asset/Liability Management (continued)

VaR Backtesting The Basel 2.5 market risk capital rule requires conducting backtesting as one form of validation ofthe VaR model. Backtesting is a comparison of the daily VaR estimate with the actual "clean" profit and loss as defined by the market risk capital rule. "Clean P&L" is the change in the value of the Company's covered trading positions that would have occurred had previous end-of-day covered trading positions remained unchanged (therefore, excluding fees, commissions, net interest income, and intraday trading). The backtesting analysis compares the daily VaR estimate for each of the trading days in the preceding 12 months with the net "clean P&L". "Clean P&L" does not include credit adjustments and other activity not representative of daily price changes driven by market risk factors. The "clean P&L" measure of revenue is used to evaluate the performance ofthe Regulatory VaR model and is not comparable to our actual daily trading net revenues, as reported elsewhere in this Report.

Table 40: Daily Total Regulatory Valuc-at-Risk (VaR)

Any observed "clean P&L" loss in excess of the VaR estimate is considered an exception. There were backtesting exceptions which occurred in the last part of second quarter 2013. The exceptions were driven by increased volatility in the fixed income markets from uncertainty about the Federal Reserve's intentions regarding their quantitative easing efforts. The number of actual backtesting exceptions is dependent on current market performance relative to historic market volatility. Table 40 shows daily Total Regulatory VaR (l-day, 99%) for the previous 12 months ended June 30, 2013. The Wells Fargo average Total Regulatory VaR for second quarter 2013 was $16 million with a low of $13 million and a high of $21 million. The decline in Total Regulatory VaR for the previous 12 months is due to the overall risk reduction in the trading portfolio as well as low volatile markets.

40

35

30

c o 25

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.E 20

15

10 -

Jul-12 Aug-12 Sep-12 Oct-12 Nov-12 Dec-12 Jan-13 Feb-13 Mar-13 Apr-13 May-13 Jun-13

There is a separate market risk capital charge required for covered trading securitization products in the Basel 2.5 market risk capital rule. Table 41 shows the aggregate net fair market value of securities and derivative securitization positions by exposure type that meet the regulatory definition of a covered trading securitization position for the quarter ended June 30, 2013. Covered trading securitizations positions under Basel 2.5 include asset-backed securities (ABS), commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RjMBS), and collateralized loan and other debt obligations (CLO/CDO) positions.

Table 41: Covered Securitization Positions by Exposure Type

(Market Value)
(in millions)

Quarter ended June 30, 2013

Securitization Exposure
Securities
Derivatives
461 37
675 J75j

ABS CMBS RMBS CLO/CDO

694
694
498
Total
600
481 (755)
(274)

As part of our business to support our customers, we trade public equities, listed/OTC equity derivatives and convertible bonds. We have parameters that govern these activities. We also have marketable equity securities in the securities available-for-sale portfolio, including securities relating to our venture capital activities. We manage these investments within capital risk limits approved by management and the Board and monitored by Corporate ALCO. Gains and losses on these securities are recognized in net income when realized and periodically include OTTI charges.

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) particular 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.

Table 42 provides information regarding our marketable and nonmarketable equity investments.

Table 42: Nonmarketable and Marketable Equity Investments

Furthermore, the regulatory market risk capital rule requires capital for correlation trading positions. The net market value of correlation trading positions that meet the definition of a covered position for the quarter ended June 30, 2013, was $30 million. Correlation trading is a discontinued business in which the Company is no longer active, with current positions hedged and maturing over time.

MARKET RISK - EQUITY INVESTMENTS We are directly and indirectly affected by changes in the equity markets. We make and manage direct equity investments in start-up businesses, emerging growth companies, management buy-outs, acquisitions and corporate recapitalizations. We also invest in non-affiliated funds that make similar private equity investments. These private equity investments are made within capital allocations approved by management and the Board. The Board's policy is to review business developments, key risks and historical returns for the private equity investment portfolio at least annually. Management reviews the valuations of these investments at least quarterly and assesses them for possible OTTI. For nonmarketable investments, the analysis is based on facts and circumstances of each individual investment and the expectations for that investment's cash flows and capital needs, the viability of its business model and our exit strategy. Nonmarketable investments include private equity investments accounted for under the cost method and equity method. Private equity investments are subject to OTTI.

(in millions)

2,419 4,100

2,572 4,227

Nonmarketable equity investments: Cost method:

6,799

Private equity investments Federal bank stock

Total cost method

4,931

4,767 6,156

10,672

10,923

Equity method and other: LIHTC investments (1) Private equity and other

595

Total equity method and other

$ 17,786 17,722

Fair value (2)

Total nonmarketable

2,210 2,337 547 448

equity investments (3)

Marketable equity securities: Cost

Net unrealized gains

2,757 2,785

Total marketable

equity securities (4)

1) Represents low income housing tax credit investments
2) Represents nonmarketable equity investments for which we have elected the fair value option. See Note 6 (Other Assets) and Note 13 (Fair Values of Assets and Liabilities) to Financial Statements in this Report for additional information.
3) Included in other assets on the balance sheet. See Note 6 (Other Assets) to Financial Statements in this Report for additional information.
4) Included in securities available for sale. See Note 4 (Securities Available for Sale) to Financial Statements in this Report for additional information.

4

Risk Management - Asset/Liability Management (continued)

LIQUIDITY AND FUNDING The objective of effective liquidity management is to ensure that we can meet customer loan requests, customer deposit maturities/withdrawals and other cash commitments efficiently under both normal operating conditions and under unpredictable circumstances of industry or market stress. To achieve this objective, the Corporate ALCO establishes and monitors liquidity guidelines that require sufficient asset-based liquidity to cover potential funding requirements and to avoid over-dependence on volatile, less reliable funding markets. We set these guidelines for both the consolidated balance sheet and for the Parent to ensure that the Parent is a source of strength for its regulated, deposit-taking banking subsidiaries.

Unencumbered debt and equity securities in the securities available-for-sale portfolio provide asset liquidity, in addition to the immediately liquid resources of cash and due from banks and federal funds sold, securities purchased under resale agreements and other short-term investments. Asset liquidity is further enhanced by our ability to sell or securitize loans in secondary markets and to pledge loans to access secured borrowing facilities through the Federal Home Loan Banks (FHLB) and the FRB.

Core customer deposits have historically provided a sizeable source of relatively stable and low-cost funds. At June 30, 2013, core deposits were 117% of total loans, compared with 114% a year ago. Additional funding is provided by long-term debt, other foreign deposits, and short-term borrowings.

Table 43 shows selected information for short-term borrowings, which generally mature in less than 30 days.

Tabic 43: Short-Term Borrowings

					Quarter ended
(in millions)	June 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sept. 30, 2012	June 30, 2012
Balance, period end					
Commercial paper and other short-term borrowings	$ 18,497	22,263	22,202	20,474	19,695
Federal funds purchased and securities sold under agreements to repurchase	38,486	38,430	34,973	31,483	36,328
Total	$ 56,983	60,693	57,175	51,957	56,023
Average daily balance for period					
Commercial paper and other short-term borrowings	$ 19,606	20,850	20,609	19,675	18,072
Federal funds purchased and securities sold under agreements to repurchase	38,206	34,561	32,212	32,182	33,626
Total	$ 57,812	55,411	52,821	51,857	51,698
Maximum month-end balance for period					
Commercial paper and other short-term borrowings (1)	$ 19,834	22,263	22,202	20,474	19,695
Federal funds purchased and securities sold under agreements to repurchase (2)	39,451	38,430	35,941	32,766	36,328

1) Highest month-end balance in each of the last five quarters was in April and March 2013, and December, September and June 2012.
2) Highest month-end balance in each of the last five quarters was in May and March 2013, and October, July and June 2012.

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. 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, a reduction in credit rating would not cause us to violate any of our debt covenants. This year, both Moody's Investors Service (Moody's) and Standard and Poor's (S&P) have announced that they intend to reassess their assumptions regarding the probability and extent of federal support for certain bank holding companies, including the Parent, in light of recent regulatory developments related to the Title II Orderly Liquidation Authority of the Dodd-Frank Act that could make federal support less certain and predictable. Moody's expects to complete their review by year-end; S&P has not provided a
timeframe for their review. Generally, rating agencies review a firm's ratings at least annually. There were no changes to our credit ratings in second quarter 2013. See the "Risk Management - Asset/Liability Management" and "Risk Factors" sections in our 2012 Form 10-K for additional information regarding our credit ratings as of December 31, 2012, and the potential impact a credit rating downgrade would have on our liquidity and operations, as well as Note 12 (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.

On December 20,2011, the FRB proposed enhanced liquidity risk management rules. On January 6,2013, the Basel Committee on Bank Supervision (BCBS) endorsed a revised liquidity framework for banks. These rules have not yet been finalized and adopted by the FRB. The proposed rules would require modifications to our existing liquidity risk management processes. This includes increased frequency of liquidity reporting and stress testing, maintenance of a 30-day liquidity buffer comprised of highly-liquid assets and additional corporate governance requirements. We will continue to analyze the proposed rules and other regulatory proposals that may affect

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liquidity risk management to determine the level of operational or compliance impact to Wells Fargo. For additional information see the "Capital Management" and "Regulatory Reform" sections in this Report and in our 2012 Form 10-K.

Parent Under SEC rules, our Parent is classified as a "well-known seasoned issuer," which allows it to file a registration statement that does not have a limit on issuance capacity. In April 2012, the Parent filed a registration statement with the SEC for the issuance of senior and subordinated notes, preferred stock and other securities. The Parent's ability to issue debt and other securities under this registration statement is limited by the debt issuance authority granted by the Board. The Parent is currently authorized by the Board to issue $60 billion in outstanding short-term debt and $170 billion in outstanding long-term debt. During the first half of 2013, the Parent issued $7.1 billion of senior notes, of which $2.7 million were registered with the SEC. In addition, during the first half of 2013, the Parent issued $2.0 billion of registered subordinated notes. In July 2013, the Parent issued an additional $2.5 billion of registered senior notes.

The Parent's proceeds from securities issued in the first half of 2013 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.

Table 44 provides information regarding the Parent's medium-term note (MTN) programs. The Parent may issue senior and subordinated debt securities under Series L & M, and the European and Australian programmes. Under Series K, the Parent may issue senior debt securities linked to one or more indices or bearing interest at a fixed or floating rate.

Table 44: Medium-Term Note (MTN) Programs

			June 30, 2013
			Debt Available
	Date		issuance for
(in billions)	established	authority issuance	
MTN program:			
Series L & M (1)	May 2012	$ 25.016.9	
Series K (1)(3)	April 2010	25.022.5	
European (2)(4)	December 2009	25.618.4	
Australian (2)(5)	June 2005	AUD 10.05.7	

1) SEC registered.
2) Not registered with the SEC. May not be offered in the United States without applicable exemptions from registration.
3) As amended in April 2012.
4) As amended in April 2012 and April 2013.
5) As amended in October 2005 and March 2010.

Wells Fargo Bank, N.A. Wells Fargo Bank, N.A. is authorized by its board of directors to issue $100 billion in outstanding short-term debt and $125 billion in outstanding long-term debt. At June 30, 2013, Wells Fargo Bank, N.A. had available $100 billion in short-term debt issuance authority and $100.4 billion in long-term debt issuance authority. In March 2012, Wells Fargo Bank, N.A. established a $100 billion bank note program under which, subject to any other debt outstanding under the limits described above, it may issue $50 billion in outstanding short-term senior notes and $50 billion in outstanding long-term senior or subordinated notes. During the first half of 2013, Wells Fargo Bank, N.A. issued $5.6 billion of senior notes. At June 30, 2013, Wells Fargo Bank, N.A. had remaining issuance capacity under the bank note program of $50 billion in short-term senior notes and $39-9 billion in long-term senior or subordinated notes. In July 2013, Wells Fargo Bank, N.A. issued $2.6 billion of senior notes. In addition, since June 30, 2013, Wells Fargo Bank N.A. has executed advances of $1.0 billion with the Federal Home Loan Bank of Des Moines.

Wells Fargo Canada Corporation In January 2012, Wells Fargo Canada Corporation (WFCC, formerly known as Wells Fargo Financial Canada Corporation), an indirect wholly owned Canadian subsidiary of the Parent, qualified with the Canadian provincial securities commissions a base shelf prospectus for the distribution from time to time in Canada of up to CAD $7.0 billion in medium-term notes. During the first half of 2013, WFCC issued CAD $500 million in medium-term notes. At June 30, 2013, CAD $3.5 billion remained available for future issuance. All medium-term notes issued by WFCC are unconditionally guaranteed by the Parent.

FEDERAL HOME LOAN BANK MEMBERSHIP We are a member of the Federal Home Loan Banks based in Dallas, Des Moines and San Francisco (collectively, the FHLBs). Each member of the FHLBs is 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 ofthe Federal Housing Finance Board. Because the extent of any obligation to increase our investment in any of the FHLBs depends entirely upon the occurrence of a future event, potential future payments to the FHLBs are not determinable.

The FHLBs are a group of cooperatives that lending . institutions use to finance housing and economic development in local communities. About 80% of U.S. lending institutions, including Wells Fargo, rely on the FHLBs for low-cost funds. We use the funds to support home mortgage lending and other community investments.

Capital Management

We have an active program for managing stockholders' equity and regulatory capital, and maintain a comprehensive process for assessing the Company's overall capital adequacy. We generate capital primarily through the retention of earnings net of dividends. 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. Our potential sources of stockholders' equity include retained earnings and issuances of common and preferred stock. Retained earnings increased $7.2 billion from December 31, 2012, predominantly from Wells Fargo net income of $10.7 billion, less common and preferred stock dividends of $3.4 billion. During second quarter 2013, we issued approximately 40 million shares of common stock (approximately 79 million for the first half of 2013), substantially all of which related to employee benefit plans. In July 2013, we issued 69 million Depository Shares, each representing i/i,ooo[lh] interest in a share of the Company's newly issued 5.85% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series Q, for an aggregate public offering price of $1.7 billion. During second quarter 2013, we also repurchased approximately 27 million shares of common stock in open market transactions and from employee benefit plans, at a net cost of $1.1 billion. In addition, the Company entered into forward purchase contracts in April 2013 and July 2013 and paid $500 million for each contract to an unrelated third party. Both of these contracts expire in third quarter 2013; however, the counterparty has the right to accelerate settlement. For additional information about our forward repurchase agreements see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

Table 45 and Table 46, which appear at the end of this Capital Management section, provide information regarding our Tier 1 common equity calculations under Basel I and as estimated under Basel III, respectively.

Regulatory Capital Guidelines

The Company and each of our subsidiary banks are subject to various regulatory capital adequacy requirements administered by the FRB and the OCC. Risk-based capital (RBC) guidelines establish a risk-adjusted ratio relating capital to different categories of assets and off-balance sheet exposures. At June 30, 2013, the Company and each of our subsidiary banks were "well-capitalized" under applicable regulatory capital adequacy guidelines. See Note 19 (Regulatory and Agency Capital Requirements) to Financial Statements in this Report for additional information.

Current regulatory RBC rules are based primarily on broad credit-risk considerations and market-related risks, but do not take into account other types of risk facing a financial services company. Our capital adequacy assessment process contemplates a wide range of risks that the Company is exposed to and also takes into consideration our performance under a variety of stressed economic conditions, as well as regulatory expectations and guidance, rating agency viewpoints and the view of capital markets participants.

Effective January 1, 2013, the Company implemented changes to the market risk capital rule, commonly referred to as Basel 2.5, as required by U.S. banking regulators. Basel 2.5 requires banking organizations with significant trading activities to adjust their capital requirements to better account for the market risks of those activities. The market risk capital rule is reflected in the Company's calculation of risk-weighted assets and, upon initial adoption in first quarter 2013, negatively impacted capital ratios under Basel I by approximately 25 basis points, but did not impact our ratio under Basel III, as its impact has historically been included in our calculations. For additional information see the "Risk Management - Asset/Liability Management" section in this Report.

In 2007, U.S. banking regulators approved a final rule adopting international guidelines for determining regulatory capital known as "Basel II." Basel II incorporates three pillars that address (a) capital adequacy, (b) supervisory review, which relates to the computation of capital and internal assessment processes, and (c) market discipline, through increased disclosure requirements. We entered the "parallel run phase" of Basel II in July 2012. During the "parallel run phase," banks must successfully complete at least a four quarter evaluation period under supervision from regulatory agencies in order to be compliant with the Basel II final rule.

In December 2010, the BCBS finalized a set of international guidelines for determining regulatory capital known as "Basel HI." These guidelines were developed in response to the financial crisis of 2008 and 2009 and were intended to address many of the weaknesses identified in the banking sector as contributing to the crisis including excessive leverage, inadequate and low quality capital and insufficient liquidity buffers.

In July 2013, U.S. banking regulators approved final and interim final rules to implement the BCBS Basel III capital guidelines for U.S. banks. These final capital rules, among other things:

- implement in the United States the Basel III regulatory capital reforms including those that revise the definition of capital, increase minimum capital ratios, and introduce a minimum Tier 1 common equity ratio of 4.5% and a capital conservation buffer of 2.5% (for a total minimum Tier 1 common equity ratio of 7.0%) and a potential countercyclical buffer of up to 2.5%, which would be imposed by regulators at their discretion if it is determined that a period of excessive credit growth is contributing to an increase in systemic risk;
- require a Tier 1 capital to average total consolidated assets ratio of 4% and introduce, for large and internationally active bank holding companies (BHCs), a Tier 1 supplemental leverage ratio of 3% that incorporates off-balance sheet exposures;
- revise "Basel I" rules for calculating risk-weighted assets to enhance risk sensitivity;
- modify the existing Basel II advanced approaches rules for calculating risk-weighted assets to implement Basel III; and

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- comply with the Dodd-Frank Act provision prohibiting the reliance on external credit ratings.

We will be required to comply with the final Basel III capital rules beginning January 2014. Based on our interpretation of the final capital rules, we estimate that our Tier 1 common equity ratio under the final Basel III capital rules exceeded the fully phased-in minimum of 7.0% by 162 basis points at June 30, 2013. Because the rules were only recently finalized, the interpretations and assumptions we use in estimating our calculations are subject to change depending on our ongoing review of the final capital rules.

The final Basel III capital rules did not address the proposed Basel III liquidity standards and also did not address additional capital and leverage requirements that are currently under consideration by the BCBS and U.S. banking regulators. For example, in July 2013, U.S. banking regulators introduced proposals that would enhance the recently finalized supplemental leverage ratio requirements for large BHCs like Wells Fargo and their insured depository institution subsidiaries. Under the proposals, a covered BHC would be required to maintain a supplemental leverage ratio of at least 5% to avoid restrictions on capital distributions and discretionary bonus payments. The proposals would also require that all of our insured depository institution subsidiaries maintain a supplemental leverage ratio of 6% in order to be considered well capitalized. Based on our initial review, we believe our current leverage levels would meet the applicable proposed requirements at the holding company and each of its insured depository institution subsidiaries. U.S. banking regulators, however, have indicated they may make further changes to the U.S. supplemental leverage ratio requirements based on revisions to the Basel III leverage framework recently proposed by the BCBS.

The FRB has also indicated that it is in the process of considering new rules to address the amount of equity and long-term debt a company must hold to facilitate its orderly liquidation and to address risks related to banking organizations that are substantially reliant on short-term wholesale funding. In addition, the FRB is developing rules to implement an additional BCBS Tier 1 common equity capital surcharge on those U.S. banking organizations that have been designated by the Financial Stability Board (FSB) as global systemically important banks (G-SIBs). The G-SIB surcharge would be in addition to the minimum Basel HI 7.0% Tier 1 common equity requirement and ranges from 1.0% to 3.5% of risk-weighted assets, depending on the bank's systemic importance, which would be determined under an indicator-based approach that considers five broad categories: cross-jurisdictional activity; size; inter-connectedness; substitutability/financial institution infrastructure; and complexity. The G-SIB surcharge is expected to be phased in beginning in January 2016 and become fully effective on January 1, 2019. The FSB, in an updated listing published in November 2012 based on year-end 2011 data, identified the Company as one of the 28 G-SIBs and provisionally determined that the Company's surcharge would be 1.0%. The FSB is expected to update the list of G-SIBs and their required surcharges prior to implementation based on additional or future data.

Capital Planning and Stress Testing

Under the FRB's capital plan rule, large BHCs are required to submit capital plans annually for review to determine if the FRB had any objections before making any capital distributions. The rule requires updates to capital plans in the event of material changes in a BHCs risk profile, including as a result of any significant acquisitions.

Our 2013 CCAR included a comprehensive capital plan supported by an assessment of expected uses and sources of capital over a given planning horizon under a range of expected and stress scenarios, similar to the process the FRB used to conduct a CCAR in 2012. As part of the 2013 CCAR, the FRB also generated a supervisory stress test, which assumed a sharp decline in the economy and significant decline in asset pricing using the information provided by the Company to estimate performance. The FRB reviewed the supervisory stress results both as required under the Dodd-Frank Act using a common set of capital actions for all large BHCs and by taking into account the Company's proposed capital actions. The FRB published its supervisory stress test results as required under the Dodd-Frank Act on March 7, 2013. On March 14, 2013, the FRB notified us that it did not object to our capital plan included in the 2013 CCAR. The capital plan included an increase in our second quarter 2013 common stock dividend rate to $0.30 per share, which was approved by the Board on April 23, 2013.

In addition to CCAR, banking regulators also require stress tests to evaluate whether an institution has sufficient capital to continue to operate during periods of adverse economic and financial conditions. In October 2012, the FRB issued final rules regarding stress testing requirements as required under the Dodd-Frank Act provision imposing enhanced prudential standards on large BHCs such as Wells.Fargo. The OCC issued and finalized similar rules during 2012 for stress testing of large national banks. These stress testing rules, which became effective for Wells Fargo on November 15, 2012, set forth the timing and type of stress test activities large BHCs and banks must undertake as well as rules governing stress testing controls, oversight and disclosure requirements. As required under the FRB's stress testing rule, we completed a mid-cycle stress test based on March 31, 2013 data and scenarios developed by the Company. We submitted the results of the mid-cycle stress test to the FRB in July 2013 and expect to disclose a summary ofthe results in September 2013.

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, wc typically do not give any public notice before we repurchase our shares. Future stock repurchases may be private or open-market repurchases, including block transactions, accelerated or delayed block transactions, forward transactions, and similar transactions. Additionally, we may enter into plans to purchase stock that satisfy the conditions of Rule 1OD5-1 of the Securities Exchange Act of 1934. Various factors determine the amount

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Capital Management (continued)

and timing 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 the FRB's response to our capital plan and to changes in our risk profile.

In October 2012, the Board authorized the repurchase of 200 million shares. At June 30, 2013, we had remaining authority under this authorization to purchase approximately 154 million shares, subject to regulatory and legal conditions. For more information about share repurchases during 2013, see Part II, Item 2 of this Report.

Historically, our policy has been to repurchase shares under the "safe harbor" conditions of Rule iob-18 of the Securities Exchange Act of 1934 including a limitation on the daily volume of repurchases. Rule iob-18 imposes an additional daily volume limitation on share repurchases during a pending merger or acquisition in which shares of our stock will constitute some or all of the consideration. Our management may determine that during a pending stock merger or acquisition when the safe harbor would otherwise be available, it is in our best interest to repurchase shares in excess of this additional daily volume
limitation. In such cases, we intend to repurchase shares in compliance with the other conditions of the safe harbor, including the standing daily volume limitation that applies whether or not there is a pending stock merger or acquisition.

In connection with our participation in the Capital Purchase Program (CPP), a part of the Troubled Asset Relief Program (TARP), we issued to the U.S. Treasury Department warrants to purchase 110,261,688 shares of our common stock with an exercise price of $34.01 per share expiring on October 28, 2018. The Board authorized the repurchase by the Company of up to $1 billion ofthe warrants. On May 26, 2010, in an auction by the U.S. Treasury, we purchased 70,165,963 of the warrants at a price of $7.70 per warrant. We have purchased an additional 986,426 warrants, all on the open market, since the U.S. Treasury auction. At June 30, 2013, there were 39,109,299 warrants outstanding and exercisable and $452 million of unused warrant repurchase authority. Depending on market conditions, we may purchase from time to time additional warrants in privately negotiated or open market transactions, by tender offer or otherwise.

Table 45: Tier 1 Common Equity Under Basel I (1)

June 30, 2013
Dec. 31, 2012

Total equity
Noncontrolling interests

163.8 (1.4)

158.9 (1-3)

Total Wells Fargo stockholders' equity

Adjustments:

Preferred equity

Goodwill and intangible assets (other than MSRs) Applicable deferred taxes MSRs over specified limitations Cumulative other comprehensive income Other

(12.6) (32.2) 3.0 (0.8) (1.8) (0-5)

(12.0) (32.9) 3.2 (0.7) (5.6) (0-6)

Tier 1 common equity

Total risk-weighted assets (2)

Tier 1 common equity to total risk-weighted assets (2)

1) Tier 1 common equity is a non-generally accepted accounting principle (GAAP) financial measure that is used by investors, analysts and bank regulatory agencies to assess the capital position of financial services companies. Management reviews Tier 1 common equity along with other measures of capital as part of its financial analyses and has included this non-GAAP financial information, and the corresponding reconciliation to total equity, because of current interest in such information on the part of market participants.
2) Under the regulatory guidelines for risk-based capital, 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 risk-weighted assets.

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Tabic 46: Tier 1 Common Equity Under Basel III (Estimated) (1) (2)

(in billions)		June 30, 2013
Tier 1 common equity under Basel I		$_ 117.5
Adjustments from Basel I to Basel III (3) (5):		
Cumulative other comprehensive income related to AFS securities and defined benefit pension plans 1.6 Other 1.0		
Total adjustments from Basel I to Basel III 2.6		
Threshold deductions, as defined under Basel III (4) (5)		
Tier 1 common equity anticipated under Basel III	(CJ	$ 120.1
Total risk-weighted assets anticipated under Basel III (6)	£pj	$ 1,393.4
Tier 1 common equity to total risk-weighted assets anticipated under Basel III	(C)/(D)	8.62 %

1) Tier 1 common equity is a non-generally accepted accounting principle (GAAP) financial measure that is used by investors, analysts and bank regulatory agencies to assess the capital position of financial services companies. Management reviews Tier 1 common equity along with other measures of capital as part of its financial analyses and has included this non-GAAP financial information, and the corresponding reconciliation to total equity, because of current interest in such information on the part of market participants.
2) The Basel III Tier 1 common equity and risk-weighted assets are estimated based on management's interpretation of the Basel III capital rules adopted July 2, 2013, by the Federal Reserve Board. The rules establish a new comprehensive capital framework for U.S. banking organizations that implement the Basel III capital framework and certain provisions of the Dodd-Frank Act.
3) Adjustments from Basel I to Basel III represent reconciling adjustments, primarily certain components of cumulative other comprehensive income deducted for Basel I purposes, to derive Tier 1 common equity under Basel III.
4) Threshold deductions, as defined under Basel III, include individual and aggregate limitations, as a percentage of Tier 1 common equity, with respect to MSRs (net of related deferred tax liability, which approximates the MSR book value times the applicable statutory tax rates), deferred tax assets and investments in unconsolidated financial companies.
5) Volatility in interest rates can have a significant impact on the valuation of cumulative other comprehensive income and MSRs and therefore, may impact adjustments from Basel I to Basel III, and MSRs subject to threshold deductions, as defined under Basel III, in future reporting periods.
6) The estimate of RWA reflects management's interpretation of RWA determined under Basel III capital rules adopted by the Federal Reserve Board that incorporates different classifications of assets, with certain risk weights based on a borrower's credit rating or Wells Fargo's own models, along with adjustments to address a combination of credit/counterparty, operational and market risks, and other Basel III elements.

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Regulatory Reform

The financial services industry is experiencing a significant increase in regulation and regulatory oversight initiatives that may substantially change how most U.S. financial services companies conduct business. Regulation mandated by the Dodd-Frank Act is the source of most current U.S. regulatory reform, and many aspects of the Dodd-Frank Act remain subject to final rulemaking, guidance, and interpretation by regulatory authorities.

The following supplements our discussion of the significant regulations and regulatory oversight initiatives that have affected or may affect our business contained in the "Regulatory Reform" and "Risk Factors" sections of our 2012 Form 10-K.

REGULATION OF SWAPS AND OTHER DERIVATIVE ACTIVITIES
The Dodd-Frank Act established a comprehensive framework for regulating over-the-counter derivatives. Included in this framework were certain "push-out" provisions affecting U.S. banks acting as dealers in commodity swaps, equity swaps and certain credit default swaps, which will require that these activities be conducted through an affiliate. The "push-out" provisions in the Dodd-Frank Act provided for an effective date in July 2013, but the provisions granted the OCC the discretion to provide a transition period of up to two years for banks to come into compliance with the requirements. On January 3, 2013, the OCC issued guidance that it would consider transition period requests and favorably act on such requests subject to the requesting bank meeting specified requirements. Wells Fargo Bank, N.A. prepared and filed a transition period request with the OCC on January 31, 2013. On June 11, 2013, the OCC granted the request and provided a twenty-four month transition period beginning on July 16, 2013.

ENHANCED REGUIATION OF MONEY MARKET MUTUAL FUNDS In November 2012, the Financial Stability Oversight Council (FSOC) proposed new regulations to address the perceived risks that money market mutual funds may pose to the financial stability of the United States. These proposals included implementation of floating net asset value requirements, redemption holdback provisions, and capital buffer requirements and would be in addition to regulatory changes made by the SEC to the market in January 2010. The proposals were subject to public comment; however, the FSOC has not yet adopted final recommendations. In addition to the proposals under consideration by the FSOC, the SEC proposed rules for public comment on June 5, 2013, that would require a floating net asset value for prime institutional money market funds, allow for the use of liquidity fees and redemption gates during periods of stress, and impose diversification and disclosure requirements.
REGULATORY CAPITAL AND LEVERAGE REQUIREMENTS In July 2013, U.S. banking regulators issued final and interim final rules that substantially amend the risk-based capital rules for banking organizations. The rules implement the Basel III regulatory capital reforms in the U.S.,

comply with changes required by the Dodd-Frank Act, and replace the existing Basel I-based capital requirements. Wells Fargo will be required to comply with the rules beginning January 1, 2014. U.S. banking regulators are also considering proposals that would impose enhanced supplemental leverage ratio requirements on large bank holding companies like Wells Fargo and our insured depository institution subsidiaries. For more information on the revised capital rules, the proposed leverage requirements and additional capital requirements under consideration by the FRB, see the "Capital Management" section of this Report.

"LIVING WILL" REQUIREMENTS On June 29,2013, Wells Fargo submitted its resolution plan to the FRB and FDIC. Resolution planning is mandated by the Dodd-Frank Act and requires large financial institutions, including Wells Fargo, to prepare and periodically revise plans that would facilitate their resolution in the event of material distress or failure. Resolution plans are to provide for a rapid and orderly resolution under the Bankruptcy Code and other insolvency regimes applicable to particular types of entities. Under the regulations, resolution plans must contain strategic analyses of how a distressed or failing institution could be resolved in a way that does not pose systemic risks to the U.S. financial system.

REGULATION OF INTERCHANGE TRANSACTION FEES OTIE DURBIN AMENDMENT) On October 1, 2011, the FRB rule enacted to implement the Durbin Amendment to the Dodd-Frank Act that limits debit card interchange transaction fees to those "reasonable" and "proportional" to the cost of the transaction became effective. The rule generally established that the maximum allowable interchange fee that an issuer may receive or charge for an electronic debit transaction is the sum of 21 cents per transaction and 5 basis points multiplied by the value of the transaction. On July 31, 2013, the U.S. District Court for the District of Columbia ruled that the approach used by the FRB in setting the maximum allowable interchange transaction fee impermissibly included costs that were specifically excluded from consideration under the Durbin Amendment. The decision, which may be appealed, keeps in place the current interchange transaction fee standards until the FRB drafts new regulations or interim standards. If the ruling results in the FRB implementing a lower maximum allowable interchange transaction fee, it will have an adverse impact on our debit card interchange fee revenue.

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Critical Accounting Policies

Our significant accounting policies (see Note l (Summary of Significant Accounting Policies) to Financial Statements in our 2012 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;

- PCI loans;
- the valuation of residential MSRs;
- liability for mortgage loan repurchase losses;
- the fair valuation of financial instruments; and
- income taxes.

Management has reviewed and approved these critical accounting policies and has discussed these policies with the Board's Audit and Examination Committee. These policies are described further in the "Financial Review - Critical Accounting Policies" section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2012 Form 10-K.

Current Accounting Developments

The following accounting pronouncements have been issued by the FASB but are not yet effective:

- *Accounting Standards Update (ASU or Update) 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists;*
- ASU 2013-10, Derivatives and Hedging (Topic 815): Inclusion ofthe Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes; and

- *ASU 2013-08, Financial Services - Investment Companies (Topic 946): Amendments to the Scope, Measurement and Disclosure Requirements.*

ASU 2013-11 is expected to eliminate diversity in practice as it provides guidance on financial statement presentation of an unrecognized tax benefit when a net operating loss (NOL) carryforward, a similar tax loss, or a tax credit carryforward exists. These changes are effective for us in first quarter 2014 with prospective application applied to all unrecognized tax benefits that exist at the effective date. Early adoption and retrospective application are permitted. We are evaluating the impact this Update will have on our consolidated financial statements.

ASU 2013-10 permits the Fed Funds Effective Swap Rate (Overnight Index Swap Rate) to be used as a U.S. benchmark interest rate for hedge accounting purposes, in addition to LIBOR and U.S. Treasury. The Update also removes the restriction on using different benchmark rates for similar hedges. These changes are effective for us in third quarter 2013 with prospective application for qualifying new or redesignated hedging relationships we enter into on or after July 17, 2013. We do not expect this Update will have a material effect on our consolidated financial statements.

ASU 2013-08 amends the scope, measurement and disclosure requirements for investment companies. The Update changes criteria companies use to assess whether an entity is an investment company. In addition, investment companies must measure noncontrolling ownership interests in other investment companies at fair value rather than using the equity method of accounting. This Update also requires new disclosures, including information about changes, if any, in an entity's status as an investment company and information about financial support provided or contractually required to be provided by an investment company to any of its investees. These changes are effective for us in first quarter 2014 with prospective application. Early adoption is not permitted. We are evaluating the impact this Update will have on our consolidated financial statements.

Forward-Looking Statements

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, we may make forward-looking statements in our other documents filed or furnished with the SEC, 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. Forward-looking statements are not based on historical facts but instead represent our current expectations regarding future events, circumstances or results. In particular, these 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 and allowance releases; (iv) the appropriateness of the allowance for credit losses; (v) our expectations regarding net interest income and net interest margin; (vi) loan growth or the reduction or mitigation of risk in our loan portfolios; (vii) future capital levels and our estimated Tier 1 common equity ratio under Basel III capital standards; (viii) the performance of our mortgage business and any related exposures; (ix) the expected outcome and impact of legal, regulatory and legislative developments, as well as our expectations regarding compliance therewith; (x) future common stock dividends, common share repurchases and other uses of capital; (xi) our targeted range for return on assets and return on equity; (xii) the outcome of contingencies, such as legal proceedings; and (xiii) the Company's plans, objectives and strategies.

Forward-looking statements are based on 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, the sovereign debt crisis and economic difficulties in Europe, and the overall slowdown in global economic growth;
- 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;

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- financial services reform and other current, pending or future legislation or regulation that could have a negative effect on our revenue and businesses, including the Dodd-Frank Act and other legislation and regulation relating to bank products and services;
- the extent of our success in our loan modification efforts, as well as the effects of regulatory requirements or guidance regarding loan modifications;
- the amount of mortgage loan repurchase demands that we receive and our ability to satisfy any such demands without having to repurchase loans related thereto or otherwise indemnify or reimburse third parties, and the credit quality of or losses on such repurchased mortgage loans;
- negative effects relating to our mortgage servicing and foreclosure practices, including our obligations under the settlement with the Department of Justice and other federal and state government entities, as well as changes in industry standards or practices, regulatory or judicial requirements, penalties or fines, increased servicing and other costs or obligations, including loan modification requirements, or delays or moratoriums on foreclosures;
- our ability to realize our efficiency ratio 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 low interest rate environment or changes in interest rates on our net interest income, net interest margin and our mortgage originations, mortgage servicing rights and mortgages held for sale;
- a recurrence of significant turbulence or 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 other-than-temporary impairment on securities held in our available-for-sale portfolio;
- the effect of a fall in stock market prices on our investment banking business and our fee income from our brokerage, asset and wealth management businesses;
- reputational damage from negative publicity, protests, fines, penalties and other negative consequences from regulatory violations and legal actions;
- 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; 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, 2012.

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.

Risk Factors

For more information about factors that could cause actual results to differ materially from our expectations, refer to our reports filed with the Securities and Exchange Commission, including the discussion under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission and available on its website at www.sec.gov <http://www.sec.gov>.

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.

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 of our 2012 Form 10-K.

Controls and Procedures

Disclosure Controls and Procedures

The Company's management evaluated the effectiveness, as of June 30, 2013, 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 30,2013.

Internal Control Over Financial Reporting

Internal control over financial reporting is defined in Rule I3a-i5(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 ofthe 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 2013 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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Wells Fargo & Company and Subsidiaries
Consolidated Statement of Income (Unaudited.)

Six months ended June 30, 2013 2012

Interest income
Trading assets Securities available for sale Mortgages held for sale Loans held for sale Loans
Other interest income

340 2,034 378 4

8,902 169

343 2,147
477 12 9,242

133

667 3,959 749 7

17,763 332

720 4,235 936 21 18,439 258

Total interest income

Interest expense
Deposits
Short-term borrowings Long-term debt Other interest expense

353 17
632 75

443 20
789 65

722 37 1,329 140

900 36 1,619 129

Total interest expense

Net interest income
Provision for credit losses

10,750 652

11,037 1,800

21,249 1,871

21,925 3,795

Net interest income after provision for credit losses

Noninterest income
Service charges on deposit accounts
Trust and investment fees
Card fees
Other fees
Mortgage banking
Insurance

Net gains from trading activities
Net losses on debt securities available for sale (1)
Net gains from equity investments (2)
Lease income
Other

1,248

3,494

813

1,089

2,802

485

331

(54)

203

225

(§L

1,139 2,898 704 1,134 2,893 522 263 (61) 242 120 398

2,462 6,696 1,551 2,123 5,596 948 901
(9) 316 355 449

2,223 5,737 1,358 2,229 5,763 1,041 903 (68) 606 179 1,029

Total noninterest income

Noninterest expense
Salaries
Commission and incentive compensation Employee benefits Equipment Net occupancy
Core deposit and other intangibles FDIC and other deposit assessments Other

3,768 2,626 1,118 418 716 377 259 2,973

3,705 2,354 1,049 459 698 418 333 3,381

7,431 5,203 2,701 946 1,435 754 551 5,634

7,306 4,771 2,657 1,016 1,402 837 690 6,711

Total noninterest expense

Income before income tax expense
Income tax expense
8,471 2,863
7,092 2371
16,111 5,283
13,740 4,699

Net income before noncontrolling interests
Less: Net income from noncontrolling interests

5,608 89

4,721 99

10,828 138

9,041 171

Wells Fargo net income

Less: Preferred stock dividends and other

Wells Fargo net income applicable to common stock

Per share information
Earnings per common share Diluted earnings per common share Dividends declared per common share Average common shares outstanding Diluted average common shares outstanding

1.00 0.98 0.30 5,304.7 5,384.6

0.83 0.82 0.22 5,306.9

1.93 1.90 0.55 5,291.9

1.59 1.57 0.44 5,294.9 5,354.3

1) Total other-than-temporary impairment (OTTI) losses were $64 million and $47 million for second quarter 2013 and 2012, respectively. Of total OTTI, losses of $71 million and $77 million were recognized in earnings, and gains of $(7) million and $(30) million were recognized as non-credit-related OTTI in other comprehensive income for second quarter 2013 and 2012, respectively. Total other-than-temporary impairment (OTTI) losses were $49 million and $82 million for the first half of 2013 and 2012, respectively. Of total OTTI, losses of $105 million and $127 million were recognized in earnings, and gains of $(56) million and $(45) million were recognized as non-credit-related OTTI in other comprehensive income for the first half of 2013 and 2012, respectively.
2) Includes OTTI losses of $40 million and $43 million for second quarter 2013 and 2012, respectively, and $84 million and $58 million for the first half of 2013 and 2012, respectively.

The accompanying notes are an integral part of these statements.

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Wells Fargo & Company and Subsidiaries

Consolidated Statement of Comprehensive Income (Unaudited)

Quarter ended June 30, Six months ended June 30,

(in millions)

Wells Fargo net income

Other comprehensive income, before tax: Foreign currency translation adjustments:

Net unrealized losses arising during the period

Reclassification of net gains to net income Securities available for sale:

Net unrealized gains (losses) arising during the period

Reclassification of net losses (gains) to net income Derivatives and hedging activities:

Net unrealized gains (losses) arising during the period

Reclassification of net gains on cash flow hedges to net income Defined benefit plans adjustments:

Net actuarial gains (losses) arising during the period

Amortization of net actuarial loss, settlements and other costs to net income

(21) (15)

(6,130) 30

(10) (69)

772 113

(56) (10)

831 (23)

(3) (99)

(12) 40

(39) (15)

(6,764) (83)

(3) (156)

778 162

(46) (10)

2,705 (249)

39 (206)

(17) 76

Other comprehensive income (loss), before tax

Income tax (expense) benefit related to other comprehensive income

(5,330) 1,979

668 (255)

(6,120) 2,267

2,292 (866)

Other comprehensive income (loss), net of tax

Less: Other comprehensive income (loss) from noncontrolling interests

(3,351) (3)

1,426 4

Wells Fargo other comprehensive income (loss), net of tax

Wells Fargo comprehensive income

Comprehensive income from noncontrolling interests

2,171 86

5,035 99

6,837 138

10,292 175

Total comprehensive income

The accompanying notes arc an integral pari of these statements.

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Wells Fargo & Company and Subsidiaries
Consolidated Balance Sheet (Unaudited)

June 30, 2013
Dec. 31, 2012

Assets
Cash and due from banks
Federal funds sold, securities purchased under resale agreements and other short-term investments
Trading assets
Securities available for sale
Mortgages held for sale (includes $35,402 and $42,305 carried at fair value) Loans held for sale (includes $2 and $6 carried at fair value)

Loans (includes $6,088 and $6,206 carried at fair value)

Allowance for loan losses

17,939 148,665
58,619 249,439
38,785 190

801,974 (16,144)

21,860 137,313
57,482 235,199
47,149 110

799,574 (17,060)

Net loans

Mortgage servicing rights:
Measured at fair value
Amortized Premises and equipment, net Goodwill
Other assets (includes $595 and $0 carried at fair value)

14,185 1,176 9,190 25,637 90,908

11,538 1,160 9,428 25,637 93,578

$ 1,440,563

Liabilities
Noninterest-bearing deposits Interest-bearing deposits

277,648 743,937

288,207 714,628

Total deposits Short-term borrowings Accrued expenses and other liabilities Long-term debt (includes $0 and $1 carried at fair value)

1,021,585 56,983 74,843 123,375

1,002,835 57,175 76,668 127,379

Total liabilities (2)

Equity
Wells Fargo stockholders' equity: Preferred stock
Common stock - $1-2/3 par value, authorized 9,000,000,000 shares;
issued 5,481,811,474 shares and 5,481,811,474 shares Additional paid-in capital Retained earnings
Cumulative other comprehensive income
Treasury stock - 179,654,752 shares and 215,497,298 shares
Unearned ESOP shares

13,988

9,136 59,945 84,923
1,797 (5,858) (1,510)

12,883

9,136 59,802 77,679
5,650 (6,610) (986)

Total Wells Fargo stockholders' equity

Noncontrolling interests

162,421 1,356

157,554 1,357

Total equity

Total liabilities and equity

1) Our consolidated assets at June 30, 2013 and December 31, 2012, include the following assets of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs: Cash and due from banks, $169 million and $260 million; Trading assets, $152 million and $114 million; Securities available for sale, $1.4 billion and $2.8 billion; Mortgages held for sale, $143 million and $469 million; Net loans, $8.5 billion and $10.6 billion; Other assets, $369 million and 457 million, and Total assets, $10.7 billion and $14.6 billion, respectively.
2) Our consolidated liabilities at June 30, 2013 and December 31, 2012, include the following VIE liabilities for which the VIE creditors do not have recourse to Wells Fargo: Short-term borrowings, $14 million and $0 million; Accrued expenses and other liabilities, $113 million and $134 million; Long-term debt, $2.7 billion and $3.5 billion; and Total liabilities, $2.8 billion and $3.6 billion, respectively.

The accompanying notes are an integral part of these statements.

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Wells Fargo & Company and Subsidiaries

Consolidated Statement of Changes in Equity (Unaudited)

Preferred stock

(in millions, except shares)

Balance December 31, 2011

Cumulative effect of fair value election for certain

residential mortgage servicing rights

Balance January 1, 2012

Net income

Other comprehensive income, net of tax Noncontrolling interests

Common stock issued

Common stock repurchased

Preferred stock issued to ESOP

Preferred stock released by ESOP

Preferred stock converted to common shares

Common stock dividends

Preferred stock dividends

Tax benefit from stock incentive compensation Stock incentive compensation expense

90

10,450,690 $ 11,431 5,262,611,636 $ 8,931

54,218,564

(60,981,696)

940

19,884,113

33

940,00p

S§71L

Net change in deferred compensation and related plans

13,120,981

10,713,231 $ 11,694 5,275,732,617 $ 9,054

Balance January 1, 2013
Net income
Other comprehensive income (loss), net of tax
Noncontrolling interests
Common stock issued
Common^tock repurchased (1) Preferred stock issued to ESOP
Preferred stock released by ESOP
Preferred stock con vert ed[to common shares
Preferred stock issued
Common stock dividends
Preferred stock dividends
Tax benefit from stock incentive compensation^ Stock incentive compensation expense
Net change in deferred compensation and related plans
10,558,865 $ 12,883 5,266,314,176 $ 9,136

60,150,600

1,20<J_

(43,293,905)

(720) 625

1,200,000

18,985,851

(719,590) 25,000

35,842,546

11,064,275 $ 13,988 5,302,156,722 $ 9,136

(1) For the six months ended June 30, 2013, includes $500 million related to a private forward repurchase transaction entered into in April 2013 that is expected to settle in third quarter 2013 for an estimated 13 million shares of common stock. See Note 1 for additional information.

The accompanying notes are an integral part of these statements.

				Wells Fargo stockholders' equity			
Additional paid-in capital	Retained earnings	Cumulative other comprehensive income	Treasury stock	Unearned ESOP shares	Total Wells Fargo stockholders' equity	Noncontrolling interests	Total equity
55,957	64,385	3,207	(2,744)	(926)	140,241	1,446	141,687

2 2 2
55,957 64,387 3,207 (2,744) (926) 140,243 1,446 141,689
8,870 „ 8,870 171 9,041
1Z11_Z_._.ZZ 7ZZZ1,422 77Z.Z..Z 7 7. Z™M2
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1,221 _ _ _ .. _ 1.311 _
1,311
" '7200) "' . (1,901) """_"(2401)" (2,101)
88"' "' ' 277- ""(1,028)- ' 2Z-
(61) . " ~ 738 " " ™ 677~ Z Z1Z ~ . Z17&77.7
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362~ " """~" ' """362 """ "362
(70)" 7 (63)(63)
2,134 6,069 1,422 (1,894) (290) 7,827 [79} 7,748
58,091 70,456 4,629 (4,638) (1,216) 148,070 1,367 149,437

59,802 77,679 5,650 (6,610) (986) 157,554 1,357 158,911
10,690 IPf690 !38 10,828
(3^853) 2111(3,853) . -lll. .1" (3,853)
(1) 1 " """1111 _1 1 (1) ' ' (139) (140)_
14 (10) 1,795 1,79?_ 1,799
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720...-
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462 27 """ " 462 1.ZZZ ZZ 462
(392) ~"~ "9"" (383) - ■ - ■
(383j
143 7,244 (3,853) 752 (524) 4,867 1) 4,866
59,945 84,923 1,797 (5,858) (1,510) 162,421 1,356 163,777

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Wells Fargo & Company and Subsidiaries

Consolidated Statement of Cash Flows (Unaudited)

Six months ended June 30,

(in millions)

Cash flows from operating activities:
Net income before noncontrolling interests
Adjustments to reconcile net income to net cash provided by operating activities: Provision for credit losses
Changes in fair value of MSRs, MHFS and LHFS carried at fair value Depreciation and amortization Other net losses (gains) Stock-based compensation
Excess tax benefits related to stock incentive compensation Originations of MHFS
Proceeds from sales of and principal collected on mortgages originated for sale Originations of LHFS
Proceeds from sales of and principal collected on LHFS Purchases of LHFS Net change in:
Trading assets
Deferred income taxes
Accrued interest receivable
Accrued interest payable
Other assets, net
Other accrued expenses and liabilities, net
Net cash provided by operating activities

10,828

1,871 (2,269) 1,643 (6,404) 1,139 (158) (203,840) 191,426

242 (187)

27,924

2,170

(186)

198

(1,156)

(1.126)

9,041

3,795 (1,196) 1,384 244 1,039 (125) (247,940) 203,482 (10) 5,786 (2,578)

64,952 568 40 74 1,858 (5,033)

35,381

Cash flows from investing activities:
Net change in:
Federal funds sold, securities purchased under resale agreements and other short-term investments Securities available for sale:
Sales proceeds
Prepayments and maturities
Purchases Nonmarketable equity investments:
Sales proceeds
Purchases Loans:
Loans originated by banking subsidiaries, net of principal collected
Proceeds from sales (including participations) of loans originated for investment
Purchases (including participations) of loans
Principal collected on nonbank entities' loans
Loans originated by nonbank entities Net cash paid for acquisitions Proceeds from sales of foreclosed assets Changes in MSRs from purchases and sales Other, net

(13,047)

2,166 27,721 (52,238)

1,133 (998)

(13,922)

4,692 (3,729) 12,012 (10,410)

4,005 530 1,109

(30,268)

8,283 30,599 (38,653)

863 (958)

(14,426)

3,612 (7,584) 12,088 (11,016) (4,075) 4,987 201 (1,372)

Net cash used by investing activities

Cash flows from financing activities:

Net change in: Deposits

Short-term borrowings Long-term debt:

Proceeds from issuance

Repayment Preferred stock:

Proceeds from issuance

Cash dividends paid Common stock:

Proceeds from issuance

Repurchased

Cash dividends paid

Excess tax benefits related to stock incentive compensation

Net change in noncontrolling interests

18,750 (203)

15,712 (16,076)

610 (486)

1,337 (1,838) (2,850) 158 (174)

8,860 6,547

17,133 (19,121)

(439)

1,311 (2,101) (2,336) 125 (270)

Net cash provided by financing activities

Net change in cash and due from banks

Cash and due from banks at beginning of period

(2,629) 19,440

Cash and due from banks at end of period

Supplemental cash flow disclosures: Cash paid for interest Cash paid for income taxes

2,030 4,883

2,610 2,850

The accompanying notes are an integral part of these statements. Sec Note l for noncash activities.

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See the Glossary of Acronyms at the end of this Report for terms used throughout the Financial Statements and related Notes of this Form 10-Q.

Note 1; Summary of Significant Accounting Policies

Wells Fargo & Company is a diversified financial services company. We provide banking, insurance, trust and investments, mortgage banking, investment banking, retail banking, brokerage, and consumer and commercial finance through banking stores, the internet and other distribution channels to consumers, businesses and institutions in all 50 states, the District of Columbia, and in foreign countries. 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 in our Annual Report on Form 10-K for the year ended December 31,2012 (2012 Form 10-K). There were no material changes to these policies in the first half of 2013. 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 and 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 and purchased credit-impaired (PCI) loans (Note 5), valuations of residential mortgage servicing rights (MSRs) (Notes 7 and 8) and financial instruments (Note 13), liability for mortgage loan repurchase losses (Note 8) and income taxes. 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 2012 Form 10-K.

Accounting Standards Adopted in 2013

In first quarter 2013, we adopted the following new accounting guidance:

- *Accounting Standards Update (ASU or Update) 2011-11, Disclosures about Offsetting Assets and Liabilities;*
- ASU 2013-01, Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities; and
- *ASU 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income.*

ASU 2011-11 expands the disclosure requirements for certain financial instruments and derivatives that are subject to enforceable master netting agreements or similar arrangements. The disclosures are required regardless of whether the instruments have been offset (or netted) in the statement of financial position. Under ASU 2011-11, companies must describe the nature of offsetting arrangements and provide quantitative information about those agreements, including the gross and net amounts of financial instruments that are recognized in the statement of financial position. In January 2013, the FASB issued ASU 2013-01, which clarifies the scope of ASU 2011-11 by limiting the disclosures to derivatives, repurchase agreements, and securities lending transactions to the extent they are subject to an enforceable master netting or similar arrangement. We adopted this guidance in first quarter 2013 with retrospective application. These Updates did not affect our consolidated financial results since they amend only the disclosure requirements for offsetting financial instruments. See Notes 10 and 12 for the new disclosures.

ASU 2013-02 requires companies to disclose the effect on net income line items from significant amounts reclassified out of accumulated other comprehensive income and entirely into net income. If reclassifications are partially or entirely capitalized on the balance sheet, then companies must provide a cross-reference to disclosures that provide information about the effect of the reclassifications. We adopted this guidance in first quarter 2013 with retrospective application. This Update did not affect our consolidated financial results as it amends only the disclosure requirements for accumulated other comprehensive income. See Note 17 for expanded disclosures on reclassification adjustments.

Private Share Repurchases

In April 2013 we entered into a private forward repurchase contract with an unrelated third party. We entered into this transaction to complement our open-market common stock repurchase strategies, to allow us to manage our share repurchases in a manner consistent with our capital plan submitted under the 2013 Comprehensive Capital Analysis and Review (CCAR), and to provide an economic benefit to the Company. In connection with this contract, we paid $500 million to the counterparty, which was recorded in permanent equity in the quarter paid and was not subject to re-measurement. The classification of the up-front payment as permanent equity assured that we would have appropriate repurchase timing consistent with our 2013 capital plan, which contemplated a fixed dollar amount available per quarter for

(

Note l: Summary of Significant Accounting Policies (continued)

share repurchases pursuant to Federal Reserve Board (FRB) supervisory guidance. In return, the counterparty agreed to deliver a variable number of shares based on a per share discount to the volume-weighted average stock price over the contract period. This contract expires in third quarter 2013; however, the counterparty has the right to accelerate settlement. There were no scenarios where the contract would not either physically settle in shares or allow us to choose the settlement method.

In July 2013 we entered into a similar private forward repurchase contract and paid $500 million to an unrelated third party. In return, the counterparty agreed to deliver a variable number of shares based on a per share discount to the volume-weighted average stock price over the contract period. This contract expires in third quarter 2013; however, the counterparty has the right to accelerate settlement. The amount we paid to the counterparty meets accounting requirements to be treated as a permanent equity reduction.

SUPPLEMENTAL CASH FLOW INFORMATION Noncash activities are presented below, including information on transfers affecting MHFS, LHFS, and MSRs.

	Six months ended June 30,	
(in millions)	2013	2012
Transfers from loans to securities available for sale	$ 414	875
Trading assets retained from securitization of MHFS	29,074	51,557
Capitalization of MSRs from sale of MHFS	2,081	2,657
Transfers from MHFS to foreclosed assets	31	115
Transfers from loans to MHFS	4,855	2,858
Transfers from loans to LHFS	133	49
Transfers from loans to foreclosed assets (1)	3,072	4,639
Changes in consolidations (deconsolidations) of variable interest entities:		
Loans	(306)	(515)
Long-term debt	(343)	(523)

(1) Includes $2.2 billion and $3.2 billion in transfers of government insured/guaranteed loans for the six months ended June 30, 2013 and 2012, respectively.

SUBSEQUENT EVEOTS We have evaluated the effects of events that have occurred subsequent to period end June 30, 2013, and there have been no material events that would require recognition in our second quarter 2013 consolidated financial statements or disclosure in the Notes to the financial statements, other than a legal matter on August 5, 2013, discussed in Note 11.

Note 2; Business Combinations

We regularly explore opportunities to acquire financial services companies and businesses. Generally, we do not make a public announcement about an acquisition opportunity until a definitive agreement has been signed. For information on additional contingent consideration related to acquisitions, which is considered to be a guarantee, see Note 10.

We did not complete any acquisitions in the first half 2013 and we had no pending business combinations as of June 30, 2013.

Note 3: Federal Funds Sold, Securities Purchased under Resale Agreements and Other Short-Term Investments

The following table provides the detail of federal funds sold, securities purchased under short-term resale agreements (generally less than one year) and other short-term investments. The majority of interest-earning deposits at June 30, 2013 and December 31, 2012, were held at the Federal Reserve.

(in millions)	Jun. 30, 2013	Dec. 31, 2012
Federal funds sold and securities purchased under resale agreements	$ 29,702	33,884
Interest-earning deposits	118,039	102,408
Other short-term investments	924	1,021
Total	$ 148,665	137,313

We have classified securities purchased under long-term resale agreements (generally one year or more), which totaled $10.9 billion and $9.5 billion at June 30,2013 and December 31, 2012, respectively, in loans. For additional information on the collateral we receive from other entities under resale agreements and securities borrowings, see the "Offsetting of Resale and Repurchase Agreements and Securities Borrowing and Lending Agreements" section of Note 10.

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Note 4: Securities Available for Sale

The following table provides the amortized cost and fair value by major categories of securities available for sale carried at fair value. The net unrealized gains (losses) are reported on an

after-tax basis as a component of cumulative OCI. There were no securities classified as held to maturity as of the periods presented.

Gross Gross

unrealized unrealized Fair

gains losses value

June 30, 2013

Securities of U.S. Treasury and federal agencies Securities of U.S. states and political subdivisions Mortgage-backed securities:

Federal agencies

Residential

Commercial

6,624 40,524

110,522 12,704 18,153

20 1,166

2,231 1,478 1,331

(261) (800)

(2,192) (65) (178)

6,383 40,890

110,561 14,117

Total mortgage-backed securities

Corporate debt securities

Collateralized loan and other debt obligations (1)

Other (2)

20,176 16,647

987 632 458

(161) (78)

21,002 17,201 17,222

Total debt securities

Marketable equity securities: Perpetual preferred securities Other marketable equity securities

1,850 360

342 253

(32) (16)

2,160 597

Total marketable equity securities

8,898 (3,827) 249,439

December 31, 2012

Securities of U.S. Treasury and federal agencies Securities of U.S. states and political subdivisions Mortgage-backed securities:
Federal agencies
Residential
Commercial

7,099 37,120

92,855 14,178 18,438

47 2,000

4,434 1,802 1,798

(444)

(4) (49) (268)

7,146 38,676

97,285 15,931 19,968

Total mortgage-backed securities

Corporate debt securities
Collateralized loan and other debt obligations (1)
Other(2)
20,120 12,726 18,410
1,282 557 553
(69) (95) (76)
21,333 13,188 18,887

Total debt securities

Marketable equity securities: Perpetual preferred securities Other marketable equity securities

1,935 402

281 216

(40) _1£L

2,176 609

Total marketable equity securities

235,199

1) Includes collateralized debt obligations with a cost basis and fair value of $551 million and $705 million, respectively, at June 30, 2013, and $556 million and $644 million,

respectively, at December 31, 2012.

2) Included in the "Other" category are asset-backed securities collateralized by auto leases or loans and cash reserves with a cost basis and fair value of $4.8 billion and $4.9 billion, respectively, at June 30, 2013, and $5.9 billion each at December 31, 2012. Also included in the "Other" category are asset-backed securities collateralized by home equity loans with a cost basis and fair value of $611 million and $857 million, respectively, at June 30, 2013, and $695 million and $918 million, respectively, at December 31, 2012. The remaining balances primarily include asset-backed securities collateralized by credit cards.

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Gross Unrealized Losses and Fair Value

The following table shows the gross unrealized losses and fair value of securities in the securities available-for-sale portfolio by length of time that individual securities in each category had been in a continuous loss position. Debt securities on which we have taken credit-related OTTI write-downs 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 cost basis and not the period of time since the credit-related OTTI write-down.

Less than 12 months

Gross unrealized losses

Fair value

Gross unrealized losses

Fair value

Gross unrealized losses

Fair value

June 30, 2013

Securities of U.S. Treasury and federal agencies Securities of U.S. states and political subdivisions Mortgage-backed securities:

Federal agencies

Residential

Commercial

(261) (431)

(2,190) (36) (40)

5,883 9,668

52,866 2,229 2,823

(369)

(2) (29) ("8)

3,867

712 277

(261) (800)

(2,192) (65) (178)

5,883 13,535

53,578 2,506 4,551

Total mortgage-backed securities

Corporate debt securities
Collateralized loan and other debt obligations Other
(109) (28) (23)
3,196 3,898 3,465
(52) (50) (21)

214 396 1,119

(161) (78) (44)
3,410 4,294 4,584
Total debt securities

Marketable equity securities: Perpetual preferred securities Other marketable equity securities

(13) (16)

191 90

(32) (16)

610 90

Total marketable equity securities

$ (3,147)

December 31, 2012

Securities of U.S. Treasury and federal agencies Securities of U.S. states and political subdivisions Mortgage-backed securities:
Federal agencies
Residential
Commercial

(55)

(4) (4)

2,709

2,247 261 491

(389)

(45) (262)

4,662

1,564 2,564

(444)

(4) (49) (268)

7,371

2,247 1,825 3,055

Total mortgage-backed securities

Corporate debt securities
Collateralized loan and other debt obligations
Other

(14) (2) JliL

1,217 1,485 2,153
(55) (93) (65)

305 798 1,010

(69) (95) (76)
1,522 2,283 3,163
Total debt securities

Marketable equity securities: Perpetual preferred securities Other marketable equity securities

Total marketable equity securities Total

(3) (9)

(12? (108)

116 48

164 10,727

(37)

(37) (946)

(40)
_J2L

(49) (1,054)

654 48

702

7

Note 4: Securities Available for Sale (continued)

We do not have the intent to sell any securities included in the previous table. For debt securities included in the table, we have concluded it is more likely than not that we will not be required to sell prior to recovery ofthe amortized cost basis. We have assessed each security with gross unrealized losses for credit impairment. For debt securities, we evaluate, where necessary, whether credit impairment exists by comparing the present value of the expected cash flows to the securities' amortized cost basis. For equity securities, we consider numerous factors in determining whether impairment exists, including our intent and ability to hold the securities for a period of time sufficient to recover the cost basis of the securities.

For complete descriptions of the factors we consider when analyzing debt securities for impairment, see Note 1 and Note 5 in our 2012 Form 10-K. There have been no material changes to our methodologies for assessing impairment in the first half of 2013.

The following table shows the gross unrealized losses and fair value of debt and perpetual preferred securities available for sale by those rated investment grade and those rated less than
investment grade, according to their lowest credit rating by Standard & Poor's Rating Services (S&P) or Moody's Investors Service (Moody's). Credit ratings express opinions about the credit quality of a security. Securities rated investment grade, that is those rated BBB- or higher by S&P or Baa3 or higher by Moody's, are generally considered by the rating agencies and market participants to be low credit risk. Conversely, securities rated below investment grade, labeled as "speculative grade" by the rating agencies, are considered to be distinctively higher credit risk than investment grade securities. We have also included securities not rated by S&P or Moody's in the table below based on the internal credit grade of the securities (used for credit risk management purposes) equivalent to the credit rating assigned by major credit agencies. The unrealized losses and fair value of unrated securities categorized as investment grade based on internal credit grades were $27 million and $2.9 billion, respectively, at June 30, 2013, and $19 million and $2.0 billion, respectively, at December 31,2012. If an internal credit grade was not assigned, we categorized the security as non-investment grade.

Fair value

Investment grade

Gross unrealized losses

Non-investment grade Gross
unrealized Fair losses value

June 30, 2013

Securities of U.S. Treasury and federal agencies Securities of U.S. states and political subdivisions Mortgage-backed securities:
Federal agencies
Residential
Commercial

(261) (744)

(2,192) (6) (6D

5,883 12,866

53,578 266 3,732

(56)

(59) ("7)

669

2,240 819

Total mortgage-backed securities
Corporate debt securities
Collateralized loan and other debt obligations
Other
(98) (50) (39)
(2,259) 57,576

2,486 4,068 4,503
(176)

(63) (28) (5)

3,059

924 226 81

Total debt securities Perpetual preferred securities

(3,451) (32)

87,382 610

(3,483) 87,992

December 31, 2012

Securities of U.S. Treasury and federal agencies Securities of U.S. states and political subdivisions Mortgage-backed securities:

Federal agencies

Residential

Commercial

(378)

(4) (3) (31)

6,839

2,247 78 2,110

(66)

(46) (237)

532

1,747 945

Total mortgage-backed securities

Corporate debt securities

Collateralized loan and other debt obligations

Other

(38)

(19) (49) (49)

4,435

1,112 2,065 3,034

(283)

(50) (46) (27)

2,692

410 218 129

Total debt securities Perpetual preferred securities

Total

17,485 654

(573) 18,139

72

Contractual Maturities

The following table shows the remaining contractual maturities and contractual yields (taxable-equivalent basis) of debt securities available for sale. The remaining contractual principal maturities for MBS do not consider prepayments. Remaining expected maturities will differ from contractual maturities because borrowers may have the right to prepay obligations before the underlying mortgages mature.

Remaining contractual maturity

Weighted-

After one year After five years

Total average Within one year through five years through ten years After ten years

amount yield Amount Yield Amount Yield Amount Yield Amount Yield

June 30, 2013

Securities of U.S. Treasury
and federal agencies $ 6,383
Securities of U.S. states and
political subdivisions 40,890
Mortgage-backed securities:
Federal agencies 110,561
Residential 14,117
Commercial 19,306
Total mortgage-backed
securities 143,984
Corporate debt securities 21,002
Collateralized loan and
other debt obligations 17,201
Other 17,222

1.66 % $ 91 0.38 % $ 561 1.48 %
3.50 4.29 5.34

5.15 2,580 2.00 10,633 2.16

104 5.42

3.82 4.21

- - 84 3.80
2,252 3.87

59 0.77 1,710 1.56

188 4.70
1.49 1.77

11,249 3.15

902 0.66 7,480 1.79

$ 5,731 1.70 % $ - - %
923 3.57 480 1.94 100 2.81

3,160 5.51 24,517 6.73
1,503 3.00

109,534 3.49 13,637 4.38 19,122 5.36
6,211 5.93

7,353 1.08 2,983 1.71

142,293 3.83

1,290 5.77

8,887 1.91
5,049 1.85

$ 246,682 3.71 % $ 6,692 2.49 °/o $ 31,013 2.39 °/o $ 26,941 3.03 % $ 182,036 4.09 °/o

December 31, 2012

Securities of U.S. Treasury
and federal agencies Securities of U.S. states and
political subdivisions Mortgage-backed securities:
Federal agencies
Residential
Commercial

Total mortgage-backed securities

Corporate debt securities Collateralized loan and
other debt obligations Other

7,146

38,676

97,285 15,931 19,968

133,184

21,333

13,188 18,887

376 0.43 % $ 661 1.24 %

1,861 2.61 11,620 2.18

1 5.401064.87
1 5.40

4.12 4.26

- -783.69
12,792 3.19

1,246 0.71 9,589 1.75
184 4.37

1,037 4.29

1.35 44 0.96
1.85 1,715 1.14

$ 6,109 1.70 % $ - - %
1,144 3.41 569 2.06 101 2.84

3,380 5.51 21,815 7.15
1,814 2.95

96,034 3.83 15,362 4.47 19,789 5.35
6,099 6.14

7,376 1.01 3,274 2.11

131,185 4.13

1,405 5.88

4,522 2.08 4,309 2.14

3.91 % $ 5,034 2.28 % $ 36,092 2.37 % $ 28,052 3.07 % $ 163,236 4.44 %

Note 4: Securities Available for Sale (continued) Realized

Gains and Losses

The following table shows the gross realized gains and losses on sales and OTTI write-downs related to the securities available-for-sale portfolio, which includes marketable equity securities, as well as net realized gains and losses on nonmarketable equity investments (see Note 6 - Other Assets).

Quarter ended June 30,

Six months ended June 30,

(in millions)

Gross realized gains Gross realized losses OTTI write-downs

54 136 (8) (32) (76) (82)

210 417 (13) (36) ("4) (133)

Net realized gains (losses) from securities available for sale

Net realized gains from private equity investments

Net realized gains from debt securities and equity investments

Other-Than-Temporary Impairment

The following table shows the detail of total OTTI write -downs included in earnings for debt securities, marketable securities and nonmarketable equity investments.

Quarter ended June 30,

Six months ended June 30,

(in millions)

OTTI write-downs included in earnings

Debt securities:

U.S. states and political subdivisions Mortgage-backed securities:

Federal agencies

Residential
Commercial Corporate debt securities Collateralized loan and other debt obligations Other debt securities

1 22 26

22

34 3 3 1
27

1 37 41

2

24

48 33 4 1 32

Total debt securities

Equity securities:
Marketable equity securities:
Perpetual preferred securities
Other marketable equity securities

Total marketable equity securities

Total securities available for sale
Nonmarketable equity investments

76 35
82 38
114
75
133 52

Total OTTI write-downs included in earnings

74

Other-Than-Temporarily Impaired Debt Securities

The following table shows the detail of OTTI write-downs on debt securities available for sale included in earnings and the related changes in OCI for the same securities.

(in millions)	Quarter ended June 30, 2013	2012	Six months ended June 30, 2013	2012
OTTI on debt securities				
Recorded as part of gross realized losses:				
Credit-related OTTI	$ 33	74	56	124
Intent-to-sell OTTI	38	3	49	3_
Total recorded as part of gross realized losses ;	71	77	105	127
Changes to OCI for increase (decrease) in non-credit related OTTI (1):				
U.S. states and political subdivisions	-	(7)	-	(7)
Residential mortgage-backed securities	(7)	(54)	(16)	(63)
Commercial mortgage-backed securities.	-	-	(41)	(6)
Corporate debt securities	-	-	-	(1)
Collateralized loan and other debt obligations	-	1	(1)	1
Other debt securities	-	30	2	3__
Total changes to OCI for non-credit-related OTTI	\	{30}	(56)	(__5_
Total OTTI losses recorded on debt securities	$ 64	47	49	82

(1) Represents amounts recorded to OCI on debt securities in periods where credit-related OTTI write-downs have occurred. Increases represent initial or subsequent non-credit-related OTTI on debt securities. Decreases represent partial to full reversal of impairment due to recoveries in the fair value of securities due to factors other than credit.

The following table presents a rollforward of the credit loss component recognized in earnings for debt securities we still own (referred to as "credit-impaired" debt securities). The credit loss component of the amortized cost represents the difference between the present value of expected future cash flows discounted using the security's current effective interest rate and the amortized cost basis of the security prior to considering credit losses. OTTI recognized in earnings for credit-impaired debt securities is presented as additions and is classified into one of two components based upon whether the current period is the first time the debt security was credit-impaired (initial credit impairment) or if the debt security was previously credit-impaired (subsequent credit impairments). The credit loss component is reduced if we sell, intend to sell or believe we will be required to sell previously credit-impaired debt securities. Additionally, the credit loss component is reduced if we receive or expect to receive cash flows in excess of what we previously expected to receive over the remaining life of the credit-impaired debt security, the security matures or is fully written down.

Changes in the credit loss component of credit-impaired debt securities that were recognized in earnings and related to securities that we do not intend to sell were:

(in millions)	Quarter ended June 30, 2013	2012	Six months ended June 30, 2013	2012
Credit loss component, beginning of period	$ 1,252	1,302	1,289	1,272
Additions:				
Initial credit impairments	4	31	5	36
Subsequent credit impairments	29	43	51	88_
Total additions	33	74	56	124
Reductions:				
For securities sold or matured	(59)	(58)	(HI)	(70)

For recoveries of previous credit impairments (12)	(1)	f_8)	(_4)	(16)
Total reductions	(67)	{62}	(127)	(82)
Credit loss component, end of period 1,314	$	1,218	1,314	1,218

(1) Recoveries of previous credit impairments result from increases in expected cash flows subsequent to credit loss recognition. Such recoveries are reflected prospectively as interest yield adjustments using the effective interest method.

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Note 4: Securities Available for Sale (continued)

To determine credit impairment losses for asset-backed securities (e.g., residential MBS, commercial MBS), we estimate expected future cash flows of the security by estimating the expected future cash flows of the underlying collateral and applying those collateral cash flows, together with any credit enhancements such as subordinated interests owned by third parties, to the security. The expected future cash flows of the underlying collateral are determined using the remaining contractual cash flows adjusted for future expected credit losses (which consider current delinquencies and nonperforming assets (NPAs), future expected default rates and collateral value by vintage and geographic region) and prepayments. The expected cash flows of the security are then discounted at the security's current effective interest rate to arrive at a present value amount. Total credit impairment losses on residential MBS that we do not intend to sell are shown in the table below. The table also presents a summary of the significant inputs considered in determining the measurement of the credit loss component recognized in earnings for residential MBS.

Quarter ended June 30, Six months ended June 30,

2013 2012 2013 2012

Credit impairment losses on residential MBS

Non-investment grade

Significant inputs (non-agency - non-investment grade MBS)

Expected remaining life of loan loss rate (1): Range(2)

Credit impairment loss rate distribution (3):

0 - 10% range

10 - 20% range

20 - 30% range

Greater than 30% Weighted average loss rate (4) Current subordination levels (5): Range (2)

Weighted average (4) Prepayment speed (annual CPR (6)): Range(2)

Weighted average (4)

22

1-20 %

98 1 1

0-5 1

6-20 16

34

1-37

68 18 11 3 9

0-22 3

5-24 14

37

1-20

96 3 1

6

0-41

4-20 15

48

1-44

62 16

8 14

9

0-57 2

5-29 14

1) Represents future expected credit losses on each pool of loans underlying respective securities expressed as a percentage of the total current outstanding loan balance of the pool for each respective security.
2) Represents the range of inputs/assumptions based upon the individual securities within each category.
3) Represents distribution of credit impairment losses recognized in earnings categorized based on range of expected remaining life of loan losses. For example 98% of credit impairment losses recognized in earnings for the quarter ended June 30, 2013, had expected remaining life of loan loss assumptions of 0 to 10%.
4) Calculated by weighting the relevant input/assumption for each individual security by current outstanding amortized cost basis of the security.
5) Represents current level of credit protection provided by tranches subordinate to our security holdings (subordination), expressed as a percentage of total current underlying loan balance.
6) Constant prepayment rate.

Total credit impairment losses on commercial MBS that we do not intend to sell were $9 million and $4 million for the quarters ended June 30,2013 and 2012, respectively, and $15 million and $34 million for the six months ended June 30, 2013 and 2012, respectively. Significant inputs considered in determining the credit impairment losses for commercial MBS are the expected remaining life of loan loss rates and current subordination levels. Prepayment activity on commercial MBS does not significantly impact the determination of their credit impairment because, unlike residential MBS, commercial MBS experience significantly lower prepayments due to certain contractual restrictions, impacting the borrower's ability to prepay the mortgage. The

and 2012, respectively, and 0% to 21% and 0% to 12% for the six months ended June 30,2013 and 2012, respectively, expected remaining life of loan loss rates for commercial MBS with credit impairment losses ranged from 4% to 13% and 5% to 17% for the quarters ended June 30,2013 and 2012, respectively, and 4% to 14% and 5% to 17% for the six months ended June 30,2013 and 2012, respectively. The current subordination level ranges were 0% to 15% and 1% to 12% for the quarters ended June 30,2013

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Note 5; Loans and Allowance for Credit Losses

The following table presents total loans outstanding by portfolio segment and class of financing receivable. Outstanding balances include a total net reduction of $6.7 billion and $7.4 billion at June 30, 2013 and December 31, 2012, respectively, for unearned income, net deferred loan fees, and unamortized

discounts and premiums. Outstanding balances also include PCI loans net of any remaining purchase accounting adjustments. Information about PCI loans is presented separately in the "Purchased Credit-Impaired Loans" section of this Note.

June 30, 2013
Dec. 31, 2012

Commercial:

Commercial and industrial
Real estate mortgage
Real estate construction
Lease financing
Foreign (1)

188,758 104,673 16,442 11,766 41,833

187,759 106,340 16,904 12,424 37,771

Total commercial

Consumer:

Real estate 1-4 family first mortgage Real estate 1-4 family junior lien mortgage Credit card Automobile
Other revolving credit and installment

252,841 70,059 24,815 48,648 42,139

249,900 75,465 24,640 45,998 42,373

Total consumer

Total loans

(1) Substantially all of our foreign loan portfolio is commercial loans. Loans are classified as foreign if the borrower's primary address is outside of the United States.

Loan Purchases, Sales, and Transfers

The following table summarizes the proceeds paid or received for purchases and sales of loans and transfers from loans held for investment to mortgages/loans held for sale at lower of cost or market. This loan activity primarily includes loans purchased or

sales of whole loan or participating interests, whereby we receive or transfer a portion of a loan after origination. The table excludes PCI loans and loans recorded at fair value, including loans originated for sale because their loan activity normally does not impact the allowance for credit losses.

2013

Commercial Consumer

Quarter ended June 30,

Loans - held for investment: Purchases (1) Sales
Transfers to MHFS/LHFS (1)

2,122 (1,796) (53)

502 (130) (5)

2,624 (1,926) (58)

7,219 (1,115) 18

84 (170) (4)

7,303 (1,285) 14

Six months ended June 30,						
Loans - held for investment:						
Purchases (1)	$	3,148	581	3,729	9,175	167 9,342
Sales		(3,812)	(446)	(4,258)	(2,935)	(323) (3,258)
Transfers to MHFS/LHFS (1)		(133)	(12)	(145)	(18)	(5) (23)

(1) The "Purchases" and "Transfers to MHFS/LHFS" categories exclude activity in government insured/guaranteed loans. As servicer, we are able to buy delinquent insured/guaranteed loans out of the Government National Mortgage Association (GNMA) pools. These loans have different risk characteristics from the rest of our consumer portfolio, whereby this activity does not impact the allowance for loan losses in the same manner because the loans are predominantly insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA). On a net basis, such purchases net of transfers to MHFS were $805 million and $2.0 billion for the second quarter 2013 and 2012, respectively, and $2.8 billion and $5.5 billion for the first half of 2013 and 2012, respectively.

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Note 5: Loans and Allowance for Credit Losses (continued)

Commitments to Lend

A commitment to lend is a legally binding agreement to lend funds 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.

When we make 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 expected to expire without being used by the customer. In addition, 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. In some cases, we participate a portion of our interest in a commitment to other financial institutions in an arrangement that reduces our credit risk to the borrower. 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 10 for information on standby letters of credit.

For certain loans and commitments to lend, we may require collateral or a guarantee, based on our assessment of a customer's credit risk. 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 asset, such as equipment and other business assets. Collateral requirements for each loan or commitment may vary according to the specific credit underwriting, including terms and structure of loans funded immediately or under a commitment to fund at a later date.

Dec. 31, 2012

The contractual amount of our unfunded credit commitments, net of participations and net of all standby and commercial letters of credit issued under the terms of these commitments, is summarized by portfolio segment and class of financing receivable in the following table:

June 30, 2013

215,626 6,165 9,109

8,423

222,884 5,338 9,619 82 11,548

Commercial:

249,471

239,323

Commercial and industrial

Real estate mortgage

Real estate construction

Lease financing

Foreign

Total commercial

Consumer:

Real estate 1-4 family first mortgage 37,066 42,657

Real estate 1-4 family

184,342

183,276

junior lien mortgage 48,949 50,934

Credit card 75,373 70,960

Other revolving credit and installment 21,888 19,791

Total consumer

423,665

432,747

Total unfunded

credit commitments

78

Allowance for Credit Losses

The allowance for credit losses consists of the allowance for loan losses and the allowance for unfunded credit commitments. Changes in the allowance for credit losses were:

Six months ended June 30,

(in millions)

Balance, beginning of period

Provision for credit losses Interest income on certain impaired loans (1) Loan charge-offs: Commercial:

Commercial and industrial

Real estate mortgage

Real estate construction

Lease financing

Foreign

17,193 652 (73)

(184) (49) (7) (24)

£1L

19,129 1,800 (82)

(360) (114)

(60) (5)

(17)

17,477 1,871 (146)

(365) (109) (12) (27) (19)

19,668 3,795 (169)

(719) (196) (140) (13) (46)

Total commercial

Consumer:

Real estate 1-4 family first mortgage Real estate 1-4 family junior lien mortgage Credit card Automobile

Other revolving credit and installment

(392) (428) (266) (126) (185)

(772) (757) (286) (131) (187)

(867) (942) (532) (290) (367)

(1,600) (1,577) (587) (310) (381)

Total consumer

Total loan charge-offs

Loan recoveries: Commercial:

Commercial and industrial Real estate mortgage Real estate construction Lease financing

Foreign

107 54 52 6 9

111 33 43 5 6

195 85 91 10 17

214 69 56 11 21

Total commercial

Consumer:

Real estate 1-4 family first mortgage Real estate 1-4 family junior lien mortgage Credit card Automobile

Other revolving credit and installment

64 69 32 84 40

29 68 46 103 45

110 134
63 172
82

66 125 105 208
99

Total consumer

Total loan recoveries

Net loan charge-offs (2)

Allowances related to business combinations/other

Balance, end of period

Components:

Allowance for loan losses

Allowance for unfunded credit commitments

$ 16,144 474

18,320 326

16,144 474

18,320 326

Allowance for credit losses (3)

Net loan charge-offs (annualized) as a percentage of average total loans (2)

Allowance for loan losses as a percentage of total loans (3)

Allowance for credit losses as a percentage of total loans (3)

0.58 %

2.01

2.07

1.15 2.36 2.41

0.65 2.01 2.07

1.20 2.36 2.41

1) Certain impaired loans with an allowance calculated by discounting expected cash flows using the loan's effective interest rate over the remaining life of the loan recognize reductions in the allowance as interest income.
2) For PCI loans, charge-offs are only recorded to the extent that losses exceed the purchase accounting estimates.
3) The allowance for credit losses includes $71 million and $212 million at June 30, 2013 and 2012, respectively, related to PCI loans acquired from Wachovia. Loans acquired from Wachovia are included in total loans net of related purchase accounting net write-downs.

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Note 5: Loans and Allowance for Credit Losses (continued)

The following table summarizes the activity in the allowance for credit losses by our commercial and consumer portfolio segments.

2013

Commercial Consumer

Quarter ended June 30,

Balance, beginning of period Provision for credit losses Interest income on certain impaired loans

5,786 172 (16)

11,407 480 (57)

17,193 652 (73)

6,130 410 (23)

12,999 1,390 (59)

19,129 1,800 (82)

Loan charge-offs Loan recoveries

(272) 228

(1,397) 289

(1,669) 517

(556) 198

(2,133) 291

(2,689) 489

(44) (1,108) (1,152)

Allowance related to business combinations/other

Balance, end of period

Six months ended June 30,

Balance, beginning of period Provision for credit losses Interest income on certain impaired loans

Loan charge-offs Loan recoveries

5,714 364 (35)

(532) 398

11,763 1,507 (HI)

(2,998) 561

17,477 1,871 (146)

(3,530) 959

6,358 598 (54)

(1,114) 371

13,310 3,197 (115)

(4,455) 603

19,668 3,795 (169)

(5,569) 974

(134) (2,437) (2,571)

Allowance related to business combinations/other

Balance, end of period

The following table disaggregates our allowance for credit losses and recorded investment in loans by impairment methodology.

Recorded investment in loans

Commercial Consumer

June 30, 2013

Collectively evaluated (1)

Individually evaluated (2)

PCI(3)

4,360 1,487 49

6,209 10,569 4,491 5,978 22 71

353,554	**389,942**	**743,496**
6,661	**23,018**	**29,679**
3,257	**25,542**	**28,799**
363,472	**438,502**	**801,974**

December 31, 2012

Collectively evaluated (1)
Individually evaluated (2)
PCI (3)

3,951 1,675 88
7,524 11,475 4,210 5,885 29 117

349,035	389,559	738,594
8,186	21,826	30,012
3,977	26,991	30,968
361,198	438,376	799,574

1) Represents loans collectively evaluated for impairment in accordance with Accounting Standards Codification (ASC) 450-20, Loss Contingencies (formerly FAS 5), and pursuant to amendments by ASU 2010-20 regarding allowance for non-impaired loans.
2) Represents loans individually evaluated for impairment in accordance with ASC 310-10, Receivables (formerly FAS 114), and pursuant to amendments by ASU 2010-20 regarding allowance for impaired loans.
3) Represents the allowance and related loan carrying value determined in accordance with ASC 310-30, Receivables - Loans and Debt Securities Acquired with Deteriorated Credit Quality (formerly SOP 03-3) and pursuant to amendments by ASU 2010-20 regarding allowance for PCI loans.

Credit Quality

We monitor credit quality by evaluating various attributes and utilize such information in our evaluation of the appropriateness ofthe allowance for credit losses. 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), which are obtained at least quarterly. Generally, these indicators are updated in the second 80
month of each quarter, with updates no older than March 31,2013. See the "Purchased Credit-Impaired Loans" section of this Note for credit quality information on our PCI portfolio.

COMMERCIAL CREDIT QUALITY INDICATORS In addition to monitoring commercial loan concentration risk, we manage a consistent process for assessing commercial loan credit quality. Generally, commercial loans are subject to individual risk assessment using our internal borrower and collateral quality
ratings. Our ratings are aligned to Pass and Criticized categories. The Criticized category includes Special Mention, Substandard, and Doubtful categories which are defined by bank regulatory agencies.

The following table provides a breakdown of outstanding commercial loans by risk category. Ofthe $16.4 billion in criticized commercial real estate (CRE) loans, $3.4 billion has been placed on nonaccrual status and written down to net realizable collateral value. CRE loans have a high level of monitoring in place to manage these assets and mitigate loss exposure.

	Commercial and industrial	Real estate mortgage	Real estate construction	Lease financing
June 30, 2013				

By risk category: Pass
Criticized

172,072 16,491

88,937 13,990

13,393 2,447

11,180 586

324,948 35,267

Total commercial loans (excluding PCI) Total commercial PCI loans (carrying value)

188,563 195

102,927 1,746

15,840 602

41,119 714

360,215 3,257

Total commercial loans

December 31, 2012

By risk category. Pass
Criticized

169,293 18,207

87,183 17,187

12,224 3,803

11,787 637

35,380 1,520

315,867 41,354

Total commercial loans (excluding PCI) Total commercial PCI loans (carrying value)

187,500 259

104,370 1,970

16,027 877

36,900 871

357,221 3,977

Total commercial loans

The following table provides past due information for commercial loans, which we monitor as part of our credit risk management practices.

Commercial Real Real

and estate estate Lease
industrial mortgage construction financing

June 30, 2013

By delinquency status:

Current-29 DPD and still accruing 30-89 DPD and still accruing 90+ DPD and still accruing Nonaccrual loans

$ 187,020 484 37

1,022

99,544 500 175 2,708

15,032 139 4

665

11,739 7

20

41,027 52

40

354,362 1,182 216 4,455

Total commercial loans (excluding PCI) Total commercial PCI loans (carrying value)

188,563 102,927 15,840

195 1,746 602

41,119 714

360,215 3,257

$ 188,758 104,673

December 31, 2012

By delinquency status:

Current-29 DPD and still accruing 30-89 DPD and still accruing 90+ DPD and still accruing

Nonaccrual loans

185,614 417 47 1,422

100,317 503 228 3,322

14,861 136 27 1,003

12,344 53

27

36,837 12 1 50

349,973 1,121 303 5,824

Total commercial loans (excluding PCI) Total commercial PCI loans (carrying value)

187,500 259

104,370 1,970

16,027 877

36,900 871

Total commercial loans

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Note 5: Loans and Allowance for Credit Losses (continued)

CONSUMER CREDIT QUALITY INDICATORS We have various classes of consumer loans that present unique risks. Loan delinquency, FICO credit scores and LTV for loan types are common credit quality indicators that we monitor and utilize in our evaluation of the appropriateness of the allowance for credit losses for the consumer portfolio segment.

Many of our loss estimation techniques used for the allowance for credit losses rely on delinquency-based models; therefore, delinquency is an important indicator of credit quality and the establishment of our allowance for credit losses. The following table provides the outstanding balances of our consumer portfolio by delinquency status.

Real estate 1-4 family first mortgage

Real estate 1-4 family junior lien mortgage

Credit card Automobile

Other revolving credit and installment

June 30, 2013

By delinquency status: Current-29 DPD 30-59 DPD 60-89 DPD 90-119 DPD 120-179 DPD 180+ DPD
Government insured/guaranteed loans (1)

$ 186,212
3,034
1,256
682
834
5,793
29,622

68,223 468 272 192 259 511

24,268 166 118 95 168

47,889 587 127 40 4 1

30,309 129 88 68 22 7

11,516

356,901 4,384 1,861 1,077 1,287 6,312 41,138

Total consumer loans (excluding PCI) Total consumer PCI loans (carrying value)

69,925 134

Total consumer loans

December 31, 2012

By delinquency status: Current-29 DPD 30-59 DPD 60-89 DPD 90-119 DPD 120-179 DPD 180+ DPD
Government insured/guaranteed loans (1)

179,870 3,295 1,528 853 1,141 6,655 29,719

73,256 577 339 265 358 518

23,976 211 143 122 187 1

44,973 798 164 57 5 1

29,546 168 108 73 28 4

12,446

351,621 5,049 2,282 1,370 1,719 7,179 42,165

Total consumer loans (excluding PCI) Total consumer PCI loans (carrying value)

223,061 26,839

75,313 152

411,385 26,991

Total consumer loans

(1) Represents loans whose repayments are predominantly insured by the FHA or guaranteed by the VA and student loans whose repayments are predominantly guaranteed by agencies on behalf of the U.S. Department of Education under the Federal Family Education Loan Program (FFELP). Loans insured/guaranteed by the FHA/VA and 90+ DPD totaled $19.5 billion at June 30, 2013, compared with $20.2 at December 31, 2012. Student loans 90+ DPD totaled $931 million at June 30, 2013, compared with $1.1 billion at December 31, 2012.

Of the $8.7 billion of consumer loans not government insured/guaranteed that are 90 days or more past due at June 30, 2013, $938 million was accruing, compared with $10.3 billion past due and $1.1 billion accruing at December 31,2012.

Real estate 1-4 family first mortgage loans 180 days or more past due totaled $5.8 billion, or 2.5% of total first mortgages (excluding PCI), at June 30, 2013, compared with $6.7 billion, or 3.0%, at December 31,2012.

The following table provides a breakdown of our consumer portfolio by updated FICO. We obtain FICO scores at loan origination and the scores are updated at least quarterly. The majority of our portfolio is underwritten with a FICO score of 680 and above. FICO is not available for certain loan types and may not be obtained if we deem it unnecessary due to strong collateral and other borrower attributes, primarily securities-based margin loans of $4.9 billion at June 30, 2013, and $5.4 billion at December 31,2012.

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Real estate 1-4 family mortgage

Real estate 1-4 family mortgage

first junior lien

Credit card

Other revolving credit and Automobile installment

June 30, 2013

By updated FICO:

< 600

600-639

640-679

680-719

720-759

760-799

800+ No FICO available FICO not required

Government insured/guaranteed loans (1)

15,868 9,727 15,456 24,695 32,563 67,997 28,477 3,028

29,622

5,199 3,445 6,318 10,764 14,848 20,326 7,967 1,058

2,239 1,986 3,791 4,996 5,089 4,082 2,115 517

8,077 5,829 8,713 8,674 6,242 5,892 4,928 293

876 922 1,956 3,604 4,847 6,222 4,645 2,639 4,912

32,259 21,909 36,234 52,733 63,589 104,519 48,132 7,535 4,912

Total consumer loans (excluding PCI) Total consumer PCI loans (carrying value)

69,925 134

412,960 25,542

Total consumer loans

December 31, 2012

By updated FICO:
< 600
600-639
640-679
680-719
720-759
760-799
800+ No FICO available FICO not required
Government insured/guaranteed loans (1)

17,662 10,208 15,764 24,725 31,502 63,946 26,044 3,491

29,719

6,122 3,660 6,574 11,361 15,992 21,874 8,526 1,204

2,314 1,961 3,772 4,990 5,114 4,109 2,223 157

7,928 5,451 8,142 7,949 5,787 5,400 4,443 898

1,163 952 2,011 3,691 4,942 6,971 1,912 2,882 5,403 12,446

35,189 22,232 36,263 52,716 63,337 102,300 43,148 8,632 5,403 42,165

Total consumer loans (excluding PCI) Total consumer PCI loans (carrying value)

223,061 26,839

75,313 152

411,385 26,991

249,900 75,465 24,640

(1) Represents loans whose repayments are predominantly insured by the FHA or guaranteed by the VA and student loans whose repayments are predominantly guaranteed by agencies on behalf of the U.S. Department of Education under FFELP.

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 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 $i million or more, as the AVM values have proven less accurate for these properties.

The following table shows the most updated LTV and CLTV distribution of the real estate 1-4 family first and junior lien mortgage loan portfolios. We consider the trends in residential real estate markets as we monitor credit risk and establish our allowance for credit losses. LTV does not necessarily reflect the likelihood of performance of a given loan, but does provide an indication of collateral value. 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 primarily due to industry data availability and portfolios acquired from or serviced by other institutions.

Note 5: Loans and Allowance for Credit Losses (continued)

December 31, 2012

Real estate 1-4 family first mortgage by LTV
Real estate 1-4 family junior lien mortgage by CLTV
Real estate 1-4 family first mortgage by LTV
Real estate 1-4 family junior lien mortgage by CLTV

By LTV/CLTV:
0-60%
60.01-80%
80.01-100%
100.01-120% (1)
> 120% (1) No LTV/CLTV available Government insured/guaranteed loans (2)

64,707 70,525 36,177 14,559 10,087 1,756 29,622

11,703 15,532 17,111 12,194 11,811 1,574

76,410 86,057 53,288 26,753 21,898 3,330 29,622

56,247 69,759 34,830 17,004 13,529 1,973 29,719

12,170 15,168 18,038 13,576 14,610 1,751

68,417 84,927 52,868 30,580 28,139 3,724 29,719

Total consumer loans (excluding PCI) Total consumer PCI loans (carrying value)

227,433 25,408
69,925 134
297,358 25,542

223,061 26,839

75,313 152

298,374 26,991

Total consumer loans

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 The following table provides loans on nonaccrual status. PCI loans are excluded from this table due to the existence of the accretable yield.

(in millions)		June 30, 2013	Dec. 31, 2012
Commercial:			
Commercial and industrial	$	1,022	1,422
Real estate mortgage		2,708	3,322
Real estate construction		665	1,003
Lease financing		20	27

Foreign ;	40	50_
Total commercial (1)	4,455	5,824
Consumer:		
Real estate 1-4 family first mortgage (2)	10,705	11,455
Real estate 1-4 family junior lien mortgage	2,522	2,922
Automobile	200	245
Other revolving credit and installment	33	40_
Total consumer	13,460	14,662
Total nonaccrual loans (excluding PCI)	$ 17,915	20,486

1) Includes LHFS of $15 million and $16 million at June 30, 2013 and December 31, 2012, respectively.
2) Includes MHFS of $293 million and $336 million at June 30, 2013 and December 31,2012, respectively.

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LOANS 90 DAYS OR MORE PAST DUE AND STILL ACCRUING Certain loans 90 days or more past due as to interest or principal are still accruing, because they are (1) well-secured and in the process of collection or (2) real estate 1-4 family mortgage loans or consumer loans exempt under regulatory rules from being classified as nonaccrual until later delinquency, usually 120 days past due. PCI loans of $5.4 billion at June 30, 2013, and $6.0 billion at December 31, 2012, are not included in these past due and still accruing loans even though they are 90 days or more contractually past due. These PCI loans are considered to be accruing because they continue to earn interest from accretable yield, independent of performance in accordance with their contractual terms. Loans 90 days or more past due and still accruing whose repayments are predominantly insured by the FHA or guaranteed by the VA for mortgages and the U.S. Department of Education for student loans under the FFELP were $21.0 billion at June 30, 2013, down from $21.8 billion at December 31, 2012.

The following table shows non-PCI loans 90 days or more past due and still accruing by class for loans not government insured / guaranteed.

	June 30,	Dec. 31,
(in millions)	2013	2012
Loan 90 days or more past due and still accruing:		
Total (excluding PCI):	$ 22,197	23,245
Less: FHA insured/guaranteed by the VA (1)(2)	20,112	20,745
Less: Student loans guaranteed under the FFELP (3)	931	1,065
Total, not government insured/guaranteed	$ 1,154	1,435
By segment and class, not government insured/guaranteed: Commercial:		
Commercial and industrial	$ 37	47
Real estate mortgage	175	228
Real estate construction	4	27
Foreign	-	1_

Total commercial	216	303

"Consumer:

Real estate 1-4 family first mortgage (2) 476 564

Real estate 1-4 family junior lien mortgage (2) 92 133

Credit card 263 310

Automobile 32 40

Other revolving credit and installment 75 85_

Total consumer 938 1,132

Total, not government

insured/guaranteed $ 1,154 1,435

1) Represents loans whose repayments are predominantly insured by the FHA or guaranteed by the VA.
2) Includes mortgage loans held for sale 90 days or more past due and still accruing.
3) Represents loans whose repayments are predominantly guaranteed by agencies on behalf of the U.S. Department of Education under the FFELP.

Note 5: Loans and Allowance for Credit Losses (continued)

IMPAIRED LOANS The table below summarizes key information for impaired loans. Our impaired loans predominantly include loans on nonaccrual status in the commercial portfolio segment and loans modified in a TDR, whether on accrual or nonaccrual status. These impaired loans generally have estimated losses which are included in the allowance for credit losses. Impaired loans exclude PCI loans. The table below includes trial modifications that totaled $716 million at June 30, 2013, and $705 million at December 31, 2012.

Recorded investment

Impaired loans

Unpaid with related Related

principal balance | Impaired loans | allowance for credit losses | allowance for credit losses

June 30, 2013

Commercial:

Commercial and industrial

Real estate mortgage

Real estate construction

Lease financing

Foreign

2,502 5,130 1,407 65 96

1,499 4,113 981 27 41

1,323 3,920 954 27 41

274 1,014 185 9 5

Total commercial (1)

Consumer:

Real estate 1-4 family first mortgage

Real estate 1-4 family junior lien mortgage

Credit card

Automobile

Other revolving credit and installment

22,778 3,049 477 298 38

19,754 2,511 477 246 30

14,263 2,093 477 137 24

3,513 764 197 16 1

Total consumer

Total impaired loans (excluding PCI)

December 31, 2012

Commercial:

Commercial and industrial

Real estate mortgage

Real estate construction

Lease financing

Foreign

3,331 5,766 1,975 54 109

2,086 4,673 1,345 39 43

2,086 4,537 1,345 39 43

353 1,025 276 11 9

Total commercial (1)

Consumer:

Real estate 1-4 family first mortgage Real estate 1-4 family junior lien mortgage Credit card Automobile

Other revolving credit and installment

21,293 2,855 531 314 27

18,472 2,483 531 314 26

15,224 2,070 531 314 26

3,074 859 244 27 6

Total consumer

Total impaired loans (excluding PCI)

(1) Excludes the unpaid principal balance for loans with zero recorded investment.

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Commitments to lend additional funds on loans whose terms have been modified in a TDR amounted to $471 million at June 30, 2013, and $421 million at

December 31, 2012.

The following tables provide the average recorded investment in impaired loans and the amount of interest income recognized on impaired loans by portfolio segment and class.

Six months ended June 30,
2013

Average Recognized Average Recognized Average Recognized Average Recognized

recorded interest recorded interest recorded interest recorded interest

investment income investment income investment income investment income

Commercial:

Commercial and industrial

Real estate mortgage

Real estate construction

Lease financing

Foreign

1,573 4,194 1,082 30 41

22 36 11

2,665 5,016 1,986 58 43

33 33 17

1,603 4,250 1,174 32 37

48 68 23

2,756 5,095 2,124 60 38

72 50 27

Total commercial

Consumer:

Real estate 1-4 family

first mortgage Real estate 1-4 family

junior lien mortgage Credit card Automobile Other revolving credit

and installment

19,669

2,499 490 262

28

264

38 14 7

14,641

2,079 582 256

24

190

22 17 8

19,275

2,490 503 280

27

515

73 29 17

14,563

2,065 587 285

25

379

44 31 26

Total consumer (1)

Total impaired loans (excluding PCI)

Interest income:

Cash basis of accounting $ 119 77 242 126

Other	(2)		273	243	532
503					
Total interest income	$	392	320	774	629

1) Quarter and six months ended June 30, 2013, reflect the OCC guidance issued in third quarter 2012, which requires consumer loans discharged in bankruptcy to be classified as TDRs, as well as written down to net realizable collateral value.

2) Includes interest recognized on accruing TDRs, interest recognized related to certain impaired loans which have an allowance calculated using discounting, and amortization of purchase accounting adjustments related to certain impaired loans. See footnote 1 to the table of changes in the allowance for credit losses.

Note 5: Loans and Allowance for Credit Losses (continued)

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. We do not consider any loans modified through a loan resolution such as foreclosure or short sale to be a TDR.

We may require some 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. The planned modifications for these arrangements predominantly involve interest rate reductions or other interest rate concessions; however, the exact concession type and resulting financial effect are usually not finalized and do not take effect until the loan is permanently modified. The trial period terms are developed in accordance with our proprietary programs or the U.S. Treasury's Making Homes Affordable programs for real estate 1-4 family first lien (i.e. Home Affordable Modification Program - HAMP) and junior lien (i.e. Second Lien Modification Program - 2MP) mortgage loans.

At June 30, 2013, the loans in trial modification period were $352 million under HAMP, $53 million under 2MP and $311 million under proprietary programs, compared with $402 million, $45 million and $258 million at December 31, 2012, respectively. Trial modifications with a recorded investment of $295 million at June 30, 2013, and $276 million at December 31, 2012, were accruing loans and $421 million and $429 million, respectively, were nonaccruing loans. Our recent experience is that most of the mortgages that enter a trial payment period program are successful in completing the program requirements and are then permanently modified at the end of the trial period. As previously discussed, our allowance process considers the impact of those modifications that are probable to occur.

The following table 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.

Financial effects of modifications

Other
Interest interest rate rate reduction concessions (3)

Charge-offs (4)
Weighted average interest rate reduction

Recorded investment related to interest rate reduction (5)

Quarter ended June 30, 2013

Commercial:

Commercial and industrial
Real estate mortgage
Real estate construction
Lease financing
Foreign

16 95 3

234 346 90

250 445 93

1.46 °/o $
1.57
0.83

16 95 3

Total commercial

Consumer:

Real estate 1-4 family first mortgage

Real estate 1-4 family junior lien mortgage
Credit card
Automobile
Other revolving credit and installment
Trial modifications (6)

282 25

378 46 46 2 4

715 90

24 4 22

1,375 161 46 27 8 22

48 1

2.71 3.24 10.53 8.77 5.31

563 70 46 2 4

Total consumer

3.06 °/o$

Quarter ended June 30, 2012

Commercial:
Commercial and industrial
Real estate mortgage
Real estate construction
Lease financing
Foreign

10 7

14
68 5

348 451 177 1

372 526 182 1

23 14 5

1.82 1.14 2.97

14
69 5

Total commercial

Consumer:
Real estate 1-4 family first mortgage Real estate 1-4 family junior lien mortgage Credit card Automobile
Other revolving credit and installment
Trial modifications (6)
Total consumer

348 14

364 381

207 67 59 13 1

347 434

173 35

34 1 94

337 1,314

728 116 59 49 2 94

1,048 2,129

74 7

13 1

95 137

3.00 3.66 10.75 7.65 4.72

3.88
3.58 % $

502 79 59 14 1

655 743

(continued on following page)

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(continued from previous page)

Financial effects of modifications

Other
Interest interest rate rate reduction concessions (3)

Charge-offs (4)
Weighted average interest rate reduction

Recorded investment related to interest rate reduction (5)

Six months ended June 30, 2013

Commercial:

Commercial and industrial
Real estate mortgage
Real estate construction
Lease financing
Foreign

83 170 3

561 768 199

644 966 202

15

6.42 °/o$
1.68
0.91

83 170 3

Total commercial

Consumer:

Real estate 1-4 family first mortgage Real estate 1-4 family junior lien mortgage Credit card Automobile
Other revolving credit and installment
Trial modifications (6)

626 52

757 94 92 8 6

2,096 258

48 7 54

3,479 404 92 58 13 54

145 16

2.56 3.24 10.63 7.00 4.80

1,186 142 92 8 6

Total consumer

3.19 °/o$

Six months ended June 30, 2012

Commercial:
Commercial and industrial
Real estate mortgage
Real estate construction
Lease financing
Foreign

11 11

22 120 7

749 936 284 2

2

782 1,067
291 2 2

26 14 13

1.62 1.47 2.53

23 122 6

Total commercial

Consumer:
Real estate 1-4 family first mortgage-Real estate 1-4 family junior lien mortgage Credit card Automobile
Other revolving credit and installment
Trial modifications (6)

654 33

504 137 133 32 1

372 69

57 1
671

1,530 239 133 93 2
671

133 16

19 1

2.91 3.85 10.82 7.56 4.72

1,042 165 133 34 1

Total consumer

3.67 % $

1) Amounts represent the recorded investment in loans after recognizing the effects of the TDR, if any. TDRs with multiple types of concessions are presented only once in the table in the first category type based on the order presented. The reported amounts include loans remodified in the current reporting period, which total $647 million and $601 million for the second quarters of 2013 and 2012 and $1.6 billion and $1.2 billion for the first half of 2013 and 2012, respectively.
2) Principal modifications include principal forgiveness at the time of the modification, contingent principal forgiveness granted over the life of the loan based on borrower performance, and principal that has been legally separated and deferred to the end of the loan, with a zero percent contractual interest rate.
3) Other interest rate concessions include loans modified to an interest rate that is not commensurate with the credit risk, even though the rate may have been increased. These modifications would include renewals, term extensions and other interest adjustments, but exclude modifications that also forgive principal and/or reduce the interest rate. Quarter and six months ended June 30, 2013, include $617 million and $1.9 billion, respectively, of consumer loans discharged in bankruptcy. The OCC guidance issued in third quarter 2012 requires consumer loans discharged in bankruptcy to be classified as TDRs, as well as written down to net realizable collateral value.
4) Charge-offs include write-downs of the investment in the loan in the period it is contractually modified. The amount of charge-off will differ from the modification terms if the loan has been charged down prior to the modification based on our policies. In addition, there may be cases where we have a charge-off/down with no legal principal modification. Modifications resulted in legally forgiving principal (actual, contingent or deferred) of $95 million and $130 million for the second quarters of 2013 and 2012 and $229 million and $221 million for the first half of 2013 and 2012, respectively.
5) Reflects the effect of reduced interest rates on loans with principal or interest rate reduction primary modification type.
6) Trial modifications are granted a delay in payments due under the original terms during the trial payment period. However, these loans continue to advance through delinquency status and accrue interest according to their original terms. Any subsequent permanent modification generally includes interest rate related concessions; however, the exact concession type and resulting financial effect are usually not known until the loan is permanently modified. Trial modifications for the period are presented net of previously reported trial modifications that became permanent in the current period.

Note 5: Loans and Allowance for Credit Losses (continued)

The table below 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.

	Recorded investment of defaults			
	Quarter ended June 30,		Six months ended June 30,	
(in millions) .	2013	2012	2013	2012
Commercial:				
Commercial and industrial	$ 174	40	195	150
Real estate mortgage	116	97	177	349
Real estate construction	24	74	52	229
Total commercial	314	211	424	728
Consumer:				
Real estate 1-4 family first mortgage	81	150	164	297
Real estate 1-4 family junior lien mortgage	7	16	17	36
Credit card	16	24	32	51
Automobile	5	21	9	27
Other revolving credit and installment	;	1	Z	L
Total consumer	109	212	222	412.
Total	$ 423	423	646	1,140

Purchased Credit-Impaired Loans

Substantially all of our PCI loans were acquired from Wachovia on December 31, 2008. The following table presents PCI loans net of any remaining purchase accounting adjustments. Real estate 1-4 family first mortgage PCI loans are predominantly Pick-a-Pay loans.

	June 30, 2013
Commercial:	
Commercial and industrial	
Real estate mortgage	

Real estate construction
Foreign

195 1,746 602 714

259 4,580
1,970 5,803
877 6,462
871 1,859

3,977 18,704

Consumer:
Real estate 1-4 family first mortgage Real estate 1-4 family junior lien mortgage Automobile

25,408 26,839 39,214

134 152 728
151

26,991 40,093

Total PCI loans (carrying value)

Total PCI loans (unpaid principal balance)

90

ACCRETABLE YIELD The excess of cash flows expected to be collected over the carrying value of PCI loans is referred to as the accretable yield and is recognized in interest income using an effective yield method over the remaining life of the loan, or pools of loans. The accretable yield is affected by:

- **changes in interest rate indices for variable rate PCI loans -expected future cash flows are based on the variable rates in effect at the time of the regular evaluations of cash flows expected to be collected;**
- **changes in prepayment assumptions - prepayments affect the estimated life of PCI loans which may change the amount of interest income, and possibly principal, expected to be collected; and**
- **changes in the expected principal and interest payments over the estimated life - updates to expected cash flows are driven by the credit outlook and actions taken with borrowers. Changes in expected future cash flows from loan modifications are included in the regular evaluations of cash flows expected to be collected.**

The change in the accretable yield related to PCI loans is presented in the following table.

(in millions)

Balance, December 31, 2008 $ 10,447

Addition of accretable yield due to acquisitions 131

Accretion into interest income (1) (9,351)

Accretion into noninterest income due to sales (2) (242)

Reclassification from nonaccretable difference for loans with improving credit-related cash flows 5,354

Changes in expected cash flows that do not affect nonaccretable difference (3) 12,209

Balance, December 31, 2012 18,548 Addition of accretable yield due to acquisitions
Accretion into interest income (1) (905)

Accretion into noninterest income due to sales (2) (151)
Reclassification from nonaccretable difference for loans with improving credit-related cash flows 907
Changes in expected cash flows that do not affect nonaccretable difference (3) 1,622

Balance, June 30, 2013	**$ 20,021**

Balance, March 31, 2013	**$ 17,965**

Addition of accretable yield due to acquisitions
Accretion into interest income (1) (458) Accretion into noninterest income due to sales (2)
Reclassification from nonaccretable difference for loans with improving credit-related cash flows 876
Changes in expected cash flows that do not affect nonaccretable difference (3) 1,638

Balance, June 30, 2013	**$ 20,021**

1) Includes accretable yield released as a result of settlements with borrowers, which is included in interest income.
2) Includes accretable yield released as a result of sales to third parties, which is included in noninterest income.
3) Represents changes in cash flows expected to be collected due to the impact of modifications, changes in prepayment assumptions, changes in interest rates on variable rate PCI loans and sales to third parties.

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Note 5: Loans and Allowance for Credit Losses (continued)

PCI ALLOWANCE Based on our regular evaluation of estimates of cash flows expected to be collected, we may establish an allowance for a PCI loan or pool of loans, with a charge to income though the provision for losses. The following table summarizes the changes in allowance for PCI loan losses.

(in millions) Commercial Pick-a-Pay Other consumer Total

Balance, December 31, 2008 $ - - - -

Provision for losses due to credit deterioration 1,693 - 123 1,816

Charge-offs (1,605) (94) (1,699)

Balance, December 31, 2012 88 - 29 117

Provision for losses due to credit deterioration / (reversal of provision) (34) - 1 (33)

Charge-offs (5J (8) (13)

$	49	;	22	71

Balance, March 31, 2013 $ 53 - 27 80

Provision for losses due to credit deterioration / (reversal of provision) (2) - 1 (1)

Charge-offs [2} ; (J>J
(8)

Balance, June 30, 2013 $ 49 ; 22
71_

COMMERCIAL PCI CREDIT QUALITY INDICATORS The following table provides a breakdown of commercial PCI loans by risk category.

Commercial and industrial
Real estate mortgage
Real estate construction

June 30, 2013

By risk category: Pass
Criticized

100
95

320 1,426

204 398

7

707

631 2,626

Total commercial PCI loans

December 31, 2012

By risk category: Pass
Criticized

95 164

341 1,629

207 670

255 616

898 3,079

Total commercial PCI loans

92

The following table provides past due information for commercial PCI loans.

Commercial and industrial

Real Real estate estate mortgage construction

June 30, 2013

By delinquency status:

Current-29 DPD and still accruing

30-89 DPD and still accruing

90+ DPD and still accruing

186 3 6

1,596 69 81

483 18 101

540 11 163

2,805 101 351

Total commercial PCI loans

December 31, 2012

By delinquency status:

Current-29 DPD and still accruing

30-89 DPD and still accruing

90+ DPD and still accruing

235 1 23

1,804 26 140

699 51 127

704 167

3,442 78 457

Total commercial PCI loans

CONSUMER PCI CREDIT quality INDICATORS Our consumer PCI loans were aggregated into several pools of loans at acquisition. Below, we have provided credit quality indicators based on the unpaid principal balance (adjusted for write-downs) of the individual loans included in the pool, but we have not allocated the remaining purchase accounting adjustments, which were established at a pool level. The following table provides the delinquency status of consumer PCI loans.

December 31, 2012

Real estate **Real estate**
1-4 family 1-4 family

first junior lien

mortgage **mortgage**

Real estate Real estate
1-4 family 1-4 family
first junior lien
mortgage mortgage Total

By delinquency status:
Current-29 DPD and still accruing
30-59 DPD and still accruing
60-89 DPD and still accruing
90-119 DPD and still accruing
120-179 DPD and still accruing
180+ DPD and still accruing

21,201 2,317 1,201 553 640 4,953

182 9 4 3 5
105

21,383 2,326 1,205 556 645 5,058

22,304 2,587 1,361 650 804 5,356

198 11 7 6 7

116

22,502 2,598 1,368 656 811 5,472

Total consumer PCI loans (adjusted unpaid principal balance) $

Total consumer PCI loans (carrying value)

Note 5: Loans and Allowance for Credit Losses (continued)

The following table provides FICO scores for consumer PCI loans.

December 31, 2012

Real estate 1-4 family **Real estate 1-4 family**

First **junior lien**

mortgage **mortgage**

Real estate 1-4 family first mortgage | Real estate 1-4 family junior lien mortgage | Total

By FICO:

< 600
600-639
640-679
680-719
720-759
760-799
800+ No FICO available

11,341 6,310 6,634 3,659 1,696 884 206 135

118 63 71 37 11 5 1 2

11,459 6,373 6,705 3,696 1,707 889 207 137

13,163 6,673 6,602 3,635 1,757 874 202 156

144 68 73 39 11 6 1 3

13,307 6,741 6,675 3,674 1,768 880 203 159

Total consumer PCI loans (adjusted unpaid principal balance) $

Total consumer PCI loans (carrying value)

The following table shows the distribution of consumer PCI loans by LTV for real estate 1-4 family first mortgages and by CLTV for real estate 1-4 family junior lien mortgages.

December 31, 2012

Real estate **Real estate**

1-4 family 1-4 family

first junior lien

mortgage **mortgage**

by LTV **by CLTV**

Real estate Real estate
1-4 family 1-4 family

first junior lien

mortgage mortgage

by LTV by CLTV

By LTV/CLTV:
0-60%
60.01-80%
80.01-100%
100.01-120% (1)
> 120% (1) No LTV/CLTV available

1,665 5,212 10,314 7,027 6,611 36

24 31 66 87 99 1

1,689 5,243 10,380 7,114 6,710 37

1,374 4,119 9,576 8,084 9,889 20

21 30 61 93 138 2

1,395 4,149 9,637 8,177 10,027 22

Total consumer PCI loans (adjusted unpaid principal balance) $

Total consumer PCI loans (carrying value)

(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.

94

Note 6; Other Assets

The components of other assets were:

June 30, 2013

Dec. 31, 2012

Nonmarketable equity investments: Cost method:

Private equity investments Federal bank stock

2,419 4,100

2,572 4,227

Total cost method

Equity method and other: LIHTC investments (1) Private equity and other

4,931 5,741

4,767 6,156

Total equity method and other

Fair value (2)

Total nonmarketable equity investments

Corporate/bank-owned life insurance Accounts receivable Interest receivable Core deposit intangibles Customer relationship and other amortized intangibles Foreclosed assets:

GNMA (3)

Other Operating lease assets Due from customers on acceptances Other

17,786

18,692 25,845 5,192 5,294

1,217

1,026 2,114 2,010 353 11,379

17,722

18,649 25,828 5,006 5,915

1,352

1,509 2,514 2,001 282 12,800

Total other assets

1) Represents low income housing tax credit investments.
2) Represents nonmarketable equity investments for which we have elected the fair value option. See Note 13 for additional information.
3) These are foreclosed real estate securing GNMA loans. Both principal and interest for government insured/guaranteed loans secured by the foreclosed real estate are collectible because the loans are insured by the FHA or guaranteed by the VA.

Income (expense) related to nonmarketable equity investments was:

(in millions)

Net realized gains from private equity investments All other

159 (45)

Quarter ended June 30, 2013 2012

179 ("8)

2012

Six months ended June 30,

290 (24)

2013

224 (91)

Total

Note 7: Securitizations and Variable Interest Entities

Involvement with SPEs

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 or partnerships that are established for a limited purpose. Generally, SPEs are formed in connection with securitization transactions. In a securitization transaction, assets from our balance sheet are transferred to an SPE, which then issues to investors various forms of interests in those assets and may also enter into derivative transactions. In a securitization transaction, we typically receive cash and/or other interests in an SPE as proceeds for the assets we transfer. Also, in certain transactions, we may retain the right to service the transferred receivables and to repurchase those receivables from the SPE if the outstanding balance of the receivables falls to a level where the cost exceeds the benefits of servicing such receivables. In addition, we may purchase the right to service loans in an SPE that were transferred to the SPE by a third party.

In connection with our securitization activities, we have various forms of ongoing involvement with SPEs, which may include:

- underwriting securities issued by SPEs and subsequently making markets in those securities; providing liquidity facilities to support short-term obligations of SPEs issued to third party investors;
- providing credit enhancement on securities issued by SPEs or market value guarantees of assets held by SPEs through the use of letters of credit, financial guarantees, credit default swaps and total return swaps;
- entering into other derivative contracts with SPEs;
- holding senior or subordinated interests in SPEs;
- acting as servicer or investment manager for SPEs; and providing administrative or trustee services to SPEs.

SPEs are generally considered variable interest entities (VIEs). A VIE is an entity that has either a total equity investment that is insufficient to finance its activities without additional subordinated financial support or whose equity investors lack the ability to control the entity's activities. A VIE is consolidated by its primary beneficiary, the party that has both the power to direct the activities that most significantly impact the VIE and a variable interest that could potentially be significant to the VIE. A variable interest is a contractual, ownership or other interest that changes with changes in the fair value of the VIE's net assets. To determine whether or not a variable interest we hold could potentially be significant to the VIE, we consider both qualitative and quantitative factors regarding the nature, size and form of our involvement with the VIE. We assess whether or not we are the primary beneficiary of a VIE on an on-going basis.

We have segregated our involvement with VIEs between those VIEs which we consolidate, those which we do not consolidate and those for which we account for the transfers of financial assets as secured borrowings. Secured borrowings are transactions involving transfers of our financial assets to third parties that are accounted for as financings with the assets pledged as collateral. Accordingly, the transferred assets remain recognized on our balance sheet. Subsequent tables within this Note further segregate these transactions by structure type.

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The classifications of assets and liabilities in our balance sheet associated with our transactions with VIEs follow:

	VIEs that we do not consolidate	VIEs that we consolidate	Transfers that we account for as secured borrowings

June 30, 2013

Cash
Trading assets
Securities available for sale (1) Mortgages held for sale Loans
Mortgage servicing rights Other assets

2,183 18,899

9,450 13,714 4,957

169 152
1,409 143
8,490

369

8

204 13,618

6,525

163
177 2,539 33,926 143 24,465 13,714 5,489

Total assets

Short-term borrowings
Accrued expenses and other liabilities
Long-term debt

14 (2) 989 (2) 2,755 (2)
10,873 7

10,887 4,913 8,880

Total liabilities

Noncontrolling interests

Net assets

December 31, 2012

Cash
Trading assets
Securities available for sale (1) Mortgages held for sale Loans
Mortgage servicing rights
Other assets

1,902 19,900

9,841 11,114 4,993
260 114 2,772 469 10,553

457

30 218 14,848

7,088

161
290 2,234 37,520 469 27,482 11,114 5,611

Total assets

Short-term borrowings
Accrued expenses and other liabilities
Long-term debt

2,059 (2) 901 (2) 3,483 (2)
13,228 20 6,520
15,287 4,362 10,003

Total liabilities

Noncontrolling interests

Net assets
, 2012, respectively, with recourse to the general credit of Wells Fargo: Short-term borrowings, i and $767 million; and Long-term debt, $29 million and $29 million.

1) Excludes certain debt securities related to loans serviced for the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC) and GN.MA.
2) Includes the following VIE liabilities at lune 30, 2013 and December 31, $0 and $2.1 billion;
Accrued expenses and other liabilities, $876 million ;

Transactions with Unconsolidated VIEs

Our transactions with VIEs include securitizations of residential mortgage loans, CRE loans, student loans and auto loans and leases; investment and financing activities involving CDOs backed by asset-backed and CRE securities, collateralized loan obligations (CLOs) backed by corporate loans, and other types of structured financing. We have various forms of involvement with VIEs, including holding senior or subordinated interests, entering into liquidity arrangements, credit default swaps and other derivative contracts. Involvements with these unconsolidated VIEs are recorded on our balance sheet primarily in trading assets, securities available for sale, loans, MSRs, other assets and other liabilities, as appropriate.

The following tables provide a summary of unconsolidated VIEs with which we have significant continuing involvement, but we are not the primary beneficiary. We do not consider our continuing involvement in an unconsolidated VIE to be significant when it relates to third-party sponsored VIEs for which we were not the transferor or if we were the sponsor but do not have any other significant continuing involvement.

Significant continuing involvement includes transactions where we were the sponsor or transferor and have other significant forms of involvement. Sponsorship includes transactions with unconsolidated VIEs where we solely or materially participated in the initial design or structuring of the entity or marketing of the transaction to investors. When we transfer assets to a VIE and account for the transfer as a sale, we are considered the transferor. We consider investments in securities held outside of trading, loans, guarantees, liquidity agreements, written options and servicing of collateral to be other forms of involvement that may be significant. We have excluded certain transactions with unconsolidated VIEs from the

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Note 7: Securitizations and Variable Interest Entities (continued)

balances presented in the following table where we have determined that our continuing involvement is not significant because we were not the transferor or because we were not involved in the design or operations of the unconsolidated VIEs.

due to the temporary nature and size of our variable interests,

Total Debt and VIE equity assets interests (1)
Other commitments and
guarantees

Net assets
Carrying value - asset (liability)

Servicing
assets Derivatives

June 30, 2013

Residential mortgage loan securitizations:
Conforming
Other/nonconforming Commercial mortgage securitizations Collateralized debt obligations:
Debt securities
Loans(2) Asset-based finance structures Tax credit structures Collateralized loan obligations Investment funds
Other(3)

1,292,918 43,369 170,679

7,084 8,089 10,640 20,524 5,719 3,801

3,791 1,709 7,526

36 7,733 6,606 5,200 1,089
50 1,006

13,022 272 395

25

(8) 287 397 (91)

(1,918) (41)

(130)

(1,485)

(189)

14,887 1,940 8,208

303 7,733 6,515 3,715 1,089 50

846

$ 1,572,166

Debt and equity interests

Servicing

assets Derivatives

Maximum exposure to loss

Other commitments
and Total guarantees exposure

Residential mortgage loan securitizations:
Conforming
Other/nonconforming Commercial mortgage securitizations Collateralized debt obligations:
Debt securities
Loans (2) Asset-based finance structures Tax credit structures Collateralized loan obligations Investment funds
Other(3)

3,791 1,709 7,526

36 7,733 6,606 5,200 1,089

50

13,022 272 395

25

8

340 397 91

192

5,683 363

130

2,005 432 158 43 191

22,504 2,344 8,261

563 7,733 8,702 5,632 1,247 93 1,414

34,746

(continued on following page)

98

(continued from previous page)

Carrying value - asset (liability)

Total VIE assets

Debt and equity interests (1)

Servicing

assets Derivatives

Other commitments and guarantees

Net

assets

December 31, 2012

Residential mortgage loan securitizations:

Conforming

Other/nonconforming Commercial mortgage securitizations Collateralized debt obligations:

Debt securities

Loans (2)

Asset-based finance structures

Tax credit structures

Collateralized loan obligations

Investment funds

Other(3)

1,268,494 49,794 168,126

6,940 8,155 10,404 20,098 6,641 4,771 10,401

3,620 2,188 7,081

13 7,962 7,155 5,180 1,439 49 977

10,336 284 466

28

404 471 (104) 1 14

(1,690) (53)

144

(1,657)

12,266 2,419 7,951

628 7,962 7,051 3,523 1,440 49 1,020

1,553,824

Debt and equity interests

Servicing assets

Maximum exposure to loss

Total exposure

Other commitments and guarantees

Residential mortgage loan securitizations:

Conforming

Other/nonconforming Commercial mortgage securitizations Collateralized debt obligations:

Debt securities

Loans(2) Asset-based finance structures Tax credit structures Collateralized loan obligations Investment funds

Other(3)

3,620 2,188 7,081

13 7,962 7,155 5,180 1,439 49 977

10,336 284 466

28

446 471 104 1

318

5,061 353

144

1,967 247 261 27 119

19,017 2,825 7,993

628 7,962 9,226 5,427 1,701 76 1,442

35,664

1) Includes total equity interests of $5.8 billion at both June 30, 2013 and December 31, 2012. Also includes debt interests in the form of both loans and securities. Excludes certain debt securities held related to loans serviced for FNMA, FHLMC and GNMA.
2) Represents senior loans to trusts that are collateralized by asset-backed securities. The trusts invest primarily in senior tranches from a diversified pool of primarily U.S. asset securitizations, of which all are current, and over 75% and 83% were rated as investment grade by the primary rating agencies at June 30, 2013 and December 31, 2012, respectively. These senior loans are accounted for at amortized cost and are subject to the Company's allowance and credit charge-off policies.
3) Includes structured financing, student loan securitizations, auto loan and lease securitizations and credit-linked note structures. Also contains investments in auction rate securities (ARS) issued by VIEs that we do not sponsor and, accordingly, are unable to obtain the total assets of the entity.

Note 7: Securitizations and Variable Interest Entities (continued)

In the two preceding tables, "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 remaining 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" from our involvement with off-balance sheet entities, which is a required disclosure under GAAP, is determined as the carrying value of our involvement with off-balance sheet (unconsolidated) VIEs 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. It 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 required disclosure is not an indication of expected loss.

For complete descriptions of our types of transactions with unconsolidated VIEs with which we have significant continuing involvement, but we are not the primary beneficiary, see Note 8 in our 2012 Form 10-K.

OTHER TRANSACTIONS WITH VIEs Auction rate securities (ARS) are debt instruments with long-term maturities, but which re-price more frequently, and preferred equities with no maturity. At June 30, 2013, we held in our securities available-for-sale portfolio $704 million of ARS issued by VIEs redeemed pursuant to agreements entered into in 2008 and 2009, compared with $686 million at December 31, 2012.

We do not consolidate the VIEs that issued the ARS because we do not have power over the activities of the VIEs.

TRUST PREFERRED SECURrTIES VIEs that we wholly own issue debt securities or preferred equity to third party investors. All of the proceeds of the issuance are invested in debt securities or preferred equity that we issue to the VIEs. The VIEs' operations and cash flows relate only to the issuance, administration and repayment of the securities held by third parties. We do not consolidate these VIEs because the sole assets of the VIEs are receivables from us, even though we own all ofthe 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 at June 30, 2013 and December 31, 2012, we reported the debt securities issued to the VIEs as long-term junior subordinated debt with a carrying value of $2.0 billion and $4.9 billion, respectively, and the preferred equity securities issued to the VIEs as preferred stock with a carrying value of $2.5 billion at both dates. These amounts are in addition to the involvements in these VIEs included in the preceding table.

In the first half of 2013, we redeemed $2.8 billion of trust preferred securities that will no longer count as Tier 1 capital under the Dodd-Frank Act and the Basel Committee recommendations known as the Basel III standards.

Securitization Activity Related to Unconsolidated VIEs

We use VIEs to securitize consumer and CRE loans and other types of financial assets, including student loans and auto loans. We typically retain the servicing rights from these sales and may continue to hold other beneficial interests in the VIEs. We may also provide liquidity to investors in the beneficial interests and credit enhancements in the form of standby letters of credit. Through these securitizations we may be exposed to liability under limited amounts of recourse as well as standard representations and warranties we make to purchasers and issuers. The following table presents the cash flows with our securitization trusts that were involved in transfers accounted for as sales.

100

2013

Other
Mortgage financial loans assets
Other
Mortgage financial loans assets

Quarter ended June 30,
Sales proceeds from securitizations (1) Fees from servicing rights retained Other interests held Purchases of delinquent assets Net servicing advances

115,287 1,051 441 7 12

3 21

133,764 • 1,113
441 52
112

2 45

Six months ended June 30,

Sales proceeds from securitizations (1) Fees from servicing rights retained Other interests held Purchases of delinquent assets Net servicing advances

221,593 2,127 847 16 814

5 48

276,869 2,224 867 52 126

5 94

(1) Represents cash flow data for all loans securitized in the period presented.

In the second quarter and first half of 2013, we recognized net gains of $46 million and $110 million, respectively, from transfers accounted for as sales of financial assets in securitizations, compared with $53 million and $64 million, respectively, in the same periods of 2012. These net gains primarily relate to commercial mortgage securitizations and residential mortgage securitizations where the loans were not already carried at fair value.

Sales with continuing involvement during the second quarter and first half of 2013 and 2012 predominantly related to securitizations of residential mortgages that are sold to the GSEs, including FNMA, FHLMC and GNMA (conforming residential mortgage securitizations). During the second quarter and first half of 2013 we transferred $111.2 billion and $211.9 billion respectively, in fair value of conforming residential mortgages to unconsolidated VIEs and recorded the transfers as sales, compared with $129.7 billion and $269.1 billion, respectively, in the same periods of 2012. Substantially all of these transfers did not result in a gain or loss because the loans were already carried at fair value. In connection with all of these transfers, in the first half of 2013 we recorded a $2.0 billion servicing asset, measured at fair value using a Level 3 measurement technique, and a $98 million liability for probable repurchase losses which reflects management's estimate of probable losses related to various representations and warranties for the loans transferred, initially measured at fair value. In the first half of 2012, we recorded a $2.6 billion servicing asset and a $134 million liability.

We used the following key weighted-average assumptions to measure mortgage servicing assets at the date of securitization:

		Residential mortgage servicing rights	
		2013	2012
Quarter ended June 30,			
Prepayment speed (1)		11.7 %	13.2
Discount rate		7.1	7.5
Cost to service ($ per loan) (2)	$	199	146
Six months ended June 30,			
Prepayment speed (1)		11.8	% 13.2
Discount rate		7.1	7.3
Cost to service ($ per loan) (2)	$	189	131

1) The prepayment speed assumption for residential mortgage servicing rights 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.

During the second quarter and first half of 2013 we transferred $1.5 billion and $3.2 billion, respectively, in fair value of commercial mortgages to unconsolidated VIEs and recorded the transfers as sales, compared with $955 million in the second quarter and first half of 2012. These transfers resulted in gains of $38 million and $100 million in the second quarter and first half of 2013, respectively, because the loans were carried at LOCOM, compared with gains of $39 million in the second quarter and first half of 2012. In connection with these transfers, in the first half of 2013 we recorded a servicing asset of $9 million, initially measured at fair value using a Level 3 measurement technique, and securities available-for-sale of $23 million, classified as Level 2. In the first half of 2012, we recorded a servicing asset of $6 million and securities available-for-sale of $41 million.

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Note 7: Securitizations and Variable Interest Entities (continued)

The following table provides key economic assumptions and the sensitivity of the current fair value of residential mortgage servicing rights and other retained interests to immediate adverse changes in those assumptions. "Other interests held" relate predominantly to residential and commercial mortgage loan securitizations. Residential mortgage-backed securities retained in securitizations issued through GSEs, such as FNMA, FHLMC and GNMA, are excluded from the table because these securities have a remote risk of credit loss due to the GSE
guarantee. These securities also have economic characteristics similar to GSE mortgage-backed securities that we purchase, which are not included in the table. Subordinated interests include only those bonds whose credit rating was below AAA by a major rating agency at issuance. Senior interests include only those bonds whose credit rating was AAA by a major rating agency at issuance. The information presented excludes trading positions held in inventory.

Other interests held

Residential mortgage servicing rights (1)

Interest-only strips

Subordinated bonds

Consumer

Senior bonds

Subordinated bonds

Commercial (2)

Senior bonds

Fair value of interests held at June 30, 2013 Expected weighted-average life (in years)

Key economic assumptions:

Prepayment speed assumption (3) Decrease in fair value from: 10% adverse change 25% adverse change

Discount rate assumption

Decrease in fair value from: 100 basis point increase 200 basis point increase

Cost to service assumption ($ per loan) Decrease in fair value from: 10% adverse change 25% adverse change

Credit loss assumption

Decrease in fair value from: 10% higher losses 25% higher losses

14,185 6.2

11.4 %

876 2,080

7.6 %

760 1,456

200

600 1,499

152 4.2

9.9

3 8

18.1

3 6

41 6.0

6.7

4.4

0.4 0/0

268 4.3

1.4

9 18

6.8

6 14

929 5.5

3.5

43 82

Fair value of interests held at December 31, 2012 Expected weighted-average life (in years)

Key economic assumptions: Prepayment speed assumption (3) Decrease in fair value from:

10% adverse change

25% adverse change

Discount rate assumption

Decrease in fair value from: 100 basis point increase 200 basis point increase

Cost to service assumption ($ per loan) Decrease in fair value from: 10% adverse change 25% adverse change

Credit loss assumption

Decrease in fair value from: 10% higher losses 25% higher losses

$ 11,538 187

4.8 4.1

15.7 % 10.6

$ 869 5

2,038 12

7.4 % 16.9

$ 562 4

1,073 8

219

615 1,537

40 - 249982

6.8

5.9 - 4.75.3

6.8

8.9 - 3.52.2

2 - 1243

4 - 2184

0.4 % - 10.0

$ - - 12

19

1) See narrative following this table for a discussion of commercial mortgage servicing rights.
2) Prepayment speed assumptions do not significantly impact the value of commercial mortgage securitization bonds as the underlying commercial mortgage loans experience significantly lower prepayments due to certain contractual restrictions, impacting the borrower's ability to prepay the mortgage.
3) The prepayment speed assumption for residential mortgage servicing rights 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.

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In addition to residential mortgage servicing rights (MSRs) included in the previous table, we have a small portfolio of commercial MSRs with a fair value of $1.5 billion and $1.4 billion at June 30, 2013, and December 31, 2012, respectively. The nature of our commercial MSRs, which are carried at LOCOM, is different from our residential MSRs. Prepayment activity on serviced loans does not significantly impact the value of commercial MSRs because, unlike residential mortgages, commercial mortgages experience significantly lower prepayments due to certain contractual restrictions, impacting the borrower's ability to prepay the mortgage. Additionally, for our commercial MSR portfolio, we are typically master/primary servicer, but not the special servicer, who is separately responsible for the servicing and workout of delinquent and foreclosed loans. It is the special servicer, similar to our role as servicer of residential mortgage loans, who is affected by higher servicing and foreclosure costs due to an increase in delinquent and foreclosed loans. Accordingly, prepayment speeds and costs to service are not key assumptions for commercial MSRs as they do not significantly impact the valuation. The primary economic driver impacting the fair value of our commercial MSRs is forward interest rates, which are derived from market observable yield curves used to price capital markets instruments. Market interest rates most significantly affect interest earned on custodial deposit balances. The sensitivity of the current fair value to an immediate adverse 25% change in the assumption about interest earned on deposit balances at June 30,2013, and December 31,2012, results in a decrease in fair value of $184 million and $139 million, respectively. See Note 8 for further information on our commercial MSRs.

The sensitivities in the preceding paragraph and 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 (for example, changes in prepayment speed estimates could result in changes in the credit losses), which might magnify or counteract the sensitivities.

The following table presents information about the principal balances of off-balance sheet securitized loans, including residential mortgages sold to FNMA, FHLMC, GNMA and securitizations where servicing is our only form of continuing involvement. Delinquent loans include loans 90 days or more past due and still accruing interest as well as nonaccrual loans. In securitizations where servicing is our only form of continuing involvement, we would only experience a loss if required to repurchase a delinquent loan due to a breach in representations and warranties associated with our loan sale or servicing contracts.

Total loans

June 30, Dec. 31, 2013 2012

Delinquent loans June 30, Dec. 31, 2013 2012

Net charge-offs

2012

Six months ended June 30,

2013

Commercial:

Real estate mortgage

116,226 128,564

Consumer:

Real estate 1-4 family first mortgage

Real estate 1-4 family junior lien mortgage

Other revolving credit and installment

Total consumer

1,296,318 1,283,504 1 1 1,879 2,034

1,298,198 1,285,539

19,866 21,574 89 110

19,955 21,684

Total off-balance sheet securitized loans (1)

(1) At June 30, 2013 and December 31, 2012, the table includes total loans of $1.3 trillion at both dates and delinquent loans of $16.4 billion and $17.4 billion, respectively for FNMA, FHLMC and GNMA. 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.

Note 7: Securitizations and Variable Interest Entities (continued)

Transactions with Consolidated VIEs and Secured Borrowings

The following table presents a summary of transfers of financial assets accounted for as secured borrowings and involvements with consolidated VIEs. "Consolidated 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 remaining notional amount of the derivative is included in "Total VIE assets." On the consolidated balance sheet, we separately disclose the consolidated assets of certain VIEs that can only be used to settle the liabilities of those VIEs.

Carrying value

Total VIE

assets

Consolidated assets

Third party liabilities

Noncontrolling interests

Net assets

June 30, 2013

Secured borrowings:

Municipal tender option bond securitizations

Commercial real estate loans

Residential mortgage securitizations

16,564 730

13,892 730 5,896

(10,880) (504) (5,621)

3,012 226 275

Total secured borrowings

Consolidated VIEs:

Nonconforming residential

mortgage loan securitizations Multi-seller commercial paper conduit Structured asset finance Investment funds Other

7,654

62 1,657 2,286

6,808

62 1,657 2,205

(2,559)

(17) (63)

(1>119>

4,249

45 1,594 1,076

Total consolidated VIEs

Total secured borrowings and consolidated VIEs $ 34,516

December 31, 2012

Secured borrowings:

Municipal tender option bond securitizations

Commercial real estate loans

Residential mortgage securitizations

16,782 975 5,757

15,130 975 6,240

(13,248) (696) (5,824)

1,882 279 416

Total secured borrowings

Consolidated VIEs:

Nonconforming residential

mortgage loan securitizations Multi-seller commercial paper conduit Structured asset finance Investment funds Other

8,633 2,059 71 1,837 3,454

7,707 2,036 71 1,837 2,974

(2,933) (2,053) (17) (2) (1,438)

4,774 (17) 54 1,835 1,488

Total consolidated VIEs

Total secured borrowings and consolidated VIEs

In addition to the transactions included in the previous table, at both June 30, 2013, and December 31, 2012, we had approximately $6.0 billion of private placement debt financing issued through a consolidated VIE. The issuance is classified as long-term debt in our consolidated financial statements. At June 30, 2013, and December 31, 2012, we pledged approximately $6.5 billion and $6.4 billion in loans (principal and interest eligible to be capitalized), $183 million and $179 million in securities available for sale, and $180 million and $138 million in cash and cash equivalents to collateralize the VTE's borrowings, respectively. These assets were not transferred to the VIE, and accordingly we have excluded the VIE from the previous table.

During second quarter 2013, we redeemed the outstanding commercial paper issued from our multi-seller conduit to third party investors at par. The conduit was dissolved in July 2013.

For complete descriptions of our accounting for transfers accounted for as secured borrowings and involvements with consolidated VIEs see Note 8 in our 2012 Form 10-K.

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Note 8: Mortgage Banking Activities

Mortgage banking activities, included in the Community Banking and Wholesale Banking operating segments, consist of residential and commercial mortgage originations, sale activity and servicing.

We apply the amortization method to commercial MSRs and apply the fair value method to residential MSRs. The changes in MSRs measured using the fair value method were:

Six months ended June 30,

(in millions)

Fair value, beginning of period

Servicing from securitizations or asset transfers (1) Sales

12,061 1,060 (160)

13,578 1,139 (293)

11,538 1,995 (583)

12,603 2,915 (293)

Net additions

Changes in fair value:

Due to changes in valuation model inputs or assumptions:

Mortgage interest rates (2)

Servicing and foreclosure costs (3)

Discount rates (4)

Prepayment estimates and other (5)

11

2,223 (1,496) (82) (146)

(274)

3,253 (1,349) (140) (200) (344)

(485) 104

Net changes in valuation model inputs or assumptions

Other changes in fair value (6)

Total changes in fair value

Fair value, end of period

1) Six months ended June 30, 2012, includes $315 million residential MSRs transferred from amortized MSRs that we elected to carry at fair value effective January 1, 2012.
2) Primarily represents prepayment speed changes due to changes in mortgage interest rates, but also includes other valuation changes due to changes in mortgage interest rates (such as changes in estimated interest earned on custodial deposit balances).
3) Includes costs to service and unreimbursed foreclosure costs.
4) Reflects discount rate assumption change, excluding portion attributable to changes in mortgage interest rates; the six months ended June 30, 2012, change reflects increased capital return requirements from market participants.
5) Represents changes driven by other valuation model inputs or assumptions including prepayment speed estimation changes and other assumption updates. Prepayment speed estimation changes are influenced by observed changes in borrower behavior that occur independent of interest rate changes.
6) Represents changes due to collection/realization of expected cash flows over time.

The changes in amortized MSRs were:

	Quarter ended June 30,		Six months ended June 30,	
(in millions)	2013	2012	2013	2012
Balance, beginning of period	$ 1,181	1,074	1,160	1,445
Purchases	26	78	53	92
Servicing from securitizations or asset transfers (1)	31	34	87	(293)
Amortization	(62)	(j>6J		(124)

(114)

Balance, end of period	1,176	1,130	1,176	1,130
Valuation allowance:				
Balance, beginning of period - - - (37)				
Reversal of provision for MSRs in excess of fair value (1)	-	;	;	37
Balance, end of period (2)	-	-	-	-
Amortized MSRs, net $	1,176	1,130	1,176	1,130
Fair value of amortized MSRs (3):				
Beginning of period $	1,404	1,263	1,400	1,756
End of period	1,533	1,450	1,533	1,450

1) Six months ended June 30, 2012, is net of $350 million ($313 million after valuation allowance) of residential MSRs that we elected to carry at fair value effective January 1, 2012. A cumulative adjustment of $2 million to fair value was recorded in retained earnings at January 1, 2012.
2) Commercial amortized MSRs are evaluated for impairment purposes by the following risk strata: agency (GSEs) and non-agency. There was no valuation allowance recorded for the periods presented on the commercial amortized MSRs. Residential amortized MSRs are evaluated for impairment purposes by the following risk strata: mortgages sold to GSEs (FHLMC and FNMA) and mortgages sold to GNMA, each by interest rate stratifications. For six months ended June 30, 2012, valuation allowance of $37 million for residential MSRs was reversed upon election to carry at fair value.
3) Represent commercial amortized MSRs. The beginning of period balance for six months ended June 30, 2012 also includes fair value of $316 million in residential amortized MSRs.

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Note 8: Mortgage Banking Activities (continued)

We present the components of our managed servicing portfolio in the following table at unpaid principal balance for loans serviced and subserviced for others and at book value for owned loans serviced.

June 30, 2013
Dec. 31, 2012

Residential mortgage servicing:

Serviced for others

Owned loans serviced

Subservicing

1,487 358 6

1,498 368 7

Total residential servicing

Commercial mortgage servicing:
Serviced for others
Owned loans serviced
Subservicing

409 105 11

408 106 13

Total commercial servicing

Total managed servicing portfolio

Total serviced for others
Ratio of MSRs to related loans serviced for others
1,896 0.81 %
1,906 0.67

The components of mortgage banking noninterest income were:

Six months ended June 30,

(in millions)

Servicing income, net: Servicing fees:

Contractually specified servicing fees

Late charges

Ancillary fees

Unreimbursed direct servicing costs (1)

1,102 58 85

(215)

1,164 63 63 (220)

2,227 118 167

(485)

2,312 129 140 (500)

Net servicing fees

Changes in fair value of MSRs carried at fair value:

Due to changes in valuation model inputs or assumptions (2)

Other changes in fair value (3)

1,030

1,867 (643)

1,070

(1,631) (712)

2,027

2,628 (1.393)

2,081

(1,789) (1,355)

Total changes in fair value of MSRs carried at fair value Amortization

Net derivative gains (losses) from economic hedges (4)

1,224 (62)

(2,343) (56) 2,008

1,235 (124) (2.431)

(3,144) (114) 2,108

Total servicing income, net Net gains on mortgage loan origination/sales activities

679 2,214

707 4,889

931 4,832

Total mortgage banking noninterest income

Market-related valuation changes to MSRs, net of hedge results (2) + (4)

1) Primarily associated with foreclosure expenses and other interest costs.
2) Refer to the changes in fair value of MSRs table in this Note for more detail.

3) Represents changes due to collection/realization of expected cash flows over time.
4) Represents results from free-standing derivatives (economic hedges) used to hedge the risk of changes in fair value of MSRs. See Note 12 - Free-Standing Derivatives for additional discussion and detail.

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The table below summarizes the changes in our liability for mortgage loan repurchase losses. This liability is in "Accrued expenses and other liabilities" in our consolidated balance sheet and the provision for repurchase losses reduces net gains on mortgage loan origination/sales activities. Because the level of mortgage loan repurchase losses depends upon economic factors, investor demand strategies and other external conditions that may change over the life of the underlying loans, the level of the liability for mortgage loan repurchase losses is difficult to estimate and requires considerable management judgment. We maintain regular contact with the GSEs, the Federal Housing Finance Agency (FHFA), and other significant investors to monitor their repurchase demand practices and issues as part of our process to update our repurchase liability estimate as new information becomes available. Because of the uncertainty in the various estimates underlying the mortgage repurchase liability, there is a range of losses in excess of the recorded mortgage repurchase liability that is reasonably possible. The estimate of the range of possible loss for representations and warranties does not represent a probable loss, and is based on currently available information, significant judgment, and a number of assumptions that are subject to change. The high end of this range of reasonably possible losses in excess of our recorded liability was $2.2 billion at June 30, 2013, and was determined based upon modifying the assumptions (particularly to assume significant changes in investor repurchase demand practices) utilized in our best estimate of probable loss to reflect what we believe to be the high end of reasonably possible adverse assumptions.

	Quarter ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Balance, beginning of period	$ 2,317	1,444	2,206	1,326
Provision for repurchase losses:				
Loan sales	40	72	99	134
Change in estimate (1)	25	597	275	965
Total additions	65	669	374	1,099
Losses	(160)	(349)	(358)	(661)
Balance, end of period	$ 2,222	1,764	2,222	1,764

(1) Results from such factors as changes in investor demand and mortgage insurer practices, credit deterioration, and changes in the financial stability of correspondent lenders.

Note Q: Intangible Assets

The gross carrying value of intangible assets and accumulated amortization was:

December 31, 2012

	Gross carrying value	**Accumulated amortization**	**Net carrying value**	Gross carrying value	Accumulated amortization	Net carrying value
Amortized intangible assets (1):. MSRs (2)						
Core deposit intangibles						
Customer relationship and other intangibles						

2,457 12,834 3,146

(1,281) (7,540)

1,176 5,294 1,217

2,317 12,836 3,147

(1,157) (6,921) d.795)

1,160 5,915 1,352

Total amortized intangible assets

Unamortized intangible assets: MSRs (carried at fair value) (2) Goodwill Trademark

14,185 25,637 14

11,538 25,637 14

1) Excludes fully amortized intangible assets.
2) See Note 8 for additional information on MSRs.

The following table provides the current year-to-date period 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, 2013. Future amortization expense may vary from these projections.

Amortized MSRs

Core deposit intangibles

Customer relationship and other intangibles

Six months ended June 30, 2013 (actual)

Estimate for the remainder of 2013

Estimate for year ended December 31,

2014
2015
2016
2017
2018

122

220 191 158 117 79

620

1,113 1,022 919 851 769

132

250 227 212 195 184

874

1,583 1,440 1,289 1,163 1,032

For our goodwill impairment analysis, we allocate all of the goodwill to the individual operating segments. We identify reporting units that are one level below an operating segment (referred to as a component), and distinguish these reporting units based on how the segments and components are managed, taking into consideration the economic characteristics, nature of the products and customers of the components. At the time we acquire a business, we allocate goodwill to applicable reporting units based on their relative fair value, and if we have a significant business reorganization, we may reallocate the goodwill. See Note 18 for further information on management reporting.

The following table shows the allocation of goodwill to our operating segments for purposes of goodwill impairment testing.

Wealth,

	Community Banking	Wholesale Banking	Brokerage and Retirement	Consolidated Company
December 31, 2011				
Goodwill from business combinations				
June 30, 2012				17,924 (2)
$ 17,922				6,820 293
7,113				25,115 291
December 31, 2012 and June 30, 2013				

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Note io; Guarantees, Pledged Assets and Collateral

Guarantees are contracts that contingently require us to make payments to a guaranteed party based on an event or a change in an underlying asset, liability, rate or index. Guarantees are generally in the form of standby letters of credit, securities lending and other indemnifications, liquidity agreements,
written put options, recourse obligations, residual value guarantees, and contingent consideration. The following table shows carrying value, maximum exposure to loss on our guarantees and the related non-investment grade amounts.

June 30, 2013

Maximum exposure to loss

	Carrying value	Expires in one year or less	Expires after one year through three years	Expires after three years	Expires after five years	Non-investment grade
Standby letters of credit (1)						
Securities lending and other indemnifications						
Liquidity agreements (2)						
Written put options (3)						
Loans and MHFS sold with recourse						
Contingent consideration						
Other guarantees						

56

1,146 89 32 3

16,214

4,231 167 11 355

12,240

23

4,219 437 74 33

4,385

24

2,417 766 34 17

2,641

3,197 26 2,513 4,759

988

35,480

3,244 26 13,380 6,129 119 1,393

8,912

54 4

4,920 3,529 118 3

Total guarantees

December 31, 2012

Maximum exposure to loss

Carrying value

Expires in one year or less

Expires after one year through three years

Expires after three years through five years

Expires after five years

Non-

investment

grade

Standby letters of credit (1) Securities lending and other indemnifications

Liquidity agreements (2)

Written put options (2)(3)

Loans and MHFS sold with recourse

Contingent consideration

Other guarantees

42

1,427 99 35 3

19,463

2,951 443 11 677

11,782

3,873 357 24 26

6,531

20

2,475 647 94 1

1,983

2,511 3

2,575 4,426

717

39,759

2,541 3

11,874 5,873 129 1,421

11,331

118 3

3,953 3,905 129 4

Total guarantees

1) Total maximum exposure to loss includes direct pay letters of credit (DPLCs) of $17.2 billion and $18.5 billion at June 30, 2013 and December 31, 2012, respectively. We issue DPLCs to provide credit enhancements for certain bond issuances. Beneficiaries (bond trustees) may draw upon these instruments to make scheduled principal and interest payments, redeem all outstanding bonds because a default event has occurred, or for other reasons as permitted by the agreement. We also originate multipurpose lending commitments under which borrowers have the option to draw on the facility in one of several forms, including as a standby letter of credit. Total maximum exposure to loss includes the portion of these facilities for which we have issued standby letters of credit under the commitments.
2) Certain of these agreements included in this table are related to off-balance sheet entities and, accordingly, are also disclosed in Note 7.
3) Written put options, which are in the form of derivatives, are also included in the derivative disclosures in Note 12.

"Maximum exposure to loss" and "Non-investment grade" are required disclosures under GAAP. Non-investment grade represents those guarantees on which we have a higher risk of being required to perform under the terms ofthe 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. These credit policies are further described in Note 5.

Maximum exposure to loss represents the estimated loss that would be incurred under an assumed hypothetical circumstance, despite what we believe is its extremely remote possibility, where the value of our interests and any associated collateral declines to zero. Maximum exposure to loss estimates in the table above 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, which is either fair value for derivative related products or the allowance for lending related commitments, is more representative of our exposure to loss than maximum exposure to loss.

Note 10: Guarantees, Pledged Assets and Collateral (continued)

standby LETTERS OF credit We issue standby letters of credit, which include performance and financial guarantees, for customers in connection with contracts between our customers and third parties. Standby letters of credit are agreements where we are obligated to make payment to a third party on behalf of a customer in the event the customer fails to meet their contractual obligations. We consider the credit risk in standby letters of credit and commercial and similar letters of credit in determining the allowance for credit losses. Standby letters of credit include direct pay letters of credit we issue to provide credit enhancements for certain bond issuances.

SECURITIES LENDING AND OTHER INDEMNIFICATIONS As a
securities lending agent, we lend debt and equity securities from participating institutional clients' portfolios to third-party borrowers. These arrangements are for an indefinite period of time whereby we indemnify our clients against default by the borrower in returning these lent securities. This indemnity is supported by collateral received from the borrowers and is generally in the form of cash or highly liquid securities that are marked to market daily. There was $397 million at June 30, 2013 and $443 million at December 31, 2012, in collateral supporting loaned securities with values of $385 million and $436 million, respectively.

We use certain third party clearing agents to clear and settle transactions on behalf of some of our institutional brokerage customers. We indemnify the clearing agents against loss that could occur for non-performance by our customers on transactions that are not sufficiently collateralized. Transactions subject to the indemnifications may include customer obligations related to the settlement of margin accounts and short positions, such as written call options and securities borrowing transactions. Outstanding customer obligations were $655 million and $579 million and the related collateral was $3.6 billion and $3.1 billion at June 30, 2013, and December 31, 2012, respectively. Our estimate of maximum exposure to loss, which requires judgment regarding the range and likelihood of future events, was $2.9 billion as of June 30,2013, and $2.1 billion as of December 31,2012.

We enter into other types of indemnification agreements in the ordinary course of business under which we agree to indemnify third parties against any damages, losses and expenses incurred in connection with legal and other proceedings arising from relationships or transactions with us. These relationships or transactions include those arising from service as a director or officer of the Company, underwriting agreements relating to our securities, acquisition agreements and various other business transactions or arrangements. Because the extent of our obligations under these agreements depends entirely upon the occurrence of future events, we are unable to determine our potential future liability under these agreements. We do, however, record a liability for residential mortgage loans that we expect to repurchase pursuant to various representations and warranties. See Note 8 for additional information on the liability for mortgage loan repurchase losses.

LIQUIDITY AGREEMENTS We provide liquidity to certain off-balance sheet entities that hold securitized fixed-rate municipal bonds and consumer or commercial assets that are partially funded with the issuance of money market and other short-term notes. See Note 7 for additional information on these arrangements.

WRITTEN PUT OPTIONS Written put options are contracts that give the counterparty the right to sell to us an underlying instrument held by the counterparty at a specified price, and include options, floors, caps and credit default swaps. These written put option contracts generally permit net settlement. While these derivative transactions expose us to risk in the event the option is exercised, we manage this risk by entering into offsetting trades or by taking short positions in the underlying instrument. We offset substantially all put options written to customers with purchased options. Additionally, for certain of these contracts, we require the counterparty to pledge the underlying instrument as collateral for the transaction. Our ultimate obligation under written put options is based on future market conditions and is only quantifiable at settlement. See Note 12 for additional information regarding written derivative contracts.

loans AND MHFS SOLD with RECOURSE In certain loan sales or securitizations, we provide recourse to the buyer whereby we are required to indemnify the buyer for any loss on the loan up to par value plus accrued interest. We provide recourse, predominantly to the GSEs, on loans sold under various programs and arrangements. Primarily all of these programs and arrangements require that we share in the loans' credit exposure for their remaining life by providing recourse to the GSE, up to 33-33% of actual losses incurred on a pro-rata basis, in the event of borrower default. Under the remaining recourse programs and arrangements, if certain events occur within a specified period of time from transfer date, we have to provide limited recourse to the buyer to indemnify them for losses incurred for the remaining life of the loans. The maximum exposure to loss reported in the accompanying table represents the outstanding principal balance of the loans sold or securitized that are subject to recourse provisions or the maximum losses per the contractual agreements. However, we believe the likelihood of loss of the entire balance due to these recourse agreements is remote and amounts paid can be recovered in whole or in part from the sale of collateral. We repurchased $7 million and $18 million respectively, of loans associated with these agreements in the second quarter and first half of 2013, and $10 million and $16 million respectively in the same periods of 2012. We also provide representation and warranty guarantees on loans sold under the various recourse programs and arrangements. Our loss exposure relative to these guarantees is separately considered and provided for, as necessary, in determination of our liability for loan repurchases due to breaches of representation and warranties. See Note 8 for additional information on the liability for mortgage loan repurchase losses.

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CONTINGENT CONSIDERATION In connection with certain brokerage, asset management, insurance agency and other acquisitions we have made, the terms of the acquisition agreements provide for deferred payments or additional consideration, based on certain performance targets.

OTHER GUARANTEES We are members of exchanges and clearing houses that we use to clear our trades and those of our customers. It is common that all members in these organizations are required to collectively guarantee the performance of other members. Our obligations under the guarantees are based on either a fixed amount or a multiple of the collateral we are required to maintain with these organizations. We have not recorded a liability for these arrangements as of the dates presented in the previous table because we believe the likelihood of loss is remote.

We also have contingent performance arrangements related to various customer relationships and lease transactions. We are required to pay the counterparties to these agreements if third parties default on certain obligations.

Pledged Assets

As part of our liquidity management strategy, we pledge assets to secure trust and public deposits, borrowings and letters of credit from the FHLB and FRB, securities sold under agreements to repurchase (repurchase agreements), and for other purposes as required or permitted by law or insurance statutory requirements. The types of collateral we pledge include securities issued by federal agencies, government-sponsored entities (GSEs), domestic and foreign companies and various commercial and consumer loans. The following table provides the total carrying amount of pledged assets by asset type, of which substantially all are pursuant to agreements that do not permit the secured party to sell or repledge the collateral. The table excludes pledged consolidated VIE assets of $10.7 billion and $14.6 billion at June 30, 2013, and December 31, 2012, respectively, which can only be used to settle the liabilities of those entities. See Note 7 for additional information on consolidated VIE assets.

	June 30, 2013	Dec. 31, 2012
Trading assets and other (1)	35,397	28,031
Securities available for sale (2)	96,293	96,018
Loans (3)	384,152	360,171
Total pledged assets		

Ill

1) Represent assets pledged to collateralize repurchase agreements and other securities financings. Balance includes $34.3 billion and $27.4 billion at June 30, 2013, and December 31, 2012, respectively, under agreements that permit the secured parties to sell or repledge the collateral.
2) Includes $8.8 billion and $8.4 billion in collateral for repurchase agreements at June 30, 2013, and December 31, 2012, respectively, which are pledged under agreements that do not permit the secured parties to sell or repledge the collateral.

3) Represent loans carried at amortized cost, which are pledged under agreements that do not permit the secured parties to sell or repledge the collateral.

Note 10: Guarantees, Pledged Assets and Collateral (continued)

Offsetting of Resale and Repurchase Agreements and Securities Borrowing and Lending Agreements

The table below presents resale and repurchase agreements subject to master repurchase agreements (MRA) and securities borrowing and lending agreements subject to master securities lending agreements (MSLA). We account for transactions subject to these agreements as collateralized financings and those with a single counterparty are presented net on our balance sheet, provided certain criteria are met that permit balance sheet netting under U.S. GAAP. Most 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 balance sheet against the related collateralized liability. Collateral we received includes securities or loans and is not recognized on our balance sheet. Collateral received or pledged 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 amount of such collateral to the amount of the related recognized asset or liability for each counterparty.

In addition to the amounts included in the table below, we also have balance sheet netting related to derivatives that are disclosed within Note 12.

	June 30, 2013	Dec. 31, 2012
Assets:		
Resale and securities borrowing agreements		
Gross amounts recognized		
Gross amounts offset in consolidated balance sheet (1)		

45,850 (5,315)

45,847 (2,561)

Net amounts in consolidated balance sheet (2)

Noncash collateral not recognized in consolidated balance sheet (3)

Net amount (4)

Liabilities:

Repurchase and securities lending agreements

Gross amounts recognized

Gross amounts offset in consolidated balance sheet (1)

42,958 (5,315)

35,876 (2,561)

Net amounts in consolidated balance sheet (5)

Noncash collateral pledged but not netted in consolidated balance sheet (6)

Net amount (7)

1) Represents recognized amount of resale and repurchase agreements with counterparties subject to enforceable MRAs or MSLAs that have been offset in the consolidated balance sheet.
2) At June 30, 2013 and December 31, 2012, includes $29.6 billion and $33.8 billion, respectively, classified on our consolidated balance sheet in Federal Funds Sold, Securities Purchased under Resale Agreements and Other Short-Term Investments and $10.9 billion and $9.5 billion, respectively, in Loans.
3) Represents the fair value of non-cash collateral we have received under enforceable MRAs or MSLAs, limited for table presentation purposes to the amount of the recognized asset due from each counterparty. At June 30, 2013 and December 31, 2012, we have received total collateral with a fair value of $51.3 billion and $46.6 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 $30.5 billion at June 30, 2013 and $29.7 billion at December 31, 2012.
4) Represents the amount of our exposure 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 non-cash collateral we have pledged, related to enforceable MRAs or MSLAs, limited for table presentation purposes to the amount ofthe recognized liability owed to each counterparty. At June 30, 2013 and December 31, 2012, we have pledged total collateral with a fair value of $44.2 billion and $36.4 billion, respectively, of which, the counterparty does not have the right to sell or repledge $9.8 billion as of June 30 2013 and $9.1 billion as of December 31, 2012.
7) Represents the amount of our exposure that is not covered by pledged collateral and/or is not subject to an enforceable MRA or MSLA.

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Note 11; Legal Actions

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2012 Form 10-K and Part II, Item 1 (Legal Proceedings) of our 2013 first quarter Quarterly Report on Form 10-Q for events occurring during second quarter 2013.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August

2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. On April 16, 2013, the parties reached a settlement, subject to Court approval, of all claims which provides for Wells Fargo to pay $105 million to the plaintiffs. The Court gave preliminary approval to the settlement on May 6,2013.

MARYLAND MORTGAGE LENDING LITIGATION On December 26, 2007, a class action complaint captioned Denise Minter, et ah, v. Wells Fargo Bank, NA., et ah, was filed in the U.S. District Court for the District of Maryland. The complaint alleges that Wells Fargo and others violated provisions ofthe Real Estate Settlement Procedures Act and other laws by conducting mortgage lending business improperly through a general partnership, Prosperity Mortgage Company. The complaint asserts that Prosperity Mortgage Company was not a legitimate affiliated business and instead operated to conceal Wells Fargo Bank, N.A.'s role in the loans at issue. A plaintiff class of borrowers who received a mortgage loan from Prosperity Mortgage Company that was funded by Prosperity Mortgage Company's line of credit with Wells Fargo Bank, N.A. from 1993 to May 31, 2012, had been certified. Prior to trial, the Court narrowed the class action to borrowers who were referred to Prosperity Mortgage Company by Wells Fargo's partner and whose loans were transferred to Wells Fargo Bank, N.A. from 1993 to May 31,2012. On May 6, 2013, the case went to trial. On June 6, 2013, the jury returned a verdict in favor of all defendants, including Wells Fargo. The plaintiffs have requested a new trial on the named plaintiffs' individual claims, and have filed a notice of appeal.

On July 8,2008, a class action complaint captioned Stacey and Bradley Petry, et ai, v. Wells Fargo Bank, NA., et al, was filed. The complaint alleges that Wells Fargo and others violated the Maryland Finder's Fee Act in the closing of mortgage loans in Maryland. On March 13, 2013, the Court held the plaintiff class did not have sufficient evidence to proceed to trial, which was previously set for March 18,2013. On June 20,2013, the Court entered judgment in favor of the defendants. The plaintiffs have appealed.

ORDER OF POSTING LITIGATION A series of putative class actions have been filed 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. There are currently several such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), most of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. The bank defendants moved to compel these cases to arbitration under recent Supreme Court authority. On November 22, 2011, the Judge denied the motion. The bank defendants appealed the decision to the U.S. Court of Appeals for the Eleventh Circuit. On October 26, 2012, the Eleventh Circuit affirmed the District Court's denial of the motion. Wells Fargo renewed its motion to compel arbitration with respect to the unnamed putative class members. On April 8, 2013, the District Court denied the motion. Wells Fargo has appealed the decision to the Eleventh Circuit.

On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in Gutierrez v. Wells Fargo Bank, NA., a case that was not consolidated in the multi-district proceedings, enjoining the bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing the bank to establish a different posting methodology and ordering remediation of approximately $203 million. On October 26, 2010, a final judgment was entered in Gutierrez. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit. On December 26, 2012, the Ninth Circuit reversed the order requiring Wells Fargo to change its order of posting and vacated the portion of the order granting remediation of approximately $203 million on the grounds of federal preemption. The Ninth Circuit affirmed the District Court's finding that Wells Fargo violated a California state law prohibition on fraudulent representations and remanded the case to the District Court for further proceedings. On May 14, 2013, the District Court entered an order indicating it will reinstate the judgment of approximately $203 million against Wells Fargo and enjoined Wells Fargo from making or disseminating additional misrepresentations about its order of posting of transactions. Wells Fargo has appealed the order to the Ninth Circuit. On August 5, 2013, the District Court entered a judgment against Wells Fargo in the approximate amount of $203 million, together with post-judgment interest thereon from October 25, 2010.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.1 billion as of June 30, 2013. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible

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Note 11: Legal Actions (continued)

losses in excess of the established liability that cannot be estimated. 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, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Note 12; Derivatives

We primarily 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 derivatives either as hedging instruments in a qualifying hedge accounting relationship (fair value or cash flow hedge) or as free-standing derivatives. Free-standing derivatives iuclude economic hedges that do not qualify for hedge accounting and derivatives held for customer accommodation or other trading purposes.

Our asset/liability management approach to interest rate, foreign currency and certain other risks includes the use of derivatives. Such derivatives are typically designated as fair value or cash flow hedges, or economic hedges. This helps minimize significant, unplanned fluctuations in earnings, fair values of assets and liabilities, and cash flows caused by interest rate, foreign currency and other market value volatility. This approach involves modifying the repricing characteristics of certain assets and liabilities so that changes in interest rates, foreign currency and other exposures do not have a significantly adverse effect on the net interest margin, cash flows and earnings. As a result of fluctuations in these exposures, hedged assets and liabilities will gain or lose market value. In a fair value or economic hedge, the effect of this unrealized gain or loss will generally be offset by the gain or loss on the derivatives linked to the hedged assets and liabilities. In a cash flow hedge, where we manage the variability of cash payments due to interest rate fluctuations by the effective use of derivatives linked to hedged assets and liabilities, the unrealized gain or loss on the derivatives or the hedged asset or liability is generally reflected in other comprehensive income and not in earnings.

We also offer various derivatives, including interest rate, commodity, equity, credit and foreign exchange contracts, to our customers as part of our trading businesses but usually offset our exposure from such contracts by entering into other financial contracts. These derivative transactions are conducted in an effort to help customers manage their market price risks. The customer accommodations and any offsetting derivative contracts are treated as free-standing derivatives. To a much lesser extent, we take positions executed for our own account based on market expectations or to benefit from price differentials between financial instruments and markets. Additionally, free-standing derivatives include embedded derivatives that are required to be accounted for separately from their host contracts.

The following table 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 the balance sheet and is not, when viewed in isolation, a meaningful measure of the risk profile ofthe instruments. The notional amount is generally not exchanged, but is used only as the basis on which interest and other payments are determined. Derivatives designated as qualifying hedge contracts and free-standing derivatives (economic hedges) are recorded on the balance sheet at fair value in other assets or other liabilities. Customer accommodation, trading and other free-standing derivatives are recorded on the balance sheet at fair value in trading assets, other assets or other liabilities.

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December 31, 2012

Notional or contractual amount

Asset derivatives

Fair value

Liability derivatives

Notional or contractual amount

Fair value

Asset Liability derivatives derivatives

Derivatives designated as hedging instruments

Interest rate contracts (1)

Foreign exchange contracts

Total derivatives designated as
qualifying hedging instruments

Derivatives not designated as hedging instruments

Free-standing derivatives (economic hedges):

Interest rate contracts (2)

Equity contracts

Foreign exchange contracts

Credit contracts - protection purchased

Other derivatives

Subtotal

Customer accommodation, trading and other

free-standing derivatives:

Interest rate contracts

Commodity contracts

Equity contracts

Foreign exchange contracts

Credit contracts - protection sold

Credit contracts - protection purchased

Other derivatives

Subtotal

Total derivatives not designated as hedging instruments

Total derivatives before netting

Netting (3)

92,977 28,260

285,161 1,621 4,353 2

2,212

3,092,710 97,725 77,978 193,143 22,527 26,237 241
6,618

5,460 1,158

3,112

3,554 183 28

2,958

2,819 64 38 1 36

55,248 3,068 5,045 3,374 2,040 309

3,765

52,798 3,024 5,019 3,664 289 1,244

66,038
75,154

69,803
76,421

(58,551) (63,998)

92,004 27,382

334,555 75
3,074 16
2,296

2,774,783 90,732 71,958 166,061 26,455 29,021

2,696 274

2,970

7,284 1,808

450 3

9,092

694 50 64
453

78
63,617 3,456 3,783 3,713 315 1,495

886
76,379

65,305 3,590 4,114 3,241 2,623 329
76,832

79,202
83,058
80,088

85,924

(62,108) (71,116)

23,816

1) Notional amounts presented exclude $2.7 billion at June 30, 2013, and $4.7 billion at December 31, 2012, of certain derivatives that are combined for designation as a hedge on a single instrument.
2) Includes free-standing derivatives (economic hedges) used to hedge the risk of changes in the fair value of residential MSRs, MHFS, loans and other interests held.

3) Represents balance sheet netting of derivative asset and liability balances, and related cash collateral. See the next table in this Note for further information.

The following table 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 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. We reflect all derivative balances and related cash collateral subject to enforceable master netting arrangements on a net basis within the balance sheet. The "Gross amounts recognized" in the following table include $61.2 billion and $66.5 billion of gross derivative assets and liabilities, respectively, at June 30,2013, and $68.9 billion and $75.8 billion, respectively, at December 31, 2012, with counterparties subject to enforceable master netting arrangements that are carried on the balance sheet net of offsetting amounts. The remaining gross derivative assets and liabilities of $15.2 billion and $8.7 billion, respectively, at June 30, 2013 and $17.0 billion and $7.3 billion, respectively, at December 31, 2012, 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 balance sheet for these counterparties.

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 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.

Balance sheet netting does not include non-cash collateral that we pledge. For disclosure purposes, we present these amounts in the column "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.

1

Note 12: Derivatives (continued)

The "Net amounts" column within the following table 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 over the counter markets are typically

bilateral contractual arrangements that are not cleared through a central clearing party and are subject to master netting arrangements. The percentage of derivatives executed in such markets, based on gross fair value, is provided within the next table. 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 10.

	Gross amounts recognized	Gross amounts offset in consolidated balance sheet (1)	Net amounts in consolidated balance sheet (2)	Gross amounts not offset in consolidated balance sheet (Disclosure-only netting) (3)	Net amounts	Percent exchanged in over-the-counter market (4)
June 30, 2013 Derivative assets						
Interest rate contracts						

Commodity contracts
Equity contracts
Foreign exchange contracts
Credit contracts-protection sold
Credit contracts-protection purchased

61,812 3,024 5,202 4,850 289 1,244

(50,346) (871) (2,382) (3,703) (249) (1,000)

11,466 2,153 2,820 1,147 40 244

(908) (69) (18)

(35)

10,558 2,084 2,802 1,147 40 209

78 %
43
89 100
96 100

Total derivative assets

Derivative liabilities
Interest rate contracts
Commodity contracts
Equity contracts
Foreign exchange contracts
Credit contracts-protection sold
Credit contracts-protection purchased
Other contracts

60,439 3,068 5,109 4,152 2,040 310 36

(54,972) (1,173) (2,746) (2,924) (1,913) (270)

5,467 1,895 2,363 1,228 127 40 36

(296) (3) (114)

5,171 1,892 2,249 1,228 127 40 36

78 %
83
94 100 100
94 100

Total derivative liabilities

December 31, 2012
Derivative assets
Interest rate contracts
Commodity contracts
Equity contracts
Foreign exchange contracts

Credit contracts-protection sold
Credit contracts-protection purchased

71,351 3,456 3,783 5,524 315 1,495

(53,708) (1,080) (2,428) (3,449) (296) (1-147)

17,643 2,376 1,355 2,075 19 348

(2,692) (27)

(105) (4) (56)

14,951 2,349 1,355 1,970 15 292

94 %
48
89 100 100 100

Total derivative assets

Derivative liabilities
Interest rate contracts
Commodity contracts
Equity contracts
Foreign exchange contracts
Credit contracts-protection sold
Credit contracts-protection purchased
Other contracts

68,695 3,590 4,164 3,579 2,623 329 78

(62,559) (1,394) (2,618) (1,804) (2,450) (291)

6,136 2,196 1,546 1,775 173 38 78

5,849 2,196 1,546 1,720 173 38 78

92 %
79
95 100 100 100 100

Total derivative liabilities

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 were $311 million and $352 million related to derivative assets and $87 million and $68 million related to derivative liabilities as of June 30, 2013, and December 31, 2012, respectively. Cash collateral totaled $5.4 billion and $11.0 billion, netted against derivative assets and liabilities, respectively, at June 30, 2013, and $5.0 billion and $14.5 billion, respectively, at December 31, 2012.
2) Net derivative assets of $14.2 billion and $18.3 billion are classified in Trading assets as of June 30, 2013, and December 31, 2012, respectively. $3.7 billion and $5.5 billion are classified in Other assets in the consolidated balance sheet as of June 30, 2013, and December 31, 2012, respectively. Net derivative liabilities are classified in Accrued expenses and other liabilities In the consolidated balance sheet.
3) Represents non-cash collateral pledged and received against derivative assets and liabilities with the same counterparty that are subject to enforceable master netting arrangements. U.S. GAAP does not permit netting of such non-cash collateral balances in the consolidated balance sheet but requires disclosure of these amounts.
4) Calculated based on Gross amounts recognized as of the respective balance sheet date. The remaining percentage represents exchange-traded derivatives and derivatives cleared through central clearinghouses.

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Fair Value Hedges

We use interest rate swaps to convert certain of our fixed-rate long-term debt and CDs 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. We also use interest rate swaps to hedge against changes in fair value for certain mortgages held for sale. The entire derivative gain or loss is included in the assessment of hedge effectiveness for all fair value hedge relationships, except for those involving foreign-currency denominated securities available for sale and long-term debt hedged with foreign currency forward derivatives for which the time value component of the derivative gain or loss related to the changes in the difference between the spot and forward price is excluded from the assessment of hedge effectiveness.

We use statistical regression analysis to assess hedge effectiveness, both at inception of the hedging relationship and on an ongoing basis. The regression analysis involves regressing the periodic change in fair value ofthe hedging instrument against the periodic changes in fair value of the asset or liability being hedged due to changes in the hedged risk(s). The assessment includes an evaluation of the quantitative measures of the regression results used to validate the conclusion of high effectiveness.

The following table shows the net gains (losses) recognized in the income statement related to derivatives in fair value hedging relationships.

Securities available for sale
Long-term debt

Interest rate contracts hedging:

Mortgages held for sale
Long-term debt

Foreign exchange contracts hedging:

Securities available for sale
Total net gains
(losses) on fair value hedges

Quarter ended June 30, 2013
Net interest income (expense) recognized on derivatives
Gains (losses) recorded in noninterest income
Recognized on derivatives
Recognized on hedged item
Net recognized on fair value hedges (ineffective portion) (1)

Quarter ended June 30, 2012
Net interest income (expense) recognized on derivatives

899 (890)

(113)

(11) 4

(1,666) 1,576
(90>

104 (100)

(607) 557
(5o)

60

(1,281) 1.147
(134)

394

Gains (losses) recorded in noninterest income
Recognized on derivatives
Recognized on hedged item
Net recognized on fair value hedges (ineffective portion) (1)

Six months ended June 30, 2013
Net interest income (expense) recognized on derivatives

(512) 494
_L18L

(261)

(U) 8

J2L

1,202 (1,014)
188

145 (US)
J21

(717) 770
53

107 110
217

669
Gains (losses) recorded in noninterest income
Recognized on derivatives
Recognized on hedged item

1,203 (1,178)

(9) (1)

(2,394) 2,264

312 (303)

(1,380) 1,328

(2,268) 2,110
Net recognized on fair value hedges (ineffective portion) (1) $

Six months ended June 30, 2012
Net interest income (expense) recognized on derivatives

Gains (losses) recorded in noninterest income
Recognized on derivatives
Recognized on hedged item

(210) 198

(6) 2

334 (212)

186 (162)

(151) 122

153 (52)
Net recognized on fair value hedges (ineffective portion) (1)

(1) The second quarter and first half of 2013 included $(1) million and $(4) million, respectively, and the second quarter and first half of 2012 included $(1) million and $(2) million, respectively, of the time value component recognized as net interest income (expense) on forward derivatives hedging foreign currency securities available for sale and long-term debt that were excluded from the assessment of hedge effectiveness.

Note 12: Derivatives (continued)

Cash Flow Hedges

We hedge floating-rate debt against future interest rate increases by using interest rate swaps, caps, floors and futures to limit variability of cash flows due to changes in the benchmark interest rate. We also use interest rate swaps and floors to hedge the variability in interest payments received on certain floating-rate commercial loans, due to changes in the benchmark interest rate. We use forward contracts to hedge our exposure to foreign currency risk associated with certain non-U.S. dollar denominated operating expenses. Gains and losses on derivatives that are reclassified from OCI to interest income, interest expense and noninterest expense in the current period are included in the line item in which the hedged item's effect on earnings is recorded. All parts of gain or loss on these derivatives are included in the assessment of hedge effectiveness. We assess hedge effectiveness using regression analysis, both at inception of the hedging relationship and on an ongoing basis. The regression analysis involves regressing the periodic changes in cash flows of the hedging instrument against the periodic changes in cash flows of the forecasted transaction being hedged due to changes in the hedged risk(s). The assessment includes an evaluation of the quantitative measures of the regression results used to validate the conclusion of high effectiveness.

Based upon current interest rates, we estimate that $309 million (pre tax) of deferred net gains on derivatives in OCI at June 30, 2013, will be reclassified into net interest income during the next twelve months. Future changes to interest rates may significantly change actual amounts reclassified to earnings. We are hedging our exposure to the variability of future cash flows for all forecasted transactions for a maximum of 5 years for both hedges of floating-rate debt and floating-rate commercial loans.

The following table shows the net gains (losses) recognized related to derivatives in cash flow hedging relationships.

(in millions)	Quarter ended 3une 30, 2013	2012	Six months ended June 30, 2013	2012
Gains (losses) (pre tax) recognized in OCI on derivatives	$ (10)	(3)	(3)	39
Gains (pre tax) reclassified from cumulative OCI into net income	69	99	156	206
Gains (losses) (pre tax) recognized in noninterest income for hedge ineffectiveness (1)	1	(1)	1	(1)

(1) None of the change in value of the derivatives was excluded from the assessment of hedge effectiveness.

Free-Standing Derivatives

We use free-standing derivatives (economic hedges) to hedge the risk of changes in the fair value of certain residential MHFS, certain loans held for investment, residential MSRs measured at fair value, derivative loan commitments and other interests held. The resulting gain or loss on these economic hedges is reflected in mortgage banking noninterest income and other noninterest income.

The derivatives used to hedge MSRs measured at fair value, which include swaps, swaptions, constant maturity mortgages, forwards, Eurodollar and Treasury futures and options contracts, resulted in net derivative losses of $1.8 billion and $2.4 billion in second quarter 2013 and first half 2013, respectively and net derivative gains of $2.0 billion and $2.1 billion in second quarter 2012 and first half of 2012, respectively, which are included in mortgage banking noninterest income. The aggregate fair value of these derivatives was a net liability of $1.5 billion at June 30, 2013 and a net asset of $87 million at December 31, 2012. The change in fair value of these derivatives for each period end is due to changes in the underlying market indices and interest rates as well as the purchase and sale of derivative financial instruments throughout the period as part of our dynamic MSR risk management process.

Interest rate lock commitments for residential mortgage loans that we intend to sell are considered free-standing derivatives. Our interest rate exposure on these derivative loan commitments, as well as substantially all residential MHFS, is hedged with free-standing derivatives (economic hedges) such as swaps, forwards and options, Eurodollar futures and options, and Treasury futures, forwards and options contracts. The commitments, free-standing derivatives and residential MHFS are carried at fair value with changes in fair value included in mortgage banking noninterest income. For the fair value measurement of interest rate lock commitments we include, at inception and during the life of the loan commitment, the expected net future cash flows related to the associated servicing of the loan. Fair value changes subsequent to inception are based on changes in fair value of the underlying loan resulting from the exercise of the commitment and changes in the probability that the loan will not fund within the terms of the commitment (referred to as a fall-out factor). The value of the underlying loan is affected primarily by changes in interest rates and the passage of time. However, changes in investor demand can also cause changes in the value of the underlying loan value that cannot be hedged. The aggregate fair value of derivative loan commitments in the balance sheet was a net liability of $615 million at June 30, 2013 and a net asset of $497 million at December 31, 2012, and is included in the caption "Interest rate contracts" under "Customer accommodation, trading and other freestanding derivatives" in the first table in this Note.

We also enter into various derivatives primarily to provide derivative products to customers. To a lesser extent, we take positions based on market expectations or to benefit from price differentials between financial instruments and markets. These derivatives are not linked to specific assets and liabilities in the balance sheet or to forecasted transactions in an accounting hedge relationship and, therefore, do not qualify for hedge accounting. We also enter into free-standing derivatives for risk management that do not otherwise qualify for hedge accounting.
They are carried at fair value with changes in fair value recorded as other noninterest income.

Free-standing derivatives also include embedded derivatives that are required to be accounted for separately from their host contract. We periodically issue hybrid long-term notes and CDs where the performance of the hybrid instrument notes is linked to an equity, commodity or currency index, or basket of such indices. These notes contain explicit terms that affect some or all ofthe cash flows or the value of the note in a manner similar to a derivative instrument and therefore are considered to contain an "embedded" derivative instrument. The indices on which the performance of the hybrid instrument is calculated are not clearly and closely related to the host debt instrument. The "embedded" derivative is separated from the host contract and accounted for as a free-standing derivative. Additionally, we may invest in hybrid instruments that contain embedded derivatives, such as credit derivatives, that are not clearly and closely related to the host contract. In such instances, we either elect fair value option for the hybrid instrument or separate the embedded derivative from the host contract and account for the host contract and derivative separately.

The following table shows the net gains recognized in the income statement related to derivatives not designated as hedging instruments.

Quarter ended June 30,

Six months ended June 30,

(in millions)

Net gains (losses) recognized on free-standing derivatives (economic hedges):

Interest rate contracts

Recognized in noninterest income: Mortgage banking (1) Other(2) Equity contracts (3) Foreign exchange contracts (2)

Credit contracts (2)

1,347 74 (24) 12 (2)

(630) (75) 1 84 (5)

1,728 98 (38) 20 (6)

(826) (33) 1

(1) (10)

Subtotal

Net gains (losses) recognized on customer accommodation, trading and other free-standing derivatives:

Interest rate contracts

Recognized in noninterest income:

Mortgage banking (4)

Other(5) Commodity contracts (5) Equity contracts (5) Foreign exchange contracts (5) Credit contracts (5)

Other(5)

(1,176) 376 63 (7) 138 28

2,471 90 (21) 206 120 (48) 1

(906) 581 224

(257) 415 (20)

3,542 330 (44) (79) 249 11

(578) 2,819

Net gains recognized related to derivatives not designated

as hedging instruments

1) Predominantly mortgage banking noninterest income including gains (losses) on the derivatives used as economic hedges of MSRs measured at fair value, interest rate lock commitments and mortgages held for sale.
2) Predominantly included in other noninterest income.
3) Predominantly included in net gains (losses) from equity investments.
4) Predominantly mortgage banking noninterest income including gains (losses) on interest rate lock commitments.
5) Predominantly included in net gains from trading activities in noninterest income.

Note 12: Derivatives (continued)

Credit Derivatives

We use credit derivatives primarily 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 the sold credit derivatives. We would be required to perform under the noted 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.

The following table provides details of sold and purchased credit derivatives.

Notional amount

Fair value liability

Protection sold - non-

Protection purchased with

sold (A)

Protection investment identical

grade underlyings (B)

Net protection Other

sold (A) -(B)

protection purchased

Range of maturities

June 30, 2013

Credit default swaps on:

Corporate bonds

Structured products Credit protection on:

Default swap index

Commercial mortgage-backed securities index

Asset-backed securities index Other

104 1,439

438 53 1

12,727 1,971

3,753

1,203 60

6,559 1,599

363

240 60 2,795

6,982 811

3,417

634 4 24

5,745 1,160

336

569 56 2,789

7,319 2013-2021 364 2016-2056

545 90

586 2014-2018

2049-2052 2037-2046 2013-2056

Total credit derivatives

December 31, 2012 Credit default swaps on:

Corporate bonds

Structured products Credit protection on:

Default swap index

Commercial mortgage-backed securities index Asset-backed securities index Other

240 1,787

4

531 57 4

15,845 2,433

3,520 1,249 64 3,344

8,448 2,039

348 861 64 3,344

9,636 948

3,444 790 6

106

6,209 1,485

76 459 58 3,238

7,701 393

616 524 92 4,655

2013-2021 2016-2056

2013-2017 2049-2052 2037-2046 2013-2056

Total credit derivatives

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.

120

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. The aggregate fair value of all derivative instruments with such credit-risk-related contingent features that are in a net liability position was $15.0 billion at June 30, 2013, and $16.2 billion at December 31, 2012, respectively, for which we posted $11.3 billion and$i4.3 billion, respectively, in collateral in the normal course of business. If the credit rating of our debt had been downgraded below investment grade, which is the credit-risk-related contingent feature that if triggered requires the maximum amount of collateral to be posted, on June 30, 2013, or December 31, 2012, wc would have been required to post additional collateral of $3.8 billion or $1.9 billion, respectively, or potentially settle the contract in an amount equal to its fair value.

Counterparty Credit Risk

By using derivatives, we are exposed to counterparty credit risk if counterparties to the derivative contracts do not perform as expected. If a counterparty fails to perform, our counterparty credit risk is equal to the amount reported as a derivative asset on our balance sheet. The amounts reported as a derivative asset are derivative contracts in a gain position, and to the extent subject to legally enforceable master netting arrangements, net of derivatives in a loss position with the same counterparty and cash collateral received. We minimize counterparty credit risk through credit approvals, limits, monitoring procedures, executing master netting arrangements and obtaining collateral, where appropriate. To the extent the master netting arrangements and other criteria meet the applicable requirements, including determining the legal enforceability of the arrangement, it is our policy to present derivatives balances and related cash collateral amounts net in the balance sheet. We incorporate credit valuation adjustments ("CVA") to reflect counterparty credit risk in determining the fair value of our derivatives. Such adjustments, which consider the effects of enforceable master netting agreements and collateral arrangements, reflect market-based views of the credit quality of each counterparty. Our CVA calculation is determined based on observed credit spreads in the credit default swap market and indices indicative of the credit quality of the counterparties to our derivatives.

1

Note 13; 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. Trading assets (excluding derivatives), securities available for sale, derivatives, substantially all residential MHFS, certain commercial LHFS, certain loans held for investment, fair value MSRs and securities sold but not yet purchased (short sale liabilities) are recorded at fair value on a recurring basis. Additionally, from time to time, we may be required to record at fair value other assets on a nonrecurring basis, such as certain residential and commercial MHFS, certain LHFS, loans held for investment and certain other assets. These nonrecurring fair value adjustments typically involve application of lower-of-cost-or-market accounting or write-downs of individual assets.

See Note 1 in our 2012 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 and for estimating fair value for financial instruments not recorded at fair value, see Note 17 in our 2012 Form 10-K.

FAIR VALUE HIERARCHY We group our assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 - Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 - Valuation is generated from techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Level 3 Asset and Liability Valuation Processes

We generally determine fair value of our Level 3 assets and liabilities by using internally developed models and, to a lesser extent, prices obtained from third-party pricing services or brokers (collectively, vendors). Our valuation processes vary depending on which approach is utilized.

INTERNAL MODEL VALUATIONS Our internally developed models primarily consist of discounted cash flow techniques. Use of such techniques requires determining relevant inputs, some of which are unobservable. Unobservable inputs are generally derived from historic performance of similar assets or determined from previous market trades in similar instruments. These unobservable inputs usually consist of discount rates, default rates, loss severity upon default, volatilities, correlations and prepayment rates, which are inherent within our Level 3 instruments. Such inputs can be correlated to similar portfolios 122 with known historic experience or recent trades where particular unobservable inputs may be implied; but due to the nature of various inputs being reflected within a particular trade, the value of each input is considered unobservable. We attempt to correlate each unobservable input to historic experience and other third party data where available.

Internal valuation models are subject to review prescribed within our model risk management policies and procedures which includes model validation. The purpose of model validation includes ensuring the model is appropriate for its intended use and the appropriate controls exist to help mitigate risk of invalid valuations. Model validation assesses the adequacy and appropriateness of the model, including reviewing its key components such as inputs, processing components, logic or theory, output results and supporting model documentation. Validation also includes ensuring significant unobservable model inputs are appropriate given observable market transactions or other market data within the same or similar asset classes. This ensures modeled approaches are appropriate given similar product valuation techniques and are in line with their intended purpose.

We have ongoing monitoring procedures in place for our Level 3 assets and liabilities that use such internal valuation models. These procedures, which are designed to provide reasonable assurance that models continue to perform as expected after approved, include:

- ongoing analysis and benchmarking to market transactions and other independent market data (including pricing vendors, if available);
- back-testing of modeled fair values to actual realized transactions; and
- review of modeled valuation results against expectations, including review of significant or unusual value fluctuations.

We update model inputs and methodologies periodically to reflect these monitoring procedures. Additionally, procedures and controls are in place to ensure existing models are subject to periodic reviews, and we perform full model revalidations as necessary.

All internal valuation models are subject to ongoing review by business-unit-level management. More complex models are subject to additional oversight by a corporate-level risk management department. Corporate oversight responsibilities include evaluating adequacy of business unit risk management programs, maintaining company-wide model validation policies and standards and reporting the results of these activities to management and our Enterprise Risk Management Committee (ERMC). The ERMC, which consists of senior executive management and reports on top risks to the Company's Board of Directors, monitors all company-wide risks, including credit risk, market risk, and reputational risk.

VENDOR-DEVELOPED VALUATIONS In certain limited circumstances we obtain pricing from third party vendors for the value of our Level 3 assets or liabilities. We have processes in place to approve such vendors to ensure information obtained and valuation techniques used are appropriate. Once these vendors are approved to provide pricing information, we monitor and review the results to ensure the fair values are reasonable and in line with market experience in similar asset classes. While the input amounts used by the pricing vendor in determining fair value are not provided, and therefore unavailable for our review, we do perform one or more of the following procedures to validate the prices received:

- comparison to other pricing vendors (if available);
- variance analysis of prices;
- corroboration of pricing by reference to other independent market data such as market transactions and relevant benchmark indices;
- review of pricing by Company personnel familiar with market liquidity and other market-related conditions; and
- investigation of prices on a specific instrument-by-instrurnent basis.

Fair Value Measurements from Brokers or Third Party Pricing Services

For certain assets and liabilities, we obtain fair value measurements from brokers or third party pricing services and record the unadjusted fair value in our financial statements. The detail by level is shown in the table below. Fair value measurements obtained from brokers or third party pricing services that wc have adjusted to determine the fair value recorded in our financial statements are not included in the following table.

Third party pricing services

Level 1 Level 2 Level 3

June 30, 2013

Trading assets (excluding derivatives)

Securities available for sale:

Securities of U.S. Treasury and federal agencies Securities of U.S. states and political subdivisions Mortgage-backed securities

Other debt securities (1)

332

749 15,019

1

2,719

1,423

5,863 37,050 143,074 28,620

68 286 109

Total debt securities

Total marketable equity securities

520 8

214,607 805

Total securities available for sale

Derivatives (trading and other assets) Derivatives (liabilities) Other liabilities

6 31 166

519 517 144

December 31, 2012

Trading assets (excluding derivatives)

Securities available for sale:

Securities of U.S. Treasury and federal agencies Securities of U.S. states and political subdivisions Mortgage-backed securities

Other debt securities (1)

406

138 1,516

4

12,465

1,016

6,231 35,036 121,703 28,314

292 149

Total debt securities

Total marketable equity securities

1,654 3

915 29

191,284 774

Total securities available for sale

Derivatives (trading and other assets) Derivatives (liabilities) Other liabilities

8 26 121

602 634 104

(1) Includes corporate debt securities, collateralized loan and other debt obligations, asset-backed securities, and other debt securities.

Note 13: Fair Values of Assets and Liabilities (continued)

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following two tables present the balances of assets and liabilities measured at fair value on a recurring basis.

(in millions)

June 30, 2013

Trading assets (excluding derivatives)

Securities of U.S. Treasury and federal agencies Securities of U.S. states and political subdivisions Collateralized loan and other debt obligations (1) Corporate debt securities Mortgage-backed securities Asset-backed securities

Eguity securities

3,466 2,354 191 7,763 14,436 821 112

40 495 14
9

109

10,315 2,394 686 7,777 14,445 930 4,197

Total trading securities(2)

Other trading assets

Total trading assets (excluding derivatives)

Securities of U.S. Treasury and federal agencies Securities of U.S. states and political subdivisions Mortgage-backed securities:

Federal agencies

Residential

Commercial

Total mortgage-backed securities

5,863 37,131

110,561 14,019 19,112

143,692

3,759 (3)

98 194

292

6,383 40,890

110,561 14,117 19,306

143,984

Corporate debt securities

Collateralized loan and other debt obligations(4) Asset-backed securities:

Auto loans and leases

Home equity loans

Other asset-backed securities

Total asset-backed securities

Other debt securities

Total debt securities

20,675 13,974

14 857 7,715

8,586

816

230.737

243 3,227 (3)

4,872 (3)

2,948 (3)

7.820

15,341

21,002 17,201

4,886 857 10,663

16,406
816
246.682
Marketable equity securities:
Perpetual preferred securities (5) Other marketable equity securities

573 583

799 14

2,160 597

Total marketable equity securities
Total securities available for sale
Mortgages held for sale Loans held for sale Loans
Mortgage servicing rights (residential) Derivative assets:
Interest rate contracts
Commodity contracts
Equity contracts
Foreign exchange contracts
Credit contracts
Other derivative contracts

31

592 45

32,761 2
228

61,357 3,006 3,516 4,805 886
2,641

5,860 14,185

424 18 1,094

647
35,402 2
6,088 14,185

61,812 3,024 5,202 4,850 1,533
Netting
Total derivative assets (7)
Other assets
Total assets recorded at fair value
Derivative liabilities:
Interest rate contracts
Commodity contracts
Equity contracts
Foreign exchange contracts
Credit contracts
Other derivative contracts
Netting
Total derivative liabilities (7)
Short sale liabilities:
Securities of U.S. Treasury and federal agencies Securities of U.S. states and political subdivisions Corporate debt securities Equity securities Other securities
Total short sale liabilities
Other liabilities
Total liabilities recorded at fair value

(38)

(301) (39)

(378)

(4,297) (1,617)

(6,292)

(59,416) (3,038) (3,741) (4,084) (904)

(71,183)

(1,207) (18) (4,612)

(233)

(6,070)

(77,253)

(985)

(30)

(1,067)

(29)

(1,446)

(ML.

(3,593)

(43)

(3,636)

(60,439) (3,068) (S,109) (4,152) (2,350) (36)

63,998

(11,156)

(5,504) (18) (4,612) (1,617) (233)

(11,984)

J43)

(23,183)

1) Includes collateralized debt obligations of $5 million.
2) Net gains (losses) from trading activities recognized in the income statement include $(646) million and $131 million in net unrealized gains (losses) on trading securities held at June 30, 2013 and 2012, respectively.
3) Balances consist of securities that are predominantly investment grade based on ratings received from the ratings agencies or internal credit grades categorized as investment grade if external ratings are not available. The securities are classified as Level 3 due to limited market activity.
4) Includes collateralized debt obligations of $705 million.
5) Perpetual preferred securities include ARS and corporate preferred securities. See Note 7 for additional information.
6) Derivatives are reported net of cash collateral received and paid and, to the extent that the criteria of the accounting guidance covering the offsetting of amounts related to certain contracts are met, positions with the same counterparty are netted as part of a legally enforceable master netting agreement.
7) Derivative assets and derivative liabilities include contracts qualifying for hedge accounting, economic hedges, and derivatives included in trading assets and trading liabilities, respectively.

(continued on following page)

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(continued from previous page)

(in millions)

December 31, 2012

Trading assets (excluding derivatives)

Securities of U.S. Treasury and federal agencies

Securities of U.S. states and political subdivisions

Collateralized loan and other debt obligations (1)

Corporate debt securities

Mortgage-backed securities

Asset-backed securities

Equity securities

Level 2

3,774 1,587

6,664 13,380 722 356

Level 3

46 742 52 6 138 3

Total

8,878 1,633
742 6,716 13,386
860 3,840

Total trading securities(2)

Other trading assets

Total trading assets (excluding derivatives)

Securities of U.S. Treasury and federal agencies Securities of U.S. states and political subdivisions Mortgage-backed securities:
Federal agencies
Residential
Commercial

6,231 35,045

97,285 15,837 19.765

3,631 (3)

94 203
7,146 38,676

97,285 15,931 19.968

Total mortgage-backed securities

Corporate debt securities
Collateralized loan and other debt obligations (4)
Asset-backed securities:
Auto loans and leases
Home equity loans
Other asset-backed securities

20,934

7

867 7,828
274 13,188 (3)

5,921 (3) 51
3,283 (3)
21,333 13,188

5,928 918 11,111

Total asset-backed securities

Other debt securities

Total debt securities

Marketable equity securities:
Perpetual preferred securities (5) Other marketable equity securities

629 554

753 55

2,176 609

Total marketable equity securities

Total securities available for sale

Mortgages held for sale Loans held for sale Loans
Mortgage servicing rights (residential) Derivative assets:
Interest rate contracts
Commodity contracts
Equity contracts
Foreign exchange contracts
Credit contracts
Other derivative contracts

16

432 19

39,055 6 185

70,277 3,386 2,747 5,481 1,160
3,250

6,021 11,538

1,058 70
604 24
650
42,305 6
6,206 11,538

71,351 3,456 3,783 5,524 1,810

(62,108) (6)

Total derivative assets (7)

Other assets

Total assets recorded at fair value

Derivative liabilities:

Interest rate contracts
Commodity contracts
Equity contracts
Foreign exchange contracts
Credit contracts
Other derivative contracts

(52)

(199) (23)

(68,244) (3,541) (3,239) (3,553) (1,152)

(399) (49) (726) (3) (1,800) (78)

(68,695) (3,590) (4,164) (3,579) (2,952) (78)

71,116 (6)

Total derivative liabilities (7)

Short sale liabilities:

Securities of U.S. Treasury and federal agencies
Securities of U.S. states and political subdivisions
Corporate debt securities
Equity securities
Other securities

Total short sale liabilities

(274)

(4,225) (1,233)

(5,458)

(79,729)

(875)

(9)

(3,941)

(35)

12ZL

(4,907)

(11,942)

(5,100)

(9)

(3,941)

(1,268)

LfLZi

(10,365)
(84,670)
(3,104)
71,116
_L
_&732)_
(22r390)

(1) (2) (3)

Total liabilities recorded at fair value

Includes collateralized debt obligations of $21 million.

(5) (6)

(7)

Net gains from trading activities recognized In the income statement include $305 million in net unrealized gains on trading securities we held at December 31, 2012. Balances consist of securities that are predominantly investment grade based on ratings received from the ratings agencies or internal credit grades categorized as investment grade if external ratings are not available. The securities are classified as Level 3 due to limited market activity. (4) Includes collateralized debt obligations of $644 million.

Perpetual preferred securities Include ARS and corporate preferred securities. See Note 7 for additional information.

Derivatives are reported net of cash collateral received and paid and, to the extent that the criteria of the accounting guidance covering the offsetting of amounts related to certain contracts are met, positions with the same counterparty are netted as part of a legally enforceable master netting agreement.

Derivative assets and derivative liabilities include contracts qualifying for hedge accounting, economic hedges, and derivatives included in trading assets and trading liabilities, respectively.

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Note 13: Fair Values of Assets and Liabilities (continued)

Changes in Fair Value Levels

We monitor the availability of observable market data to assess the appropriate classification of financial instruments within the fair value hierarchy and transfer between Level 1, Level 2, and Level 3 accordingly. Observable market data includes but is not limited to quoted prices and market transactions. Changes in economic conditions or market liquidity generally will drive changes in availability of observable market data. Changes in availability of observable market data, which also may result in changing the valuation technique used, are generally the cause of transfers between Level 1, Level 2, and Level 3.

All current period transfers into and out of Level 1, Level 2, and Level 3 are provided within the following table. The amounts reported as transfers represent the fair value as of the beginning ofthe quarter in which the transfer occurred.

Transfers Between Fair Value Levels

Level 3(1)

(in millions)

Quarter ended June 30, 2013 Trading securities Securities available for sale Mortgages held for sale Loans
Net derivative assets and liabilities

266 165 46 58 70

(1) (81)

1 81

(20) (165) (46) (58) (70)

Total transfers

Quarter ended June 30, 2012 Trading securities Securities available for sale (3) Mortgages held for sale Loans
Net derivative assets and liabilities

3,943 64

(14) (84)

14 84

(3,943) (64)

LiL

Total transfers

Six months ended June 30, 2013 Trading securities (2) Securities available for sale (2) Mortgages held for sale Loans
Net derivative assets and liabilities

468 10,841 139 106 49

J2§2_

(26) (17) (178)

98

(4,008)

26 (222) (10,841) 178 (139) (106)

: (491_

204 (11,357)

Six months ended June 30, 2012
Trading securities
Securities available for sale (3)
Mortgages held for sale
Loans
Net derivative assets and liabilities

10 4,036 150

13

(14) (57) (171)

8

14 57 171

(8)

(10) (4,036) (150)

(13)

Total transfers

1) All transfers in and out of Level 3 are disclosed within the recurring level 3 rollforward table in this Note.
2) Consists of $202 million of collateralized loan obligations classified as trading assets and $10.6 billion classified as securities available for sale that we transferred from Level 3 to Level 2 in first quarter 2013 as a result of increased observable market data in the valuation of such instruments.
3) Includes $3.9 billion of securities of U.S. states and political subdivisions that we transferred from Level 3 to Level 2 during second quarter 2012 as a result of increased use of observable market data in the valuation of such instruments. This transfer was done in conjunction with a change in our valuation technique from an internal model based upon unobservable inputs to third party vendor pricing based upon market observable data.

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The changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the quarter ended June 30, 2013, are summarized as follows:

Balance, beginning of period

Total net gains (losses) included in

Other compre-Net hensive income income

Purchases, sales,
issuances and
settlements, net(1)

Transfers into Level 3

Transfers out of Level 3

Balance, end of period

Net unrealized gains (losses) included in

income related to assets and liabilities held at period end(2)

Quarter ended June 30, 2013 Trading assets
(excluding derivatives):
Securities of U.S. states and political subdivisions
Collateralized loan and other debt obligations
Corporate debt securities
Mortgage-backed securities
Asset-backed securities
Equity securities

36 505 29 5

143

(1) 25

1 (3)

5
(35) (16) 3

(11)

40 495
14 9 109

(13) (1)

(10)

Total trading securities

Other trading assets

Total trading assets

(excluding derivatives)

Securities available for sale: Securities of U.S. states and
political subdivisions Mortgage-backed securities:
Residential
Commercial

3,529

95 192

(58)

5 9

(3) (3)

3,759

98 194

Total mortgage-backed securities

Corporate debt securities
Collateralized loan and other debt obligations Asset-backed securities:
Auto loans and leases
Home equity loans
Other asset-backed securities

287

281 2,938

5,704

3,436

_L2)_
2 (3)

(17) 22

(34)

5

(6)

(23) 270

(798)

(489)

292

243 3,227

4,872

2,948

Total asset-backed securities

Total debt securities

Marketable equity securities: Perpetual preferred securities Other marketable equity securities

Total marketable equity securities

Total securities available for sale

Mortgages held for sale Loans
Mortgage servicing rights
Net derivative assets and liabilities:
Interest rate contracts
Commodity contracts
Equity contracts
Foreign exchange contracts
Credit contracts
Other derivative contracts

16,982

3,187 5,975 12,061

558 (3) (129) (34) (1,025) (52)

Lil
34 (107) 1,225

(1,251) (3) 10 (1)

15

(618)

(615) 50 899

132 (8) 218 6

226 1

(165) 16,129

(46) (58)

2

(72)

2,641 5,860 14,185

(561) (12) 27 (29)

(799) (36)

(10)

(54)(6) (99)(6) 1,867 (6)

(707) 20 (3) 9 30

Total derivative contracts

Other assets
Short sale liabilities
Other liabilities (excluding derivatives)

348 (8) (48)
345 8

16(3) - (3) 4(6)

1) See next page for detail.
2) Represents only net gains (losses) that are due to changes in economic conditions and management's estimates of fair value and excludes changes due to the collection/realization of cash flows over time.
3) Included in trading activities and other noninterest income in the income statement.
4) Included in debt securities available for sale in the income statement.
5) Included in equity investments in the income statement.
6) Included in mortgage banking and other noninterest income in the income statement.

(7) Included in mortgage banking, trading activities, equity investments and other noninterest income in the income statement.

(continued on following page)

Note 13: Fair Values of Assets and Liabilities (continued)

(continued from previous page)

The following table presents gross purchases, sales, issuances and settlements related to the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the quarter ended June 30, 2013.

Sales Issuances Settlements

Quarter ended June 30, 2013 Trading assets
(excluding derivatives):
Securities of U.S. states and political subdivisions
Collateralized loan and other debt obligations
Corporate debt securities
Mortgage-backed securities
Asset-backed securities
Equity securities

46 270 8 4 6

(41) (302)
(24) (1) (7)

(3) (10)

5
(35) (16) 3

(11)

Total trading securities

Other trading assets

Total trading assets

(excluding derivatives)

Securities available for sale: Securities of U.S. states and
political subdivisions Mortgage-backed securities:
Residential
Commercial

(179)

(3) (3)

(3) (3)

Total mortgage-backed securities

Corporate debt securities
Collateralized loan and other debt obligations Asset-backed securities:
Auto loans and leases
Home equity loans
Other asset-backed securities

371 1 11

156 306

_16J_
(23) (101)

(955)

(804)

J6i
(23) 270

(798)

(489)
Total asset-backed securities

Total debt securities

Marketable equity securities:
Perpetual preferred securities Other marketable equity securities

Total marketable equity securities

Total securities

available for sale

Mortgages held for sale Loans
Mortgage servicing rights
Net derivative assets and liabilities:
Interest rate contracts
Commodity contracts
Equity contracts
Foreign exchange contracts
Credit contracts
Other derivative contracts
101 21

1

170
(572)

(161)

8 (1) (142)

(2)

115 1,060
(144)
(86)

124 (8) 190 6 220 1
(615) 50 899

132 (8) 218
6 226
1

Total derivative contracts

Other assets
Short sale liabilities
Other liabilities (excluding derivatives)

360 8
345 8

128

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the quarter ended June 30, 2012, are summarized as follows:

Total net gains Purchases,

(losses) included in sales,

Other issuances

Balance, compre- and

beginning Net hensive settlements,

of period income income net (1)

Transfers into Level 3

Transfers out of Level 3

Balance, end of period

Net unrealized gains (losses) included in

income related to assets and liabilities held at period end (2)

Quarter ended June 30, 2012 Trading assets
(excluding derivatives):
Securities of U.S. states and political subdivisions
Collateralized loan and other debt obligations
Corporate debt securities
Mortgage-backed securities
Asset-backed securities
Equity securities

103

1,539

132

54

164

3

1
(2) 4
17 1

(45) (267)
(74) 35 (2) (1)

58 1,273 56 93 179 3

(ID(1) 2 12

Total trading securities

Other trading assets

Total trading assets

(excluding derivatives)

Securities available for sale: Securities of U.S. states and
political subdivisions Mortgage-backed securities:
Residential
Commercial

Total mortgage-backed securities

Corporate debt securities
Collateralized loan and other debt obligations
Asset-backed securities: Auto loans and leases Home equity loans Other asset-backed securities

12,514

58 232

290
308 9,163

6,913 257 2,869

(1)

11 1

12
(2) 28

2 4
(26)

30 10
_LLL

(16) (6)

(13) (4) 5

863

(34) (43)

_tZZL
(4) (38)

(696) (2) 226

(3,901) 1 (31)

J31L

(11)

9,505

15 189

204

286 9,147

6,206 257 3,074

(3)

All

All

(4) J16)

Total asset-backed securities

Total debt securities

Marketable equity securities: Perpetual preferred securities Other marketable equity securities

1,173
3

40 1

(254) (2)

927 2

Total marketable equity securities

Total securities

available for sale

Mortgages held for sale Loans
Mortgage servicing rights
Net derivative assets and liabilities:
Interest rate contracts
Commodity contracts
Equity contracts
Foreign exchange contracts
Credit contracts
Other derivative contracts

3,330 25 13,578

335 (14) (180) 16
(1,753) (66)

(2,343)

2,528 22 51 (25) (60) (40)
(23) (1) 846

(1,957) (4) (140) 11 156
3,328 24 12,081

906 4
(269) 1
(1,657) (106)

1 (6) - (6) (1.631)(6)

778 9

(505) (15) (7)

Total derivative contracts

Other assets
Short sale liabilities
Other liabilities (excluding derivatives)

(1,934)

(10) (9) (200)

(1,121)

225 (9) (245)

260 (7)

5(3)

- (3)
- (6)

1) See next page for detail.
2) Represents only net gains (losses) that are due to changes in economic conditions and management's estimates of fair value and excludes changes due to the collection/realization of cash flows over time.
3) Included in trading activities and other noninterest income in the income statement.
4) Included in debt securities available for sale in the income statement.

,

5) Included in equity investments in the income statement.
6) Included in mortgage banking and other noninterest income in the income statement.
7) Included in mortgage banking, trading activities and other noninterest income in the income statement.

(continued on following page)

Note 13: Fair Values of Assets and Liabilities (continued)

(continuedfrom previous page)

The following table presents gross purchases, sales, issuances and settlements related to the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the quarter ended June 30, 2012.

Settlements

Quarter ended June 30, 2012 Trading assets
(excluding derivatives):
Securities of U.S. states and political subdivisions
Collateralized loan and other debt obligations
Corporate debt securities
Mortgage-backed securities
Asset-backed securities
Equity securities
Total trading securities
Other trading assets

9 181 70 41 26 1

328

(54) (448) (144) (6)
(16)
(2)
(670)

(45)

(267)

(74)

35

(2)

Li)

J354)

Total trading assets

(excluding derivatives)

Securities available for sale: Securities of U.S. states and
political subdivisions Mortgage-backed securities:
Residential
Commercial

328

978

1 10

(670)

(2) (34)

JUL.

(425)

(1) (53)

(354)

863

(34) (43)

Total mortgage-backed
securities

Corporate debt securities
Collateralized loan and other debt obligations
Asset-backed securities:
Auto loans and leases
Home equity loans
Other asset-backed securities

11

665 205 503

(34)

(185)

(2) (68)

147 425

(54)

(4) (518)

(1,048)

(634)

Am

(4) (38)

(696) (2) 226

Total asset-backed securities
Total debt securities
Marketable equity securities:
Perpetual preferred securities Other marketable equity securities

Total marketable equity securities

Total securities
available for sale

(254) (1)

(255)

(2,938)

(254)

(21

(256)

16

Mortgages held for sale Loans
Mortgage servicing rights
Net derivative assets and liabilities:
Interest rate contracts
Commodity contracts
Equity contracts
Foreign exchange contracts
Credit contracts
Other derivative contracts

Total derivative contracts

Other assets
Short sale liabilities
Other liabilities (excluding derivatives)

(5) (11)

(6)

Am.
14

(293)

1
7
(17)

J6L

(9) 8

(167) (1)

(1,958) (6) (112) 11 159

(1,906)

(24)

(23) (1) 846

(1,957) (4) (140) 11 156

(1,934)

(10) (9) (200)

130

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the six months ended June 30, 2013, are summarized as follows:

Other comprehensive income

Total net gains (losses) included in

Balance, beginning Net of period income

Purchases, sales,

issuances and
settlements, net(1)

Transfers into Level 3

Transfers out of Level 3
Net unrealized gains (losses) included in

income related Balance, to assets and end of liabilities held period at period end (2)

Six months ended June 30, 2013 Trading assets
(excluding derivatives):
Securities of U.S. states and political subdivisions
Collateralized loan and other debt obligations
Corporate debt securities
Mortgage-backed securities
Asset-backed securities
Equity securities
Total trading securities

46 742 52 6

138 3

987

2 64 2 1 2

(8) (109) (41) 2

(36)
tli.

(195)

40 495 14 9

109

667

(11) 1

(9)

J192

Other trading assets

Total trading assets

(excluding derivatives)

3,631

94 203

Securities available for sale: Securities of U.S. states and
political subdivisions Mortgage-backed securities:
Residential

297

Commercial
Total mortgage-backed securities

Corporate debt securities 274 Collateralized loan and other debt obligations 13,188 Asset-backed securities:

9,255

Auto loans and leases 5,921
Home equity loans 51
Other asset-backed securities 3,283

26,645

Total asset-backed securities
Total debt securities

(3) JZi

(.1°)
4 (4)

3 24
27

(67)

11 17

(9) 91

(25) (1)

(26)

356

(3) (8)

(11)
(23) 565

(1.024) (5) (359)

(1,388)

(501)
3,759

98 194

(165)

(1) ("I
243 3,227

(12)
(48)

(3) (10,613)
(48)

4,872 2,948
7,820

(10,841) 15,341

Marketable equity securities: Perpetual preferred securities Other marketable equity securities

Total marketable equity securities

Total securities

available for sale

Mortgages held for sale Loans
Mortgage servicing rights
Net derivative assets and liabilities:
Interest rate contracts
Commodity contracts
Equity contracts
Foreign exchange contracts
Credit contracts
Other derivative contracts

3,250 6,021 11,538

659 21 (122) 21
(1,150) (78)

27 (154) 1,236

(983) 7

(29) (54) (13) 41
(675) 99 1,411

(237)

(31)

218

4

364

1

(139) (106)

(9) (40)

2,641 5,860 14,185

(561) (12) 27 (29)
(799) (36)
(62)(6) (137)(6) 2,628 (6)

(710)
26 (31) (46)
37

Total derivative contracts

Other assets
Short sale liabilities
Other liabilities (excluding derivatives)
39(3) - (3) 4(6)

1) See next page for detail.
2) Represents only net gains (losses) that are due to changes in economic conditions and management's estimates of fair value and excludes changes due to the collection/realization of cash flows over time.
3) Included in trading activities and other noninterest income in the income statement.
4) Included in debt securities available for sale in the income statement.
5) Included in equity investments in the income statement.
6) Included in mortgage banking and other noninterest income in the income statement.

(7) Included in mortgage banking, trading activities, equity investments and other noninterest income in the income statement.

(continued on following page)

Note 13: Fair Values of Assets and Liabilities (continued)

(continued from previous page)

The following table presents gross purchases, sales, issuances and settlements related to the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the six months ended June 30, 2013.

(in millions)

Six months ended June 30, 2013 Trading assets
(excluding derivatives):
Securities of U.S. states and political subdivisions
Collateralized loan and other debt obligations
Corporate debt securities
Mortgage-backed securities
Asset-backed securities
Equity securities

Purchases

123 519
66 4
12

Sales

(131) (625) (107)
(2) (27)
(3)

Settlements

(3) (21)

(8) (109) (41) 2

(36)
(3)

Total trading securities

Other trading assets

Total trading assets

(excluding derivatives)

Securities available for sale: Securities of U.S. states and
political subdivisions Mortgage-backed securities:
Residential
Commercial

Total mortgage-backed

securities

Corporate debt securities
Collateralized loan and other debt obligations Asset-backed securities:
Auto loans and leases
Home equity loans
Other asset-backed securities

773 352 522

(67) (1)

J1L.

(14)

(5) (36)

705

304 608

(282) (3)

LZL.

(10)

(23) (194)

(1,680)

(1,453)

356

(3) _L51

Alll

(23) 565

(1,024) (5) (359)

Total asset-backed securities

Total debt securities

Marketable equity securities:
Perpetual preferred securities Other marketable equity securities

Total marketable equity securities

Total securities

available for sale

Mortgages held for sale Loans
Mortgage servicing rights
Net derivative assets and liabilities:
Interest rate contracts
Commodity contracts
Equity contracts
Foreign exchange contracts
Credit contracts

Other derivative contracts
203 22

2

269
(572)

(584)

9 (2) (209)

(1)

232 1,995
(306) (155)

(246) (31) 158 4

360 1

(675) 99 1,411

(237) (31) 218 4

364 1

Total derivative contracts

Other assets
Short sale liabilities
Other liabilities (excluding derivatives)

557 8

(1) (8)

132

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the six months ended June 30, 2012, are summarized as follows:

Balance, beginning of period

Total net gains (losses) included in
Net

Other comprehensive income

Purchases, sales,
issuances and
settlements, net(1)

Transfers into Level 3

Transfers out of Level 3

Balance, end of period

Net unrealized gains (losses) included in

income related to assets and liabilities held at period end(2)

Six months ended June 30, 2012 Trading assets
(excluding derivatives):
Securities of U.S. states and political subdivisions
Collateralized loan and other debt obligations
Corporate debt securities
Mortgage-backed securities
Asset-backed securities
Equity securities

53 1,582 97 108 190 4

18 (2)
3 28
1

5
(327) (39) (8) (53) (Z>

58

1,273

56

93

179

3

(1) (16) (2) (2) 16

Total trading securities

Other trading assets

Total trading assets

(excluding derivatives)

Securities available for sale: Securities of U.S. states and
political subdivisions Mortgage-backed securities:
Residential
Commercial

Total mortgage-backed securities

Corporate debt securities
Collateralized loan and other debt obligations
Asset-backed securities:
Auto loans and leases
Home eguity loans
Other asset-backed securities

11,516

61 232

293

295 8,599

6,641 282 2,863

(5)

11 (14)

-L3L

3 85

3 11 (23)

11 21

(5) 177

7 14 62

1,701

(35) (50)

(85)

(8) 286

(445) (3) 171

28

28

27 1

(3,901) (61)

(61)

(74)

9,505

15 189

204

286 9,147

6,206 257 3,074

(10)

(1) (17)

jm

(4) (21)

Total asset-backed securities

Total debt securities

Marketable equity securities:

Perpetual preferred securities Other marketable equity securities

1,344 23

71 1

(24) Jill.

(464) (7)

927 2

Total marketable equity securities

Total securities

available for sale

Mortgages held for sale Loans
Mortgage servicing rights
Net derivative assets and liabilities:
Interest rate contracts
Commodity contracts
Equity contracts
Foreign exchange contracts
Credit contracts
Other derivative contracts

Total derivative contracts

Other assets
Short sale liabilities
Other liabilities (excluding derivatives)

3,410 23 12,603

609

(75) (7) (1,998) (117)

(1,588)

244

(44)

(34)

(3,144)

3,686 23 (44) 2

111 11

3,789

(2)

(69) 1

2,622

(3,389) (U) (137) 6
230

(3,301)

(23) (9) (199)
3,328 24 12,081

(13)

906 4
(269) 1
(1,657) C06)

(13) (1,121)

225 (9) (245)
(30) (6) - (6) (1.789) (6)

776 13 (629) 8 56

224 (7)

(2)(3)

- (3)
- (6)

1) See next page for detail.
2) Represents only net gains (losses) that are due to changes in economic conditions and management's estimates of fair value and excludes changes due to the collection/realization of cash flows over time.
3) Included in trading activities and other noninterest income in the income statement.
4) Included in debt securities available for sale in the income statement.
5) Included in equity investments in the income statement.
6) Included in mortgage banking and other noninterest income in the income statement.
7) Included in mortgage banking, trading activities and other noninterest income in the income statement.

(continued on following page)

Note 13: Fair Values of Assets and Liabilities (continued)

(continued from previous page)

The following table presents gross purchases, sales, issuances and settlements related to the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the six months ended June 30, 2012.

(in millions)

Six months ended June 30, 2012 Trading assets
(excluding derivatives):
Securities of U.S. states and political subdivisions
Collateralized loan and other debt obligations
Corporate debt securities
Mortgage-backed securities
Asset-backed securities
Equity securities
Total trading securities

68 371 151 44 98 1

733

(63) (698) (190)
(52) (127) (3)

5
(327) (39) (8)

(24) (53)
(24)
__: L?2
(424)

Total trading assets
(excluding derivatives)

Securities available for sale: Securities of U.S. states and
political subdivisions Mortgage-backed securities: Residential
Commercial

Total mortgage-backed
securities

1,560

1 10

(2) (34)

(34)

(757)

(2) (60)

(62)

(35) (50)

(85)

Corporate debt securities
Collateralized loan and other debt obligations
Asset-backed securities:
Auto loans and leases
Home equity loans
Other asset-backed securities

(185)

(2) (94)
(8) (744)

(2,795) (1) (1,397)

(8) 286

(445) (3) 171

Total asset-backed securities

Total debt securities

Marketable equity securities:

Perpetual preferred securities Other marketable equity securities

Total marketable equity securities

(464) (2)

(466)

(464) -All

(471)

Total securities

available for sale

Mortgages held for sale Loans
Mortgage servicing rights
Net derivative assets and liabilities:
Interest rate contracts
Commodity contracts
Equity contracts
Foreign exchange contracts
Credit contracts
Other derivative contracts

255 2

104

(5)

(324) (1)

(3,389)

(11) (59) 6

233

(69) 1

2,622

(3,389) (11) (137) 6
230

Total derivative contracts

Other assets
Short sale liabilities
Other liabilities (excluding derivatives)

(9) 10

(23) (9) (199)

The following table provides quantitative information about the valuation techniques and significant unobservable inputs used in the valuation of substantially all of our Level 3 assets and liabilities measured at fair value on a recurring basis for which we use an internal model.

The significant unobservable inputs for Level 3 assets and liabilities that are valued using fair values obtained from third party vendors are not included in the table as the specific inputs applied are not provided by the vendor (see discussion regarding vendor-developed valuations within the "Level 3 Asset and Liabilities Valuation Processes" section previously within this Note). In addition, the table excludes the valuation techniques and significant unobservable inputs for certain classes of Level 3 assets and liabilities measured using an internal model that we consider, both individually and in the aggregate, insignificant relative to our overall Level 3 assets and liabilities. We made this
determination based upon an evaluation of each class which considered the magnitude ofthe positions, nature of the unobservable inputs and potential for significant changes in fair value due to changes in those inputs.

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Fair Value Level 3

Significant Unobservable Input

Range of Inputs

Weighted Average (1)

June 30, 2013

Trading and available for sale securities: Securities of U.S. states and political subdivisions:

Government, healthcare and other revenue bonds

Auction rate securities and other municipal bonds

Collateralized loan and other debt obligations(2)

Asset-backed securities: Auto loans and leases

Other asset-backed securities: Dealer floor plan Diversified payment rights (3) Other commercial and consumer

Marketable equity securities: perpetual preferred

Mortgages held for sale (residential)

Mortgage servicing rights (residential)

Net derivative assets and (liabilities): Interest rate contracts

Interest rate contracts: derivative loan commitments

Equity contracts Credit contracts

3,229 68

502

1,023 2,699

4,872

1,409 604

935 (4)

109 788 (5) 2,641

5,860 (6)

(606)(9)

27

(803) 4

Discounted cash flow

Vendor priced

5.4 3.3
3.2 - 14.3
2.8 - 7.0 yrs

Discount rate
Discounted cash flow

Discount rate Weighted average life
3.0 1.0 53.3 0.8

Market comparable pricing Comparability adjustment (20.3) - 22.5 %
Vendor priced

Discounted cash flow

Default rate 1.6 - 9.0

Discount rate0.5-1.2
Loss severity50.0-66.3

1.7 2.4 1.6 2.2
Discounted cash flow Discounted cash flow Discounted cash flow

Vendor priced

Prepayment rate0.6-1.5

Discount rate0.6-2.2
Discount rate1.5-3.3
Discount rate0.0-12.9

6.5 5.5
9.7 °/o

%

Weighted average life 1.1-6.9
Discounted cash flow
Discounted cash flow

3.3 5.6 23.2 5.3

Discount rate 4.9 Weighted average life 1.0
Default rate 0.6 - 17.9

Discount rate3.6-7.7

3.2 12.0 0.8

2.4 1.7 0.0

Loss severity1.3-33.1

3.6 40.7 2.0

Prepayment rate1.0-9.6
Discounted cash flow

200 7.6 11.4
Discount rate Prepayment rate Utilization rate

Discounted cash flow
5.0 50.0 16.0

Cost to service per loan (7) $ 88 - 826
Discount rate 5.6 - 10.8
Prepayment rate (8) 6.5 - 20.5

Discounted cash flow

Default rate 0.0 - 15.0 Loss severity 50.0 - 57.9 Prepayment rate 11.0 - 16.0

Discounted cash flow
73.6 25.1
18.0 10.8
87.8 % 68.2

Fall-out factor 1.0 - 99.0 17.3

Initial-value servicing (5.3) - 109.7 bps 71.4

Option model

Market comparable pricing Option model
0.5 1.2 45.5
Correlation factor Volatility factor

Comparability adjustment (31.4) - 34.2 Credit spread 0.1 - 14.0 Loss severity 16.5 - 87.5

Insignificant Level 3 assets,

net of liabilities

Total level 3 assets, net of liabilities

1) Weighted averages are calculated using outstanding unpaid principal balance for cash instruments such as loans and securities, and notional amounts for derivative instruments.

2) Includes $710 million of collateralized debt obligations.
3) Securities backed by specified sources of current and future receivables generated from foreign originators.
4) Consists primarily of investments in asset-backed securities that are revolving in nature, in which the timing of advances and repayments of principal are uncertain.
5) Consists of auction rate preferred equity securities with no maturity date that are callable by the issuer.
6) Consists predominantly of reverse mortgage loans securitized with GNMA which were accounted for as secured borrowing transactions.
7) The high end of the range of inputs is for servicing modified loans. For non-modified loans the range is $88 - $312.
8) 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.
9) Total derivative loan commitments were a net liability of $615 million, of which $606 million were classified as level 3 at June 30, 2013.
10) Represents the aggregate amount of Level 3 assets and liabilities measured at fair value on a recurring basis that are individually and in the aggregate insignificant. The amount includes corporate debt securities, mortgage-backed securities, asset-backed securities backed by home equity loans, other marketable equity securities, other assets, other liabilities and certain net derivative assets and liabilities, such as commodity contracts, foreign exchange contracts and other derivative contracts.
11) Consists of total Level 3 assets of $42.5 billion and total Level 3 liabilities of $3.6 billion, before netting of derivative balances.

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Note 13: Fair Values of Assets and Liabilities (continued)

($ in millions, except cost to service amounts)	Fair Value Level 3	Valuation Technique(s)	Significant Unobservable Input	Range of Inputs	Weighted Average (1)
December 31, 2012					
Trading and available for sale securities:					
Securities of U.S. states and political subdivisions:					
Government, healthcare and other revenue bonds	$ 3,081	Discounted cash flow	Discount rate	0.5 - 4.8 %	1.8
. Auction rate securities and other municipal bonds	596	Discounted cash flow	Discount rate	2.0 - 12.9	4.4
			Weighted average life	3.0 - 7.5 yrs	3^
Collateralized loan and other debt obligations(2)	1,423	Market comparable pricing	Comparability adjustment	(22.5) - 24.7 %	3.5
	12,507	Vendor priced			
Asset-backed securities:					
Auto loans and leases	5,921	Discounted cash flow	Default rate	2.1 - 9.7	3.2
			Discount rate	0.6-1.6	1.0
			Loss severity	50.0-66.6	51.8
			Prepayment rate	0.6- 0.90^7_	
Other asset-backed securities:					
Dealer floor plan	1,030	Discounted cash flow	Discount rate	0.5-2.2	1.9
Diversified payment rights (3)	639	Discounted cash flow	Discount rate	1.0-2.9	1.8
Other commercial and consumer	1,665 (4)	Discounted cash flow	Discount rate	0.6-6.8	2.7
			Weighted average life	1.0 - 7.5 yrs	2.9
	87	Vendor priced			
Marketable equity securities: perpetual preferred	794 (5)	Discounted cash flow	Discount rate	4.3 - 9.3 %	6.3
			Weighted average life	1.0 - 7.0 yrs	5^
Mortgages held for sale (residential)	3,250	Discounted cash flow	Default rate	0.6 - 14.8 %	5.5
			Discount rate	3.4-7.5	5.4
			Loss severity	1.3-35.3	26.4
			Prepayment rate	*1.0 - 11.0*	(^2.
Loans	6,021 (6)	Discounted cash flow	Discount rate	2.4 - 2.8	2.6
			Prepayment rate	1.6 - 44.4	11.6
			Utilization rate	0.0 - 2.0	08_
Mortgage servicing rights (residential)	11,538	Discounted cash flow	Cost to service per loan (7)	$ 90 - 854	219
			Discount rate	6.7-10.9 %	7.4
			Prepayment rate (8)	7.3- 23.7	15.7
Net derivative assets and (liabilities):					
Interest rate contracts	162	Discounted cash flow	Default rate	0.0 - 20.0	5.4
			Loss severity	45.8-83.2	51.6

			Prepayment rate	7.4- 15.6	14.9
Interest rate contracts: derivative loan commitments	497	Discounted cash flow	Fall-out factor	1.0 - 99.0	22.9
			Initial-value servicing	(13.7)- 137.2 bps	85.6
Equity contracts	(122)	Option model	Correlation factor	(43.6) - 94.5 %	50.3
			Volatility factor	3.0- 68.9	26.5
Credit contracts	(1,157)	Market comparable pricing	Comparability adjustment	(34.4) - 30.5	0.1
	8	Option model	Credit spread	0.1 - 14.0	2.0
			Loss severity	16.5 - 87.5	52.3
Insignificant Level 3 assets, net of liabilities	835 (9)				
Total level 3 assets, net of liabilities	$ 48,775 (10)				

1) Weighted averages are calculated using outstanding unpaid principal balance for cash instruments such as loans and securities, and notional amounts for derivative instruments.
2) Includes $665 million of collateralized debt obligations.
3) Securities backed by specified sources of current and future receivables generated from foreign originators.
4) Consists primarily of investments in asset-backed securities that are revolving in nature, in which the timing of advances and repayments of principal are uncertain.
5) Consists of auction rate preferred equity securities with no maturity date that are callable by the issuer.
6) Consists predominantly of reverse mortgage loans securitized with GNMA which were accounted for as secured borrowing transactions.
7) The high end of the range of inputs is for servicing modified loans. For non-modified loans the range is $90 - $437.
8) 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.
9) Represents the aggregate amount of Level 3 assets and liabilities measured at fair value on a recurring basis that are individually and in the aggregate insignificant. The amount includes corporate debt securities, mortgage-backed securities, asset-backed securities backed by home equity loans, other marketable equity securities, other assets, other liabilities and certain net derivative assets and liabilities, such as commodity contracts, foreign exchange contracts and other derivative contracts.
10) Consists of total Level 3 assets of $51.9 billion and total Level 3 liabilities of $3.1 billion, before netting of derivative balances.

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The valuation techniques used for our Level 3 assets and liabilities, as presented in the previous table, are described as follows:

- Discounted cash flow - Discounted cash flow valuation techniques generally consist of developing an estimate of future cash flows that are expected to occur over the life of an instrument and then discounting those cash flows at a rate of return that results in the fair value amount.
- Option model - Option model valuation techniques are generally used for instruments in which the holder has a contingent right or obligation based on the occurrence of a future event, such as the price of a referenced asset going above or below a predetermined strike price. Option models estimate the likelihood of the specified event occurring by incorporating assumptions such as volatility estimates, price of the underlying instrument and expected rate of return.
- Market comparable pricing - Market comparable pricing valuation techniques are used to determine the fair value of certain instruments by incorporating known inputs such as recent transaction prices, pending transactions, or prices of other similar investments which require significant adjustment to reflect differences in instrument characteristics.
- Vendor-priced - Prices obtained from third party pricing vendors or brokers that are used to record the fair value of the asset or liability, of which the related valuation technique and significant unobservable inputs are not provided.

Significant unobservable inputs presented in the previous table are those we consider significant to the fair value of the Level 3 asset or liability. We consider unobservable inputs to be significant, if by their exclusion, the fair value of the Level 3 asset or liability would be impacted by a predetermined percentage change or based on qualitative factors such as nature of the instrument, type of valuation technique used, and the significance ofthe unobservable inputs relative to other inputs used within the valuation. Following is a description of the significant unobservable inputs provided in the table.

- Comparability adjustment - is an adjustment made to observed market data such as a transaction price in order to reflect dissimilarities in underlying collateral, issuer, rating, or other factors used within a market valuation approach, expressed as a percentage of an observed price.
- Correlation factor - is the likelihood of one instrument changing in price relative to another based on an established relationship expressed as a percentage of relative change in price over a period over time.
- Cost to service - is the expected cost per loan of servicing a portfolio of loans which includes estimates for unreimbursed

expenses (including delinquency and foreclosure costs) that may occur as a result of servicing such loan portfolios.

- Credit spread - is the portion of the interest rate in excess of a benchmark interest rate, such as LIBOR or U.S. Treasury rates, that when applied to an investment captures changes in the obligor's creditworthiness.
- Default rate - is an estimate of the likelihood of not collecting contractual amounts owed expressed as a constant default rate (CDR).
- Discount rate - is a rate of ret urn used to present value the future expected cash flow to arrive at the fair value of an instrument. The discount rate consists of a benchmark rate component and a risk premium component. The benchmark rate component, for example, LIBOR or U.S. Treasury rates, is generally observable within the market and is necessary to appropriately reflect the time value of money. The risk premium component reflects the amount of compensation market participants require due to the uncertainty inherent in the instruments' cash flows resulting from risks such as credit and liquidity.
- Fall-out factor - is the expected percentage of loans associated with our interest rate lock commitment portfolio that are likely of not funding.
- Initial-value servicing - is the estimated value of the underlying loan, including the value attributable to the embedded servicing right, expressed in basis points of outstanding unpaid principal balance.
- Loss severity - is the percentage of contractual cash flows lost in the event of a default.
- Prepayment rate - is the estimated rate at which forecasted prepayments of principal of the related loan or debt instrument are expected to occur, expressed as a constant prepayment rate (CPR).
- Utilization rate - is the estimated rate in which incremental portions of existing reverse mortgage credit lines are expected to be drawn by borrowers, expressed as an annualized rate.
- Volatility factor - is the extent of change in price an item is estimated to fluctuate over a specified period of time expressed as a percentage of relative change in price over a period over time.
- Weighted average life - is the weighted average number of years an investment is expected to remain outstanding, based on its expected cash flows reflecting the estimated date the issuer will call or extend the maturity of the instrument or otherwise reflecting an estimate of the timing, of an instrument's cash flows whose timing is not contractually fixed.

Significant Recurring Level 3 Fair Value Asset and Liability Input Sensitivity

We generally use discounted cash flow or similar internal modeling techniques to determine the fair value of our Level 3 assets and liabilities. Use of these techniques requires determination of relevant inputs and assumptions, some of which represent significant unobservable inputs as indicated in the preceding table. Accordingly, changes in these unobservable inputs may have a significant impact on fair value.

Certain of these unobservable inputs will (in isolation) have a directionally consistent impact on the fair value of the instrument for a given change in that input. Alternatively, the fair value of the instrument may move in an opposite direction for a given change in another input. Where multiple inputs are used within the valuation technique of an asset or liability, a

Note 13: Fair Values of Assets and Liabilities (continued)

change in one input in a certain direction may be offset by an opposite change in another input having a potentially muted impact to the overall.fair value of that particular instrument. Additionally, a change in one unobservable input may result in a change to another unobservable input (that is, changes in certain inputs are interrelated to one another), which may counteract or magnify the fair value impact.

SECURITIES, LOANS and MORTGAGES HELD FOR SALE The fair values of predominantly all Level 3 trading securities, mortgages held for sale, loans and securities available for sale have consistent inputs, valuation techniques and correlation to changes in underlying inputs. The internal models used to determine fair value for these Level 3 instruments use certain significant unobservable inputs within a discounted cash flow or market comparable pricing valuation technique. Such inputs include discount rate, prepayment rate, default rate, loss severity, utilization rate and weighted average life.

These Level 3 assets would decrease (increase) in value based upon an increase (decrease) in discount rate, default rate, loss severity, or weighted average life inputs. Conversely, the fair value of these Level 3 assets would generally increase (decrease) in value if the prepayment rate input were to increase (decrease) or if the utilization rate input were to increase (decrease).

Generally, a change in the assumption used for default rate is accompanied by a directionally similar change in the risk premium component of the discount rate (specifically, the portion related to credit risk) and a directionally opposite change in the assumption used for prepayment rates. Unobservable inputs for loss severity, utilization rate and weighted average life do not increase or decrease based on movements in the other significant unobservable inputs for these Level 3 assets.

DERIVATIVE INSTRUMENTS Level 3 derivative instruments are valued using market comparable pricing, option pricing and discounted cash flow valuation techniques. We utilize certain unobservable inputs within these techniques to determine the fair value of the Level 3 derivative instruments. The significant unobservable inputs consist of credit spread, a comparability adjustment, prepayment rate, default rate, loss severity, initial value servicing, fall-out factor, volatility factor, and correlation factor.

Level 3 derivative assets (liabilities) would decrease (increase) in value upon an increase (decrease) in default rate, fall-out factor, credit spread or loss severity inputs. Conversely, Level 3 derivative assets (liabilities) would increase (decrease) in value upon an increase (decrease) in prepayment rate, initial-value servicing or volatility factor inputs. The correlation factor and comparability adjustment inputs may have a positive or negative impact on the fair value of these derivative instruments depending on the change in value of the item the correlation factor and comparability adjustment is referencing. The correlation factor and comparability adjustment is considered independent from movements in other significant unobservable inputs for derivative instruments.

Generally, for derivative instruments for which we are subject to changes in the value of the underlying referenced instrument, change in the assumption used for default rate is accompanied by directionally similar change in the risk premium component of the discount rate (specifically, the portion related to credit risk) and a directionally opposite change in the assumption used for prepayment rates. Unobservable inputs for loss severity, fallout factor, initial-value servicing, and volatility do not increase or decrease based on movements in other significant unobservable inputs for these Level 3 instruments.

MORTGAGE SERVICING RIGHTS We use a discounted cash flow valuation technique to determine the fair value of Level 3 mortgage servicing rights. These models utilize certain significant unobservable inputs including prepayment rate, discount rate and costs to service. An increase in any of these unobservable inputs will reduce the fair value of the mortgage servicing rights and alternatively, a decrease in any one of these inputs would result in the mortgage servicing rights increasing in value. Generally, a change in the assumption used for the default rate is accompanied by a directionally similar change in the assumption used for cost to service and a directionally opposite change in the assumption used for prepayment. The sensitivity of our residential MSRs is discussed further in Note 7.

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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 or write-downs of individual assets. For assets measured at fair value on a nonrecurring basis in the first half of 2013, and year ended December 31, 2012, that were still held in the balance sheet at each respective period end, the following table provides the fair value hierarchy and the fair value of the related individual assets or portfolios at period end.

December 31, 2012	Level 1	Level 2	Level 3
Mortgages held for sale (LOCOM) (1)			
Loans held for sale			
Loans:			
Commercial			
Consumer			

1,552

384 2,932
2,540

388 2,938
1,509 4

1,507 5,889
2,554 4

1,507 5,893
Total loans (2)
Other assets (3)

1) Predominantly real estate 1-4 family first mortgage loans.
2) Represents carrying value of loans for which adjustments are based on the appraised value of the collateral.
3) Includes the fair value of foreclosed real estate and other collateral owned that were measured at fair value subsequent to their initial classification as foreclosed assets.

The following table presents the increase (decrease) in value of certain assets that are measured at fair value on a nonrecurring basis for which a fair value adjustment has been recognized in the periods presented.

		Six months ended June 30,	
(in millions)		2013	2012
Mortgages held for sale (LOCOM)	$	(23) 38	
Loans held for sale		- 1	
Loans:			
Commercial (195) (471)			
Consumed 1)		(1,380)	(2,153)
Total loans		(1,575)	(2,624)
Other assets (2)		(151)	(179)
Total	$	(1,749)	(2,764)

1) Represents write-downs of loans based on the appraised value of the collateral.
2) Includes the losses on foreclosed real estate and other collateral owned that were measured at fair value subsequent to their initial classification as foreclosed assets.

Note 13: Fair Values of Assets and Liabilities (continued)

The table below provides quantitative information about the valuation techniques and significant unobservable inputs used in the valuation of substantially all of our Level 3 assets and liabilities measured at fair value on a nonrecurring basis for which we use an internal model.

We have excluded from the table classes of Level 3 assets and liabilities measured using an internal model that we consider, both individually and in the aggregate, insignificant relative to our overall Level 3 nonrecurring measurements. We made this determination based upon an evaluation of each class which considered the magnitude of the positions, nature of the unobservable inputs and potential for significant changes in fair value due to changes in those inputs.

Fair Value Significant Level 3 Valuation Technique(s) (1) Unobservable Inputs (1)

Range of inputs
Weighted Average (2)

June 30, 2013
Residential mortgages held for sale (LOCOM) $

Insignificant level 3 assets

Default rate (4) 1.3 - 5.5% 2.8%

Discount rate	4.3	-	12.2	11.3
Loss severity	1.9	-	50.5 5.1	
Prepayment rate(5)	**1.0**	**-**	**100.0**	**66.7**

Total

December 31, 2012 Residential mortgages held for sale (LOCOM)

Insignificant level 3 assets

Default rate(4) Discount rate Loss severity Prepayment rate (5)

2.9 - 21.2 %
4.1 - 11.9
2.0 - 45.0
1.0 - 100.0

7.9 % 10.9
6.0 66.7

Total 1,193

1) Refer to the narrative following the recurring quantitative Level 3 table of this Note for a definition of the valuation technique(s) and significant unobservable inputs.
2) Weighted averages are calculated using outstanding unpaid principal balance of the loans.
3) Consists of approximately $909 million and $942 million government insured/guaranteed loans purchased from GNMA-guaranteed mortgage securitization, at June 30, 2013 and December 31, 2012, respectively and $79 million and $103 million of other mortgage loans which are not government insured/guaranteed at June 30, 2013 and December 31, 2012, respectively.
4) Applies only to non-government insured/guaranteed loans.
5) Includes the impact on prepayment rate of expected defaults for the government insured/guaranteed loans, which impacts the frequency and timing of early resolution of loans.

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Alternative Investments

The following table summarizes our investments in various types of funds, which are included in trading assets, securities available

for sale and other assets. We use the funds' net asset
values (NAVs) per share as a practical expedient to measure fair value on recurring and nonrecurring bases. The fair values presented in the table are based upon the funds' NAVs or an equivalent measure.

Fair Unfunded value commitments

Redemption frequency
Redemption notice period

June 30, 2013 Offshore funds Funds of funds Hedge funds Private equity funds Venture capital funds

439

4 758 80

196 16

Daily - Quarterly

Monthly - Semi Annually N/A N/A

1 - 180 days

5 - 95 days N/A N/A

1,281

December 31, 2012 Offshore funds Funds of funds Hedge funds Private equity funds Venture capital funds

379 1. 2
807 82

195 21

Daily - Annually Quarterly
Daily - Annually N/A N/A

1 - 180 days 90 days 5 - 95 days N/A N/A

1,271

N/A - Not applicable

Offshore funds primarily invest in investment grade European fixed-income securities. Redemption restrictions are in place for these investments with a fair value of $216 million and $189 million at June 30, 2013 and December 31, 2012, respectively, due to lock-up provisions that will remain in effect until February 2016.

Private equity funds invest in equity and debt securities issued by private and publicly-held companies in connection with leveraged buyouts, recapitalizations and expansion opportunities. Substantially all of these investments do not allow redemptions. Alternatively, we receive distributions as the underlying assets of the funds liquidate, which we expect to occur over the next twelve years.

Venture capital funds invest in domestic and foreign companies in a variety of industries, including information technology, financial services and healthcare. These investments can never be redeemed with the funds. Instead, we receive distributions as the underlying assets ofthe fund liquidate, which we expect to occur over the next five years.

Note 13: Fair Values of Assets and Liabilities (continued)

Fair Value Option

We measure MHFS at fair value for prime MHFS originations for which an active secondary market and readily available market prices exist to reliably support fair value pricing models used for these loans. Loan origination fees on these loans are recorded when earned, and related direct loan origination costs are recognized when incurred. We also measure at fair value certain of our other interests held related to residential loan sales and securitizations. We believe fair value measurement for prime MHFS and other interests held, which we hedge with freestanding derivatives (economic hedges) along with our MSRs measured at fair value, reduces certain timing differences and better matches changes in the value of these assets with changes in the value of derivatives used as economic hedges for these assets.

We elected to measure certain LHFS portfolios at fair value in conjunction with customer accommodation activities, to better align the measurement basis of the assets held with our management objectives given the trading nature of these portfolios. In addition, we elected to measure at fair value certain letters of credit and nonmarketable equity securities that are hedged with derivative instruments to better reflect the economics of the transactions. The letters of credit are included in trading account assets or liabilities, and the nonmarketable equity securities are included in other assets.

Loans that we measure at fair value consist predominantly of reverse mortgage loans previously transferred under a GNMA reverse mortgage securitization program accounted for as a secured borrowing. Before the transfer, they were classified as MHFS measured at fair value and, as such, remain carried on our balance sheet under the fair value option.

Similarly, we may elect fair value option for the assets and liabilities of certain consolidated VIEs. This option is generally elected for newly consolidated VIEs for which predominantly all of our interests, prior to consolidation, are carried at fair value with changes in fair value recorded to earnings. Accordingly, such an election allows us to continue fair value accounting through earnings for those interests and eliminate income statement mismatch otherwise caused by differences in the measurement basis of the consolidated VIEs assets and liabilities.

The following table reflects the differences between fair value carrying amount of certain assets and liabilities for which we have elected the fair value option and the contractual aggregate unpaid principal amount at maturity.

December 31, 2012

Fair value carrying amount

Aggregate unpaid principal

Fair value carrying amount less aggregate unpaid principal

Fair value Aggregate carrying unpaid amount principal

Fair value carrying amount less aggregate unpaid principal

Mortgages held for sale: Total loans Nonaccrual loans

Loans 90 days or more past due and still accruing Loans held for sale:

Total loans

Nonaccrual loans Loans:

Total loans

Nonaccrual loans Other assets (2) Long-term debt

35,402 269 41

2 2

6,088 117 595

36,098 473 52

9 9

S,7G6 118 n/a (199)

(696)(1) (204) (11)

(7) (7)

382

(1) n/a

199 (3)

42,305 309 49

6 2

6,206 89

(1)

41,183 655 64

10 6

5,669 89 n/a (1,157)

1,122 (1) (346) (15)

(4) (4)

537

n/a 1,156 (3)

1) The difference between fair value carrying amount and aggregate unpaid principal includes changes in fair value recorded at and subsequent to funding, gains and losses on the related loan commitment prior to funding, and premiums on acquired loans.
2) Consists of nonmarketable equity investments carried at fair value. See Note 6 for more information.
3) Represents collateralized, non-recourse debt securities issued by certain of our consolidated securitization VIEs that are held by third party investors. To the extent cash flows from the underlying collateral are not sufficient to pay the unpaid principal amount of the debt, those third party investors absorb losses.

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The assets and liabilities accounted for under the fair value option are initially measured at fair value. Gains and losses from initial measurement and subsequent changes in fair value are recognized in earnings. The changes in fair value related to initial measurement and subsequent changes in fair value included in earnings for these assets and liabilities measured at fair value are shown, by income statement line item, below.

2013

Mortgage

banking noninterest income
Net gains (losses)

from trading activities

Other noninterest income

Mortgage

banking noninterest income
Net gains (losses)

from trading activities

Other noninterest income

Quarter ended June 30,
Mortgages held for sale Loans held for sale Loans
Other assets Long-term debt Other interests held

(107) 25

6

(15)

(4) (8)

Six months ended June 30,					
Mortgages held for sale 1		$	1,034 - -		4,321 -
Loans held for sale	...				19
Loans	-	-	(154)	-	- 27
Other assets	-	-	39	...	
Long-term debt	-	-	-	-	(4)
Other interests held	-	(13)	6	-	(24) 15

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. In recent years spreads have been significantly affected by the lack of liquidity in the secondary market for mortgage loans. For nonperforming loans, we attribute all changes in fair value to instrument-specific credit risk. The following table shows the estimated gains and losses from earnings attributable to instrument-specific credit risk related to assets accounted for under the fair value option.

	Quarter ended June 30,		Six months ended June 30,	
(in millions)	2013	2012	2013	2012

Gains (losses) attributable to instrument-specific credit risk:

Mortgages held for sale $ 88 (52) 125 (91)					
Loans held for sale		-	6		- 19
Total	*$*	*88*	*(46J*	*125*	*(J2}*

Note 13: Fair Values of Assets and Liabilities (continued)

Disclosures about Fair Value of Financial Instruments

The table below is a summary of fair value estimates for financial instruments, excluding financial instruments recorded at fair value on a recurring basis as they are included within the Assets and Liabilities Recorded at Fair Value on a Recurring Basis table included earlier in this Note. The carrying amounts in the following table are recorded in the balance sheet under the indicated captions.

We have not included assets and liabilities that are not financial instruments in our disclosure, such as the value of the long-term relationships with our deposit, credit card and trust customers, amortized MSRs, premises and equipment, goodwill and other intangibles, deferred taxes and other liabilities. The total of the fair value calculations presented does not represent, and should not be construed to represent, the underlying value of the Company.

Estimated fair value

(in millions)

June 30, 2013 Financial assets		
Cash and due from banks (1)	**$ 17,939**	
Federal funds sold, securities purchased under resale agreements and other short-term investments (1)		**148,665**
Mortgages held for sale (2)	**3,383**	
Loans held for sale (2)	**188**	
Loans, net (3)	**768,071**	
Nonmarketable equity investments (cost method)	**6,519**	
Financial liabilities		
Deposits	1,021,585	
Short-term borrowings (1)	56,983	
Long-term debt (4)	**123,364**	

Level 2

144,831 2,395 181 57,917 1

971,375 56,983 114,926

Level 3

988 13
715,379 8,086

50,682 11,033

Total

17,939

148,665 3,383 194
773,296 8,087

1,022,057 56,983

December 31, 2012

Financial assets
Cash and due from banks (1)
Federal funds sold, securities purchased under resale agreements and other short-term investments (1) Mortgages held for sale (2) Loans held for sale (2) Loans, net (3)
Nonmarketable eguity investments (cost method)

Financial liabilities Deposits
Short-term borrowings (1) Long-term debt (4)

21,860

137,313 4,844 104
763,968 6,799

1,002,835 57,175 127,366

132,267 3,808 83 56,237 2

946,922 57,175 119,220

1,045 29
716,114 8,229

57,020 11,063

21,860

137,313 4,853 112
772,351 8,231

1,003,942 57,175 130,283

1) Amounts consist of financial instruments in which carrying value approximates fair value.
2) Balance reflects MHFS and LHFS, as applicable, other than those MHFS and LHFS for which election of the fair value option was made.
3) Loans exclude balances for which the fair value option was elected and also exclude lease financing with a carrying amount of $11.8 billion and $12.4 billion at June 30, 2013 and December 31, 2012, respectively.
4) The carrying amount and fair value exclude balances for which the fair value option was elected and obligations under capital leases of $11 million and $12 million

at June 30, 2013 and December 31, 2012, respectively.

Loan commitments, standby letters of credit and commercial and similar letters of credit are not included in the table above. A reasonable estimate of the fair value of these instruments is the carrying value of deferred fees plus the related allowance. This amounted to $608 million and $586 million at June 30,2013 and December 31,2012, respectively.

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Note 14; 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 issued and outstanding

preferred stock includes Dividend Equalization Preferred (DEP) shares and Series I, J, K, L, N, O and P which are presented in the following two tables, and Employee Stock Ownership Plan (ESOP) Cumulative Convertible Preferred Stock, which is presented in the second table below and the table on the following page.

December 31, 2012

Liquidation preference per share
Shares authorized and designated
Liquidation Shares preference authorized per share and designated

DEP Shares
Dividend Equalization Preferred Shares Series G
7.25% Class A Preferred Stock Series H
Floating Class A Preferred Stock Series I
Floating Class A Preferred Stock Series 3
8.00% Non-Cumulative Perpetual Class A Preferred Stock Series K
7.98% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock Series L
7.50% Non-Cumulative Perpetual Convertible Class A Preferred Stock Series N
5.20% Non-Cumulative Perpetual Class A Preferred Stock Series O
5.125% Non-Cumulative Perpetual Class A Preferred Stock Series P
5.25% Non-Cumulative Perpetual Class A Preferred Stock

$ 10

15,000

20,000

100,000

1,000

1,000

1,000

25,000

25,000

25,000

97,000 50,000 50,000 25,010 2,300,000 3,500,000 4,025,000 30,000 27,600 26,400

10 15,000 20,000 100,000 1,000 1,000 1,000 25,000 25,000

97,000 50,000 50,000 25,010 2,300,000 3,500,000 4,025,000 30,000 27,600

10,131,010

December 31, 2012

Shares issued and outstanding

Par Carrying

value value Discount

Shares issued and outstanding

	Shares issued and outstanding	Par Carrying value	value Discount
DEP Shares			
Dividend Equalization Preferred Shares	96,546 $	- -	
Series I (1)			
Floating Class A Preferred Stock	**25,010**	**2,501 2,501**	
Series 3 (1)			
8.00% Non-Cumulative Perpetual Class A Preferred Stock	**2,150,375**	**2,150 1,995**	
Series K (1)			
7.98% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock	**3,352,000**	**3,352 2,876**	
Series L (1)			
7.50% Non-Cumulative Perpetual Convertible Class A Preferred Stock	**3,968,000**	**3,968 3,200**	
Series N (1)			
5.20% Non-Cumulative Perpetual Class A Preferred Stock	**30,000**	**750 750**	
Series 0(1)			
5.125% Non-Cumulative Perpetual Class A Preferred Stock	**26,000**	**650 650**	
Series P (1)			
5.25% Non-Cumulative Perpetual Class A Preferred Stock	**25,000**	**625 625**	
ESOP			
Cumulative Convertible Preferred Stock	**1,391,344**	**1,391 1,391**	

155 476 768

96,546 $ 25,010 2,150,375 3,352,000 3,968,000 30,000 26,000

910,934

2,501 2,501

2,150 1,995

3,352 2,876

750 650

3,968 3,200
911

750 650
911

155 476 768

10,558,865 $ 14,282 12,883 1,399

(1) Preferred shares qualify as Tier 1 capital.

Note 14: Preferred Stock (continued)

In March 2013, we issued 25 million Depositary Shares, each representing a 1/1,000th interest in a share of the Non-Cumulative Perpetual Class A Preferred Stock, Series P, for an aggregate public offering price of $625 million.

See Note 7 for additional information on our trust preferred securities. We do not have a commitment to issue Series G or H 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 40i(k) Plan (the 40i(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 40i(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.

Shares issued and outstanding

June 30, Dec. 31,

2013 2012

June 30, 2013

Carrying value

Dec. 31, 2012

Adjustable dividend rate

Maximum

ESOP Preferred Stock

$1,000 liquidation preference per share

2013 2012 2011 2010 2008 2007 2006 2005 2004

558,823 231,504 259,263 186,011 65,627 46,508 27,349 13,661 2,598

245,604 277,263 201,011 73,434 53,768 33,559 18,882 7,413

559 231 259 186 66 46 27 14 3

246 277 201 73 54 34 19 7

8.50 % 10.00
9.00
9.50 10.50 10.75 10.75
9.75
8.50

11.00 11.00 10.00 10.50 11.50 11.75 11.75 10.75 9.50

Total ESOP Preferred Stock (1)

Unearned ESOP shares (2)

1) At June 30, 2013 and December 31, 2012, additional paid-in capital included $119 million and $75 million, respectively, related to ESOP preferred stock.
2) We recorded a corresponding charge to unearned ESOP shares in connection with the issuance of the ESOP Preferred Stock. The unearned ESOP shares are reduced as shares of the ESOP Preferred Stock are committed to be released.

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Note is: Employee Benefits

We sponsor a noncontributory qualified defined benefit retirement plan, the Wells Fargo & Company Cash Balance Plan (Cash Balance Plan), which covers eligible employees of Wells Fargo. Benefits accrued under the Cash Balance Plan were frozen effective July 1, 2009.

The net periodic benefit cost was:

2013

Pension benefits

Non- Other Qualified qualified benefits

Pension benefits

Non- Other Qualified qualified benefits

Quarter ended June 30,
Service cost interest cost
Expected return on plan assets
Amortization of net actuarial loss
Settlement

113 (170) 42 68

2 12 (9)

1
128 (163) 33

3 15 (8)

All
Net periodic benefit cost (income)

Six months ended June 30,
Service cost interest cost
Expected return on plan assets
Amortization of net actuarial loss
Amortization of prior service credit
Settlement

Net periodic benefit cost (income)

226 (341) 84

68

37

14 7 4
25

5 24 (18)

(1)

10

1
256 (325) 66

16 5 5
26

6 30 (17)

(1) _Jl2
17

We recognize settlement losses for our Cash Balance Plan based on an assessment of whether our estimated lump sum payments related to the Cash Balance Plan will, in aggregate for the year, exceed the sum of its annual service and interest cost. Settlement losses of $68 million were recognized during second quarter 2013, representing the pro rata portion of the net loss remaining in cumulative other comprehensive income based on the percentage reduction in the Cash Balance Plan's projected benefit obligation. Recognizing settlement losses resulted in a re-measurement that decreased the Cash Balance Plan liability $772 million as of June 30,2013, and with the impact ofthe settlement increased other comprehensive income in second quarter 2013 by $840 million pre-tax and $.524 million after tax. The re-measurement was based on a discount rate of 4.75% at June 30, 2013, using our consistent methodology of basing the discount rate on an established yield curve methodology.

Note 16: Earnings Per Common Share

The table below shows earnings per common share and diluted earnings per common share and reconciles the numerator and denominator of both earnings per common share calculations.

See Note 1 for discussion of private share repurchases and the Consolidated Statement of Changes in Equity.

Six months ended June 30,

(in millions, except per share amounts)

Wells Fargo net income

Less: Preferred stock dividends and other (1)

5,519 247

4,622 219

10,690 487

8,870 445

Wells Fargo net income applicable to common stock (numerator)

Earnings per common share

Average common shares outstanding (denominator) Per share

5,304.7 1.00

5,306.9 0.83

5,291.9 1.93

5,294.9 1.59

Diluted earnings per common share

Average common shares outstanding Add: Stock options

Restricted share rights

Warrants

5,304.7 32.2 42.7 5.0

5,306.9 27.3 35.7

5,291.9 30.9 43.6 3.5

5,294.9 26.5 32.9

Diluted average common shares outstanding (denominator)

Per share

(1) Includes $246 million and $219 million of preferred stock dividends for second quarter 2013 and 2012, respectively, and $486 million and $439 million for the first I 2013 and 2012, respectively.

The following table presents the outstanding options and warrants to purchase shares of common stock that were anti-dilutive (the exercise price was higher than the weighted-average
market price), and therefore not included in the calculation of diluted earnings per common share.

			Weighted-average shares	
	Quarter ended June 30,		Six months ended June 30,	
(in millions)	2013	2012	2013	2012
Options	10.9	56.1	11.9 89.6	
Warrants	-	39.2	- 39.2	

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Note 17: Other Comprehensive Income

The components of other comprehensive income (OCI), reclassifications to net income by income statement line item, and the related tax effects were:

Quarter ended June 30, Six months ended June 30,

2013 2012 2013 2012

Before Tax Net of Before Tax Net of Before Tax Net of Before Tax Net of

(in millions) tax effect tax tax effect tax tax effect tax tax effect

tax

Foreign currency translation adjustments: Net
unrealized losses arising
during the period $ (21) (8) (29)
(56) 21 (35) (39) (6) (45) (46) 17 (29)
Reclassification of net gains
to net income:
Noninterest income (15) 5 (10) (10) 4 (6) (15) 5 (10) (10)
4 (6)
Net change (36) (3) (39) (66) 25 (41) (54) (1) (55) (56) 21 (35)

Securities available for sale: Net
unrealized gains (losses)
arising during the period (6,130) 2,300 (3,830) 831 (316) 515 (6,764) 2,530 (4,234) 2,705 (1,020) 1,685
Reclassification of net (gains)
losses to net income:
Net losses on debt securities
available for sale 54 (20) 34 61 (24) 37 9 (3) 6 68 (26) 42
Net gains from equity
investments (24) 9 (15) (84) 38 (46) (92) 35 (57) (317) 120 (197)

Subtotal reclassifications
to net income 30 (11) 19 (23) 14 (9) (83) 32 (51) (249) 94 (155)
Net change (6,100) 2;289 (3,811) 808 (302) 506 (6,847) 2,562 (4,285) 2,456 (926) 1,530

Derivatives and hedging activities: Net unrealized gains (losses)
(10)
(7)
39 (16) 23
(3)
(2)
(3)
(4)
(7)

(123) 47 (76) 24 (10) 14
(252) 95 (157) 46 (18) 28
(75) 17 11 1

(115) 40
27 (10)
17 (6)

2 (1)

(231) **87**
54 **(20)**
17 (6)

4 (2)
(144) 34 11 2

arising during the period
Reclassification of net (gains) losses
on cash flow hedges to net income:
Interest income on loans
Interest expense on long-term debt
Noninterest income
Salaries expense

Subtotal reclassifications

to net income (69) 23 (46) (99) 37 (62) (156) 59 (97) (206) 77 (129)
Net change (79) 26 (S3) (102) 33 (69) (159) 60 (99) (167) 61 (106)

Defined benefit plans adjustments: Net
actuarial gains (losses) arising
during the period 772 (291) 481 (12) 5 (7) 778 (293) 485 (17) 7 (10)
Reclassification of amounts to net
periodic benefit costs (1):
Amortization of net actuarial loss 45 (16) 29 35 (14) 21 91 (34) 57 71 (27) 44
Settlements and other costs 68 (26) 42 5 (2J 3 71 (27)
44 5 {2} 3_

Subtotal reclassifications to
net periodic benefit costs 113 (42) 71 40 (16) 24 162 (61) 101 76 (29) 47
Net change 885 (333) 552 28 (11) 17 940 (354) 586 59 (22) 37

Other comprehensive income (loss) $ (5,330) 1,979 (3,351) 668 (255) 413 (6,120) 2,267 (3,853) 2,292 (866) 1,426

Less: Other comprehensive income (loss)
from noncontrolling interests, net of tax £3J - - 4_

Wells Fargo other comprehensive
income (loss), net of tax $ (3,348) 413 (3,853) 1,422

(1) These items are included in the computation of net periodic benefit cost which is recorded in employee benefit expense (see Note 15 for additional details).

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Note 17: Other Comprehensive Income (continued)

Cumulative OCI balances were: .

	Foreign currency translation adjustments	Securities available for sale	Derivatives and hedging activities	Defined benefit plans adjustments	Cumulative other comprehensive income
Quarter ended June 30, 2013 Balance, beginning of period					
Net unrealized gains (losses) arising during the period					
Amounts reclassified from accumulated other comprehensive income					
Net change					
Less: Other comprehensive income (loss) from noncontrolling interests					

6,985 (3,830) 19

(3,811) (3)

(7) (46)

(53)

(2,147) 481 71

552

5,145 (3,385) 34

(3,351)

m

Balance, end of period

Quarter ended June 30, 2012 Balance, beginning of period
Net unrealized gains (losses) arising during the period
Amounts reclassified from accumulated
other comprehensive income

96 (35)

(6)

5,433 515

(9)

453 (7)

(62)

(1,766) (7)

24

4,216 466

(53)

Net change
Less: Other comprehensive income (loss) from
noncontrolling interests

Balance, end of period

Six months ended June 30, 2013 Balance, beginning of period
Net unrealized gains (losses) arising during the period
Amounts reclassified from accumulated
other comprehensive income

Net change
Less: Other comprehensive income (loss) from
noncontrolling interests

80 (45) (10)

(55)

7,462 (4,234) (51)

(4,285)

289 (2) (97)

(99)

(2,181) 485 101

586

5,650 (3,796) (57)

(3,853)

Balance, end of period

Six months ended June 30, 2012 Balance, beginning of period
Net unrealized gains (losses) arising during the period
Amounts reclassified from accumulated
other comprehensive income

Net change
Less: Other comprehensive income (loss) from
noncontrolling interests

90 (29)

(35)

4,413 1,685

(155)

1,530 4

490 23

(129)

(106)

(1,786) (10)

47

37

3,207 1,669

(243)

1,426 4

Balance, end of period

150

Note 18: Operating Segments

We have three operating segments for management reporting: Community Banking; Wholesale Banking; and Wealth, Brokerage and Retirement. The results for these operating segments are based on our management accounting process, for which there is no comprehensive, authoritative guidance equivalent to GAAP for financial accounting. The management accounting process measures the performance of the operating segments based on our management structure and is not necessarily comparable with similar information for other financial services companies. We define our operating segments by product type and customer segment. If the management structure and/or the allocation process changes, allocations, transfers and assignments may change. In first quarter 2012, we modified internal funds transfer rates and the allocation of funding.

Community Banking offers a complete line of diversified financial products and services to consumers and small businesses with annual sales generally up to $20 million in which the owner generally is the financial decision maker. Community Banking also offers investment management and other services to retail customers and securities brokerage through affiliates. These products and services include the Wells Fargo Advantage Funds[SM], a family of mutual funds. Loan products include lines of credit, auto floor plan lines, equity lines and loans, equipment and transportation loans, education loans, origination and purchase of residential mortgage loans and servicing of mortgage loans and credit cards. Other credit products and financial services available to small businesses and their owners include equipment leases, real estate and other commercial financing, Small Business Administration financing, venture capital financing, cash management, payroll services, retirement plans, Health Savings Accounts, credit cards, and merchant payment processing. Community Banking also offers private label financing solutions for retail merchants across the United States and purchases retail installment contracts from auto dealers in the United States and Puerto Rico. Consumer and business deposit products include checking accounts, savings deposits, market rate accounts, Individual Retirement Accounts, time deposits, global remittance and debit cards.

Community Banking serves customers through a complete range of channels, including traditional banking stores, in-store banking centers, business centers, ATMs, Online and Mobile Banking, and Wells Fargo Customer Connection, a 24-hours a day, seven days a week telephone service.

Wholesale Banking provides financial solutions to businesses across the United States with annual sales generally in excess of $20 million and to financial institutions globally. Wholesale Banking provides a complete line of commercial, corporate, capital markets, cash management and real estate banking products and services. These include traditional commercial loans and lines of credit, letters of credit, asset-based lending, equipment leasing, international trade facilities, trade financing, collection services, foreign exchange services, treasury management, investment management, institutional fixed-

income sales, interest rate, commodity and equity risk management, online/electronic products such as the Commercial Electronic Office® (CEO®) portal, insurance, corporate trust fiduciary and agency services, and investment banking services. Wholesale Banking manages customer investments through institutional separate accounts and mutual funds, including the Wells Fargo Advantage Funds and Wells Capital Management. Wholesale Banking also supports the CRE market with products and services such as construction loans for commercial and residential development, land acquisition and development loans, secured and unsecured lines of credit, interim financing arrangements for completed structures, rehabilitation loans, affordable housing loans and letters of credit, permanent loans for securitization, CRE loan servicing and real estate and mortgage brokerage services.

Wealth, Brokerage and Retirement provides a full range of financial advisory services to clients using a planning approach to meet each client's financial needs. Wealth Management provides affluent and high net worth clients with a complete range of wealth management solutions, including financial planning, private banking, credit and investment fiduciary services. Abbot Downing, a Wells Fargo business, provides comprehensive wealth management services to ultra high net worth families and individuals as well as their endowments and foundations. Brokerage serves customers' advisory, brokerage and financial needs as part of one ofthe largest full-service brokerage firms in the United States. Retirement is a national leader in providing institutional retirement and trust services (including 40i(k) and pension plan record keeping) for businesses, retail retirement solutions for individuals, and reinsurance services for the life insurance industry.

Other includes corporate items not specific to a business segment and elimination of certain items that are included in more than one business segment, substantially all of which represents products and services for wealth management customers provided in Community Banking stores.

Note 18: Operating Segments (continued)

(income/expense in millions, average balances in billions)
2012

Community Banking

2013

Wholesale Banking

2012

Wealth, Brokerage and

2012

Retirement

2013

2012

Consolidated Company

2013

Quarter ended June 30,

Net interest income (2) Provision (reversal of provision)

for credit losses

Noninterest income

Noninterest expense

7,251 7,306

763 1,573

5,691 5,786

7,213 7,580

3,101 3,347

(118) 188

3,034 2,770

3,183 3,113

700

19 2,561 2,542

698

37 2,273 2,376

(302) (314)

(12) 2

(658) (577)

(683) (672)

10,750 11,037

652 1,800

10,628 10,252

12,255 12,397

Income (loss) before income
tax expense (benefit) Income tax expense (benefit)

4,966 3,939 1,633 1,313

3,070 2,816 1,065 932

700 266

558 210

(265) (221) (101) (84)

8,471 7,092 2,863 2,371

Net income (loss) before noncontrolling interests
Less: Net income from noncontrolling interests

3,333 2,626 88 91

2,005 1,884 1 3

5,608 4,721 89 99

$ 3,245 2,535

Average loans Average assets Average core deposits
498.2 483.9 820.9 746.6 623.0 586.1
286.9 270.2 499.9 478.4 230.5 220.9
45.4 177.1 146.4
42.5 160.9 134.2
(30.3) (28.4) (68.9) (64.3) (63.8) (60.6)

800.2 768.2 1,429.0 1,321.6 936.1 880.6

Six months ended June 30,

Net interest income (2) Provision (reversal of provision)
for credit losses
Noninterest income
Noninterest expense

14,370	14,632
2,025	3,451
11,471	11,881
14,590	15,405
6,106	6,528
(176)	283
6,115	5,622
6,274	6,167
1,369	1,399

33 80

5,089	4,634
5,181	4,923

(596) (634)

(11) (19)

(1,287) (1,137)
(1,390) (1,105)

21,249 21,925

1,871 3,795

21,388 21,000
24,655 25,390

Income (loss) before income
tax expense (benefit) Income tax expense (benefit)

9,226 7,657 2,921 2,606

6,123 5,700 2,072 1,948

1,244 1,030 473 391

(482) (647) (183) (246)

16,111 13,740 5,283 4,699

Net income (loss) before noncontrolling interests
Less: Net income from noncontrolling interests

6,305 5,051 136 168

4,051 2

3,752 3

10,828 9,041 138 171

Net income (loss) (3)

Average loans Average assets Average core deposits
498.6 485.0 810.3 742.5 621.1 580.7
285.7 269.4 498.0 473.1 227.3 220.9
44.6 42.5 178.7 161.4 147.9 134.9
(29.7) (28.5) (70.3) (64.7) (65.3) (60.9)

799.2 768.4 1,416.7 1,312.3 931.0 875.6

1) Includes corporate items not specific to a business segment and the elimination of certain items that are included in more than one business segment, substantially all of which represents products and services for wealth management customers provided in Community Banking stores.
2) Net interest income is the difference between interest earned on assets and the cost of liabilities to fund those assets. Interest earned includes actual interest earned on segment assets and, if the segment has excess liabilities, interest credits for providing funding to other segments. The cost of liabilities includes interest expense on segment liabilities and, if the segment does not have enough liabilities to fund its assets, a funding charge based on the cost of excess liabilities from another segment.
3) Represents segment net income (loss) for Community Banking; Wholesale Banking; and Wealth, Brokerage and Retirement segments and Wells Fargo net income for the consolidated company.

Note 1Q: Regulatory and Agency Capital Requirements

The Company and each of its subsidiary banks are subject to regulatory capital adequacy requirements promulgated by federal regulatory agencies. The Federal Reserve establishes capital requirements, including well capitalized standards, for the consolidated financial holding company, and the OCC has similar requirements for the Company's national banks, including Wells Fargo Bank, N.A.

We do not consolidate our wholly-owned trust (the Trust) formed solely to issue trust preferred and preferred purchase securities (the Securities). Securities issued by the Trust includable in Tier 1 capital were $2.1 billion at June 30, 2013. Since December 31, 2012, we have redeemed $2.8 billion of trust preferred securities. Under applicable regulatory capital guidelines issued by bank regulatory agencies, upon notice of redemption, the redeemed trust preferred securities no longer qualify as Tier 1 Capital for the Company. This redemption is consistent with the Capital Plan the Company submitted to the Federal Reserve Board and the actions the Company previously announced on March 13, 2012.

Effective January 1, 2013, the Company implemented changes to the market risk capital rule, commonly referred to as Basel 2.5, as required by U.S. banking regulators. Basel 2.5
requires banking organizations with significant trading activities to adjust their capital requirements to better account for the market risks of those activities. The market risk capital rule is reflected in the Company's calculation of risk-weighted assets and upon initial adoption in first quarter 2013, negatively impacted capital ratios under Basel I by approximately 25 basis points, but did not impact our ratio under Basel III, as its impact has historically been included in our calculations.

Certain subsidiaries of the Company are approved seller/servicers, and are therefore required to maintain minimum levels of shareholders' equity, as specified by various agencies, including the United States Department of Housing and Urban Development, GNMA, FHLMC and FNMA. At June 30, 2013, each seller/servicer met these requirements. Certain broker-dealer subsidiaries of the Company are subject to SEC Rule 1503-1 (the Net Capital Rule), which requires that we maintain minimum levels of net capital, as defined. At June 30, 2013, each of these subsidiaries met these requirements.

The following table presents regulatory capital information for Wells Fargo & Company and Wells Fargo Bank, N.A.

2012

Wells Fargo & Company June 30, Dec. 31,
2013
2012

Wells Fargo Bank, N.A. June 30, Dec. 31,
2013

Well-capitalized ratios (1)

Minimum

capital ratios (1)

Regulatory capital:
Tier 1 Total

133.0 165.0

126.6 157.6

109.6 136.4

101.3 124.8

Assets:
Risk-weighted Adjusted average (2)

Capital ratios:
Tier 1 capital (3) Total capital (3) Tier 1 leverage (2)

1,097.4 1,381.3

12.12 % 15.03 9.63

1,077.1 1,336.4

11.75 14.63 9.47

1,012.3 1,236.9

10.83 13.48 8.86

1,002.0 1,195.9

10.11 12.45 8.47

6.00 10.00 5.00

4.00 8.00 4.00

1) As defined by the regulations issued by the Federal Reserve, OCC and FDIC
2) The leverage ratio consists of Tier 1 capital divided by quarterly average total assets, excluding goodwill and certain other items. The minimum leverage ratio guideline is 3% for banking organizations that do not anticipate significant growth and that have well-diversified risk, excellent asset quality, high liquidity, good earnings, effective management and monitoring of market risk and, in general, are considered top-rated, strong banking organizations.
3) Effective September 30, 2012, we refined our determination of the risk weighting of certain unused lending commitments that provide for the ability to issue standby letters of credit and commitments to issue standby letters of credit under syndication arrangements where we have an obligation to issue in a lead agent or similar capacity beyond our contractual participation level.

Glossary of Acronyms

ACL	Allowance for credit losses
ALCO	Asset/Liability Management Committee
ARM	Adjustable-rate mortgage
ARS	Auction rate security
ASC	Accounting Standards Codification
ASU	Accounting Standards Update

AVM	Automated valuation model
BCBS	Basel Committee on Bank Supervision
BHC	Bank holding company
CCAR	Comprehensive Capital Analysis and Review
CD	Certificate of deposit
CDO	Collateralized debt obligation
CDS	Credit default swaps
CLO	Collateralized loan obligation
CLTV	Combined loan-to-value
CPP	Capital Purchase Program
CPR	Constant prepayment rate
CRE	Commercial real estate
DPD	Days past due
ESOP	Employee Stock Ownership Plan
FAS	Statement of Financial Accounting Standards
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FFELP	Federal Family Education Loan Program
FHA	Federal Housing Administration
FHFA	Federal Housing Finance Agency
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FICO	Fair Isaac Corporation (credit rating)
FNMA	Federal National Mortgage Association
FRB	Board of Governors of the Federal Reserve System
FSB	Financial Stability Board
FTC	Federal Trade Commission
GAAP	Generally accepted accounting principles
GNMA	Government National Mortgage Association
GSE	Government-sponsored entity
HAMP	Home Affordability Modification Program
HPI	Home Price Index
HUD	Department of Housing and Urban Development
IFRS	International Financial Reporting Standards

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LHFS	Loans held for sale
LIBOR	London Interbank Offered Rate
LIHTC	Low-Income Housing Tax Credit
LOCOM	Lower of cost or market value

LTV	Loan-to-value
MBS	Mortgage-backed security
MHA	Making Home Affordable programs
MHFS	Mortgages held for sale
MSR	Mortgage servicing right
MTN	Medium-term note
NAV	Net asset value
NPA	Nonperforming asset
OCC	Office of the Comptroller of the Currency
OCI	Other comprehensive income
OTC	Over-the-counter
O'lTI	Other-than-temporary impairment
PCI Loans	Purchased credit-impaired loans
PTPP	Pre-tax pre-provision profit
RBC	Risk-based capital
ROA	Wells Fargo net income to average total assets
ROE	Wells Fargo net income applicable to common stock to average Wells Fargo common stockholders' equity
SEC	Securities and Exchange Commission
S&P	Standard & Poor's
SPE	Special purpose entity
TARP	Troubled Asset Relief Program
TDR	Troubled debt restructuring
VA	Department of Veterans Affairs
VaR	Value-at-risk
VIE	Variable interest entity
WFCC	Wells Fargo Canada Corporation

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Information in response to this item can be found in Note 11 (Legal Actions) to Financial Statements in this Report which information is incorporated by reference into this item.

Item lA. 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, 2013.

Total number of shares repurchased (1)

Weighted-average price paid per share

Maximum number of shares that may yet be purchased under the authorization

April May June

4,806,518 6,629,021 15,223,075

36.72 39.05 40.60

176,264,541 169,635,520 154,412,445

26,658,614

(1) All shares were repurchased under an authorization covering up to 200 million shares of common stock approved by the Board of Directors and publicly announced by the Company on October 23, 2012. Unless modified or revoked by the Board, this authorization does not expire.

The following table shows Company repurchases of the warrants for each calendar month in the quarter ended June 30, 2013.

Total number of warrants repurchased (1)

Average price paid per warrant

Maximum dollar value of warrants that may yet be purchased

April May June

451,944,402 451,944,402 451,944,402

Total
155

(1) Warrants are purchased under the authorization covering up to $1 billion in warrants approved by the Board of Directors (ratified and approved on June 22, 2010). Unless modified or revoked by the Board, authorization does not expire.

Item 6. Exhibits

A list of exhibits to this Form 10-Q is set forth on the Exhibit Index immediately preceding such exhibits and is incorporated herein by reference.

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.

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: August 7, 2013

WELLS FARGO & COMPANY

By: 1st RICHARD D. LEVY
Richard D. Levy
Executive Vice President and Controller
(Principal Accounting Officer)

EXHIBIT INDEX

Location

Exhibit

Number Description

3(a) Restated Certificate of Incorporation, as amended and in Filed herewith, effect on the date hereof.

3(b) By-Laws.

Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed January 28, 2011.

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.

10(a) Amendment to Directors Stock Compensation and Deferral Plan, effective April 1, 2013. Filed herewith.

10(b) Forms of Stock Option Agreement:

For grants on or before February 24, 2009 Filed herewith.

For grants to directors on or before April 29, 2008 Filed herewith.

12(a) Computation of Ratios of Earnings to Fixed Charges: Filed herewith.

Quarter ended June 30,

2013 2012

Six months ended June 30,

2013 2012

Including interest on deposits

Excluding interest on deposits

12(b) Computation of Ratios of Earnings to Fixed Charges and Preferred Dividends:

	Quarter ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Including interest on deposits	6.18	4.84	5.84	4.64
Excluding interest on deposits	7.71	6.16	7.28	5.88

Exhibit Description Number

31(a) Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31(b) Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

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.

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.

101 XBRL Instance Document

101 XBRL Taxonomy Extension Schema Document

101 XBRL Taxonomy Extension Calculation Linkbase Document

101 XBRL Taxonomy Extension Label Linkbase Document

101 XBRL Taxonomy Extension Presentation Linkbase Document

101 XBRL Taxonomy Extension Definitions Linkbase Document

Filed herewith. Filed herewith. Furnished herewith.

Furnished herewith.

Filed herewith. Filed herewith. Filed herewith.

Filed herewith. Filed herewith.

Filed herewith.

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WHEREAS, consequently, the Partnership paid interest in the aggregate amount of $150,889 (the "Interest Payment') on the HBTIF Note during the Partnership Interest Payment Period; and

WHEREAS, the Partnership is requesting that HED reimburse the Partnership for the Interest Payment it made to the Senior Lender during the Partnership Interest Payment Period because the Partnership was harmed by the delay and it cannot otherwise recover the loss because the Senior Lender receives all proceeds from the City TIF Note that was issued and collaterally assigned to the Senior Lender on March 1, 2012; and

WHEREAS, HED is willing to reimburse the Partnership for a portion of the Interest Payment in the amount of $75,246 from Available Incremental Taxes, as defined in the RDA, and the Senior Lender is willing to consent to the amendment of the RDA, as required by the Collateral Assignment; and

BE IT ORDAINED BY THE CITY COUNCIL ON THE CITY OF CHICAGO:

SECTION 1. The above recitals are incorporated herein and made a part hereof.

SECTION 2. The Commissioner of HED and a designee of the Commissioner of HED are each hereby authorized, subject to approval by the Corporation Counsel, to execute an Amendment to the RDA, substantially in the form attached hereto as Exhibit A (the "Amendment'), and to execute such amendments, agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with the Amendment.

SECTION 3. To the extent that any ordinance, resolution, rule, order or provision ofthe Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance.

SECTION 4. This ordinance shall be effective as of the date of its passage and approval.

S:/Rosa Parks Apartment/Post Closing/Post March 1, 2012 Closing/Ordinance