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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

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 þ 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 þ 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 12b-2 of the Exchange Act.

Large accelerated filer þ	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 12b-2 of the Exchange Act).

Yes ¨ No þ

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

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PART I - FINANCIAL INFORMATION

FINANCIAL REVIEW

Summary Financial Data

($ in millions, except per share amounts)	Quarter ended June 30, 2013	March 31, 2013	June 30, 2012	% Change June 30, 2013 from March 31, 2013	June 30, 2012	Six months ended June 30, 2013	June 30, 2012	% Change
For the Period								
Wells Fargo net income	$ **5,519**	5,171	4,622	7 %	19	**10,690**	8,870	21 %
Wells Fargo net income applicable to common stock	**5,272**	4,931	4,403	7	20	**10,203**	8,425	21
Diluted earnings per common share	**0.98**	0.92	0.82	7	20	**1.90**	1.57	21
Profitability ratios (annualized):								
Wells Fargo net income to average assets (ROA)	**1.55** %	1.49	1.41	4	10	**1.52**	1.36	12
Wells Fargo net income applicable to common stock to average Wells Fargo common stockholders equity (ROE)	**14.02**	13.59	12.86	3	9	**13.81**	12.51	10
Efficiency ratio (1)	**57.3**	58.3	58.2	(2)	(2)	**57.8**	59.1	(2)
Total revenue	$ **21,378**	21,259	21,289	1	-	**42,637**	42,925	(1)
Pre-tax pre-provision profit (PTPP) (2)	**9,123**	8,859	8,892	3	3	**17,982**	17,535	3
Dividends declared per common share	**0.30**	0.25	0.22	20	36	**0.55**	0.44	25
Average common shares outstanding	**5,304.7**	5,279.0	5,306.9	-	-	**5,291.9**	5,294.9	-
Diluted average common shares outstanding	**5,384.6**	5,353.5	5,369.9	1	-	**5,369.9**	5,354.3	-
Average loans	$ **800,241**	798,074	768,223	-	4	**799,164**	768,403	4
Average assets	**1,429,005**	1,404,334	1,321,584	2	8	**1,416,741**	1,312,252	8
Average core deposits (3)	**936,090**	925,866	880,636	1	6	**931,006**	875,576	6
Average retail core deposits (4)	**666,043**	662,913	624,329	-	7	**664,487**	620,445	7
Net interest margin	**3.46** %	3.48	3.91	(1)	(12)	**3.47**	3.91	(11)
At Period End								
Securities available for sale	$ **249,439**	248,160	226,846	1	10	**249,439**	226,846	10
Loans	**801,974**	799,966	775,199	-	3	**801,974**	775,199	3
Allowance for loan losses	**16,144**	16,711	18,320	(3)	(12)	**16,144**	18,320	(12)
Goodwill	**25,637**	25,637	25,406	-	1	**25,637**	25,406	1
Assets	**1,440,563**	1,436,634	1,336,204	-	8	**1,440,563**	1,336,204	8
Core deposits (3)	**941,158**	939,934	882,137	-	7	**941,158**	882,137	7
Wells Fargo stockholders equity	**162,421**	162,086	148,070	-	10	**162,421**	148,070	10
Total equity	**163,777**	163,395	149,437	-	10	**163,777**	149,437	10
Tier 1 capital (5)	**132,969**	129,071	117,856	3	13	**132,969**	117,856	13
Total capital (5)	**164,998**	161,551	149,813	2	10	**164,998**	149,813	10
Capital ratios:								
Total equity to assets	**11.37** %	11.37	11.18	-	2	**11.37**	11.18	2
Risk-based capital (5):								
Tier 1 capital	**12.12**	11.80	11.69	3	4	**12.12**	11.69	4
Total capital	**15.03**	14.76	14.85	2	1	**15.03**	14.85	1
Tier 1 leverage (5)	**9.63**	9.53	9.25	1	4	**9.63**	9.25	4
Tier 1 common equity (6)	**10.71**	10.39	10.08	3	6	**10.71**	10.08	6
Common shares outstanding	**5,302.2**	5,288.8	5,275.7	-	1	**5,302.2**	5,275.7	1
Book value per common share	$ **28.26**	28.27	26.06	-	8	**28.26**	26.06	8
Common stock price:								
High	**41.74**	38.20	34.59	9	21	**41.74**	34.59	21
Low	**36.19**	34.43	29.80	5	21	**34.43**	27.94	23
Period end	**41.27**	36.99	33.44	12	23	**41.27**	33.44	23
Team members (active, full-time equivalent)	**274,300**	274,300	264,400	-	4	**274,300**	264,400	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 our financial results and condition, expectations for our operations and business, and our assumptions for those forecasts and expectations. Do not unduly rely on forward-looking statements. Actual results may differ materially from our forward-looking statements due to several factors. Factors that could cause our actual results to differ materially from our forward-looking statements are described in this Report, including in the Forward-Looking Statements section, and the Risk Factors and Regulation and Supervision sections of our Annual Report on Form 10-K for 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), 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

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Overview ***(continued)***

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

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.

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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.

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Earnings Performance ***(continued)***

Table 1: Average Balances, Yields and Rates Paid (Taxable-Equivalent Basis) (1)(2)(3)

						Quarter ended June 30,			
				2013					2012
(in millions)		**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	**$**	**136,484**	**0.33 %**	**$**	**113**	71,250	0.47 %	$	83
Trading assets		**46,622**	**2.98**		**347**	42,614	3.27		348
Securities available for sale (3):									
Securities of U.S. Treasury and federal agencies		**6,684**	**1.73**		**29**	1,954	1.60		8
Securities of U.S. states and political subdivisions		**39,267**	**4.42**		**434**	34,560	4.39		379
Mortgage-backed securities:									
Federal agencies		**102,007**	**2.79**		**711**	95,031	3.37		800
Residential and commercial		**31,315**	**6.50**		**509**	33,870	6.97		591
Total mortgage-backed securities		**133,322**	**3.66**		**1,220**	128,901	4.32		1,391
Other debt and equity securities		**55,533**	**3.84**		**531**	48,915	4.39		535
Total securities available for sale		**234,806**	**3.77**		**2,214**	214,330	4.32		2,313
Mortgages held for sale (4)		**43,422**	**3.48**		**378**	49,528	3.86		477
Loans held for sale (4)		**177**	**7.85**		**4**	833	5.48		12
Loans:									
Commercial:									
Commercial and industrial		**186,130**	**3.69**		**1,714**	171,776	4.21		1,801
Real estate mortgage		**105,261**	**3.92**		**1,029**	105,509	4.60		1,208
Real estate construction		**16,458**	**5.02**		**206**	17,943	4.96		221
Lease financing		**12,338**	**6.66**		**206**	12,890	6.86		221
Foreign		**42,273**	**2.23**		**235**	38,917	2.57		249
Total commercial		**362,460**	**3.75**		**3,390**	347,035	4.28		3,700
Consumer:									
Real estate 1-4 family first mortgage		**252,558**	**4.23**		**2,671**	230,065	4.62		2,658
Real estate 1-4 family junior lien mortgage		**71,376**	**4.29**		**764**	82,076	4.30		878
Credit card		**24,023**	**12.55**		**752**	22,065	12.70		697
Automobile		**47,942**	**7.05**		**842**	44,625	7.59		842
Other revolving credit and installment		**41,882**	**4.74**		**495**	42,357	4.51		475
Total consumer		**437,781**	**5.05**		**5,524**	421,188	5.29		5,550
Total loans (4)		**800,241**	**4.46**		**8,914**	768,223	4.83		9,250
Other		**4,151**	**5.55**		**57**	4,486	4.56		51
Total earning assets	**$**	**1,265,903**	**3.80 %**	**$**	**12,027**	1,151,264	4.37 %	$	12,534
Funding sources									
Deposits:									

Interest-bearing checking	**$ 40,422**	**0.06 %**	**$ 6**	30,440	0.07 %	$ 5
Market rate and other savings	**541,843**	**0.08**	**111**	500,327	0.12	152
Savings certificates	**52,552**	**1.23**	**161**	60,341	1.34	200
Other time deposits	**26,045**	**0.76**	**50**	12,803	1.83	59
Deposits in foreign offices	**68,871**	**0.15**	**25**	65,587	0.17	27
Total interest-bearing deposits	**729,733**	**0.19**	**353**	669,498	0.27	443
Short-term borrowings	**57,812**	**0.14**	**21**	51,698	0.19	24
Long-term debt	**125,496**	**2.02**	**632**	127,660	2.48	789
Other liabilities	**13,315**	**2.25**	**75**	10,408	2.48	65
Total interest-bearing liabilities	**926,356**	**0.47**	**1,081**	859,264	0.62	1,321
Portion of noninterest-bearing funding sources	**339,547**	**-**	**-**	292,000	-	-
Total funding sources	**$ 1,265,903**	**0.34**	**1,081**	1,151,264	0.46	1,321
Net interest margin and net interest income on a taxable-equivalent basis (5)		**3.46 %**	**$ 10,946**		3.91 %	$ 11,213
Noninterest-earning assets						
Cash and due from banks	**$ 16,214**			16,200		
Goodwill	**25,637**			25,332		
Other	**121,251**			128,788		
Total noninterest-earning assets	**$ 163,102**			170,320		
Noninterest-bearing funding sources						
Deposits	**$ 280,029**			254,442		
Other liabilities	**57,959**			58,441		
Total equity	**164,661**			149,437		
Noninterest-bearing funding sources used to fund earning assets	**(339,547)**			(292,000)		
Net noninterest-bearing funding sources	**$ 163,102**			170,320		
Total assets	**$ 1,429,005**			1,321,584		

(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.

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								Six months ended June 30,		
				2013						2012
(in millions)		**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	$	**128,797**	**0.35 %**	**$**	**221**	63,635	0.49 %	$		156
Trading assets		**44,388**	**3.07**		**681**	43,190	3.39			731
Securities available for sale (3):										
Securities of U.S. Treasury and federal agencies		**6,880**	**1.65**		**56**	3,875	1.13			22
Securities of U.S. states and political subdivisions		**38,430**	**4.40**		**844**	33,578	4.45			747
Mortgage-backed securities:										
Federal agencies		**98,705**	**2.77**		**1,365**	93,165	3.43			1,597
Residential and commercial		**31,726**	**6.48**		**1,028**	34,201	6.89			1,178
Total mortgage-backed securities		**130,431**	**3.67**		**2,393**	127,366	4.36			2,775
Other debt and equity securities		**54,634**	**3.71**		**1,008**	49,658	4.10			1,015
Total securities available for sale		**230,375**	**3.74**		**4,301**	214,477	4.26			4,559
Mortgages held for sale (4)		**43,367**	**3.45**		**749**	48,218	3.88			936
Loans held for sale (4)		**159**	**8.28**		**7**	790	5.29			21
Loans:										
Commercial:										
Commercial and industrial		**185,327**	**3.71**		**3,414**	169,279	4.20			3,534
Real estate mortgage		**105,738**	**3.88**		**2,035**	105,750	4.33			2,280
Real estate construction		**16,508**	**4.93**		**404**	18,337	4.87			444
Lease financing		**12,381**	**6.72**		**416**	13,009	7.89			513
Foreign		**41,093**	**2.19**		**448**	40,042	2.54			507
Total commercial		**361,047**	**3.75**		**6,717**	346,417	4.22			7,278
Consumer:										
Real estate 1-4 family first mortgage		**252,305**	**4.26**		**5,374**	229,859	4.66			5,346
Real estate 1-4 family junior lien mortgage		**72,715**	**4.29**		**1,548**	83,397	4.28			1,778
Credit card		**24,060**	**12.58**		**1,502**	22,097	12.81			1,408
Automobile		**47,258**	**7.12**		**1,668**	44,155	7.69			1,688
Other revolving credit and installment		**41,779**	**4.72**		**977**	42,478	4.54			958
Total consumer		**438,117**	**5.08**		**11,069**	421,986	5.31			11,178
Total loans (4)		**799,164**	**4.47**		**17,786**	768,403	4.82			18,456
Other		**4,203**	**5.37**		**112**	4,545	4.49			103
Total earning assets	$	**1,250,453**	**3.83 %**	**$**	**23,857**	1,143,258	4.38 %	$		24,962
Funding sources										
Deposits:										
Interest-bearing checking	$	**36,316**	**0.06 %**	**$**	**11**	31,299	0.06 %	$		10
Market rate and other savings		**539,708**	**0.09**		**233**	498,177	0.12			305
Savings certificates		**53,887**	**1.23**		**328**	61,515	1.35			413
Other time deposits		**21,003**	**0.95**		**99**	12,727	1.88			119
Deposits in foreign offices		**69,968**	**0.15**		**51**	65,217	0.16			53
Total interest-bearing deposits		**720,882**	**0.20**		**722**	668,935	0.27			900
Short-term borrowings		**56,618**	**0.16**		**44**	50,040	0.17			43
Long-term debt		**126,299**	**2.11**		**1,329**	127,599	2.54			1,619
Other liabilities		**12,467**	**2.24**		**140**	10,105	2.55			129
Total interest-bearing liabilities		**916,266**	**0.49**		**2,235**	856,679	0.63			2,691

Portion of noninterest-bearing funding sources		**334,187**	**-**		**-**	286,579	-		-
Total funding sources	**$**	**1,250,453**	**0.36**		**2,235**	1,143,258	0.47		2,691
Net interest margin and net interest income on a taxable-equivalent basis (5)			**3.47 %**	**$**	**21,622**		3.91 %	$	22,271
Noninterest-earning assets									
Cash and due from banks	**$**	**16,371**				16,587			
Goodwill		**25,638**				25,230			
Other		**124,279**				127,177			
Total noninterest-earning assets	**$**	**166,288**				168,994			
Noninterest-bearing funding sources									
Deposits	**$**	**277,141**				250,528			
Other liabilities		**60,784**				57,821			
Total equity		**162,550**				147,224			
Noninterest-bearing funding sources used to fund earning assets		**(334,187)**				(286,579)			
Net noninterest-bearing funding sources	**$**	**166,288**				168,994			
Total assets	**$**	**1,416,741**				1,312,252			

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Earnings Performance *(continued)*

Noninterest Income

Table 2: Noninterest Income

(in millions)	Quarter ended June 30, 2013	2012	% Change	Six months ended June 30, 2013	2012	% Change
Service charges on deposit accounts	$ **1,248**	1,139	10 %	$ **2,462**	2,223	11 %
Trust and investment fees:						
Brokerage advisory, commissions and other fees (1)	**2,127**	1,845	15	**4,177**	3,675	14
Trust and investment management (1)	**829**	762	9	**1,628**	1,514	8
Investment banking	**538**	291	85	**891**	548	63
Total trust and investment fees	**3,494**	2,898	21	**6,696**	5,737	17
Card fees	**813**	704	15	**1,551**	1,358	14
Other fees:						
Charges and fees on loans	**387**	427	(9)	**771**	872	(12)
Merchant processing fees	**174**	157	11	**328**	282	16
Cash network fees	**125**	120	4	**242**	238	2
Commercial real estate brokerage commissions	**73**	82	(11)	**118**	132	(11)
Letters of credit fees	**102**	108	(6)	**211**	220	(4)
All other fees	**228**	240	(5)	**453**	485	(7)
Total other fees	**1,089**	1,134	(4)	**2,123**	2,229	(5)
Mortgage banking:						
Servicing income, net	**393**	679	(42)	**707**	931	(24)
Net gains on mortgage loan origination/sales activities	**2,409**	2,214	9	**4,889**	4,832	1
Total mortgage banking	**2,802**	2,893	(3)	**5,596**	5,763	(3)
Insurance	**485**	522	(7)	**948**	1,041	(9)
Net gains from trading activities	**331**	263	26	**901**	903	-
Net losses on debt securities available for sale	**(54)**	(61)	(11)	**(9)**	(68)	(87)
Net gains from equity investments	**203**	242	(16)	**316**	606	(48)
Lease income	**225**	120	88	**355**	179	98
Life insurance investment income	**142**	154	(8)	**287**	322	(11)
All other	**(150)**	244	NM	**162**	707	(77)
Total	$ **10,628**	10,252	4	$ **21,388**	21,000	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 income

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Earnings Performance ***(continued)***

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

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.

Noninterest Expense

Table 3: Noninterest Expense

	Quarter ended June 30,		%	Six months ended June 30,		%
(in millions)	**2013**	2012	Change	**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	$ **12,255**	12,397	(1)	$ **24,655**	25,390	(3)

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

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.

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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.

Table 4: Operating Segment Results   Highlights

(in billions)		Community Banking 2013	Community Banking 2012	Wholesale Banking 2013	Wholesale Banking 2012	Wealth, Brokerage and Retirement 2013	Wealth, Brokerage and Retirement 2012	Other (1) 2013	Other (1) 2012	Consolidated Company 2013	Consolidated Company 2012
Quarter ended June 30,											
Revenue	$	**12.9**	13.1	**6.1**	6.1	**3.3**	3.0	**(0.9)**	(0.9)	**21.4**	21.3
Provision (reversal of provision) for credit losses		**0.8**	1.6	**(0.1)**	0.2	**-**	-	**-**	-	**0.7**	1.8
Noninterest expense		**7.2**	7.6	**3.2**	3.1	**2.5**	2.4	**(0.6)**	(0.7)	**12.3**	12.4
Net income		**3.2**	2.5	**2.0**	1.9	**0.4**	0.3	**(0.1)**	(0.1)	**5.5**	4.6
Average loans		**498.2**	483.9	**286.9**	270.2	**45.4**	42.5	**(30.3)**	(28.4)	**800.2**	768.2
Average core deposits		**623.0**	586.1	**230.5**	220.9	**146.4**	134.2	**(63.8)**	(60.6)	**936.1**	880.6
Six months ended June 30,											
Revenue	$	**25.8**	26.5	**12.2**	12.2	**6.5**	6.0	**(1.9)**	(1.8)	**42.6**	42.9
Provision (reversal of provision) for credit losses		**2.0**	3.5	**(0.2)**	0.3	**-**	0.1	**0.1**	(0.1)	**1.9**	3.8
Noninterest expense		**14.6**	15.4	**6.3**	6.2	**5.2**	4.9	**(1.4)**	(1.1)	**24.7**	25.4
Net income		**6.2**	4.9	**4.0**	3.7	**0.8**	0.6	**(0.3)**	(0.3)	**10.7**	8.9
Average loans		**498.6**	485.0	**285.7**	269.4	**44.6**	42.5	**(29.7)**	(28.5)	**799.2**	768.4
Average core deposits		**621.1**	580.7	**227.3**	220.9	**147.9**	134.9	**(65.3)**	(60.9)	**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.

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

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Earnings Performance ***(continued)***

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 2%, 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.

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 401(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.

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 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.

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Securities Available for Sale

Table 5: Securities Available for Sale Summary

		June 30, 2013			December 31, 2012	
(in millions)	Cost	Net unrealized gain	Fair value	Cost	Net unrealized gain	Fair value
Debt securities available for sale	$ 242,158	4,524	246,682	220,946	11,468	232,414
Marketable equity securities	2,210	547	2,757	2,337	448	2,785
Total securities available for sale	$ 244,368	5,071	249,439	223,283		