Credit Update

16 October 2026

Investment Research

Corporate bond news

Wells Fargo & Co.

- We consider the Q3 26 results to be strong and resilient and overall, slightly credit positive. We observe robust profitability, an increase in the deposit base and total loans, and still-resilient asset quality overall. The US-focused bank is exposed to US interest rates, and they may be raised further, albeit the current high levels are quite supportive. Moreover, the non-interest income component showed a solid performance, supporting increased core income, which we find credit positive.
- Furthermore, capitalisation was maintained at a robust CET-1 level, with most excess funds directed to shareholder distributions. The recent rating upgrade from S&P underpins the strong credit profile.
- Regarding the relative value of Wells Fargo's notes, we continue to see the USD 2027 notes (US94974BGL80) as the most appealing option, offering a yield of 4.9%, which corresponds to a Z-spread of 23bp. This subordinated debt instrument is set to mature on 22 July 2027. This bond offers less than a comparable 'BBB+' credit curve; however, in our view, the strong credit profile fully justifies this slight premium, and hence we reiterate our Marketweight recommendation.
- Meanwhile, the senior unsecured WFC 1% 2027 in EUR (XS1463043973) continues to trade tighter than a comparable senior 'A-' yield curve in EUR. The note currently trades at an indicative yield of 3.0%, which in our view provides less relative room for spread performance. Nevertheless, given its decent interest carry element and limited duration exposure, we view the valuation (Z-spread of 23bp) as fair and reiterate our Marketweight recommendation.

Issuer information

Sector	Banking
Corporate ticker	WFC
Equity ticker	WFC US
Market capitalisation	USD248.4bn
Total equity	USD177.9bn
Total assets	USD2,253bn

Issuer credit rating

S&P	A- (Stable)
Moody's	A1 (Stable)
Fitch	A+ (Stable)

Latest publications on issuer

Credit Comment – Wells Fargo, 30 September 2026

Source: Bloomberg, Danske Bank Credit Research

Selected bonds

Company	ISIN	Min. Piece	Seniority	Currency	Maturity/Call	CPN	Issue Size (m)	Credit Ratings	Price	Yield*	Recommendation
WELLS FARGO & COMPANY	US94974BGL80	1,000	Subordinated	USD	22/07/2027	4.300	2,500	BBB+/A3/A-	99.6	4.9%	Marketweight
WELLS FARGO & COMPANY	XS1463043973	100,000	Sr Unsecured	EUR	02/02/2027	1.000	2,000	A-/A1/A+	99.4	3.0%	Marketweight

Note: Credit ratings by S&P, Moody's, and Fitch, respectively.

Source: Bloomberg, Danske Bank Credit Research

Wells Fargo & Co.: Q3 26

Well Fargo reported net revenue of USD21.9bn in Q3 26, down USD0.7bn sequentially q/q and USD0.4bn higher y/y. Net interest income was reported at USD12.5bn for the quarter, up USD200m q/q, supported by higher deposit balances and 11% y/y loan growth while maintaining an unchanged interest margin q/q. Non-interest income amounted to USD9.4bn, down USD952m q/q and down USD133m y/y, reflecting solid AuM and banking fees, combined with higher market valuations. The expenses amounted to EUR13.7bn, up USD82m q/q, translating to an expense ratio of 63%, up 3pp q/q and down 2pp y/y. These lines resulted in a core operating income (NII+Fees-Costs) of USD8.1bn, down from USD9bn last quarter. During the quarter, WFC provisioned for USD1bn of credit losses, a modest uptick of USD115m compared to the amount provisioned in Q2 26. The group's net charge-offs in Q3 26 were USD983m, reflecting an increase of USD100m compared to the same period last year.

The pre-tax profit figure of USD7.1bn came in below the Bloomberg-collected consensus of USD7.3bn. Moreover, net income came in at USD6bn, lower by USD456m q/q and up USD362m y/y. The quarterly return on equity was of 13.8% on a reported basis, compared to 15% in Q2 26 and 12.8% in Q3 25.

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More information:

For further information, see the latest *Corporate Bond Lists, 12 October 2026*.

Important certifications and disclosures are contained from page 3 of this document. This document is not for distribution in the US

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With regard to asset quality, the level of non-performing loans increased to 0.38% from 0.34% in the previous quarter, and 0.40bps in Q3 25. The largest component was the Commercial portfolio, which performed slightly worse with net charge-offs of 0.18%, from 0.10% q/q, due to higher CRE loan exposure. On balance, the Consumer portfolio declined to 0.70% from 0.74%, q/q, highlighting an overall relatively robust and stable loan portfolio at present.

Furthermore, the bank posted a quarterly development in the deposit base amounting to USD1.483tn, which is 1% higher q/q, while total loans amounted to USD1.033tn, 2% higher q/q.

On capital position, the common equity tier 1 capital ratio (standardised approach) was 10.0% in Q3 26, 38bp lower compared to Q2 26 and 100bp lower compared to the same period last year, and this was due to higher rates and rising risk-weighted assets (RWA). According to the advanced approach, the CET-1 ratio stands at 11.8%, down 30bp q/q, and well above regulatory requirements of 8.5%. The total loss-absorbing capacity (TLAC) ratio stands at 23%, well above the required 21.5%. Additionally, during the quarter, WFC repurchased USD2.5bn of common shares and returned cash dividends to its shareholders of USD1.5bn.

Regarding 2026 full-year expectations, the bank projects unchanged Net Interest Income (NII) of USD50bn (the FY 25 figure was USD47.5bn). Also, WFC expects non-interest expenses to grow to USD55.7bn (FY 25 was USD54.8bn).

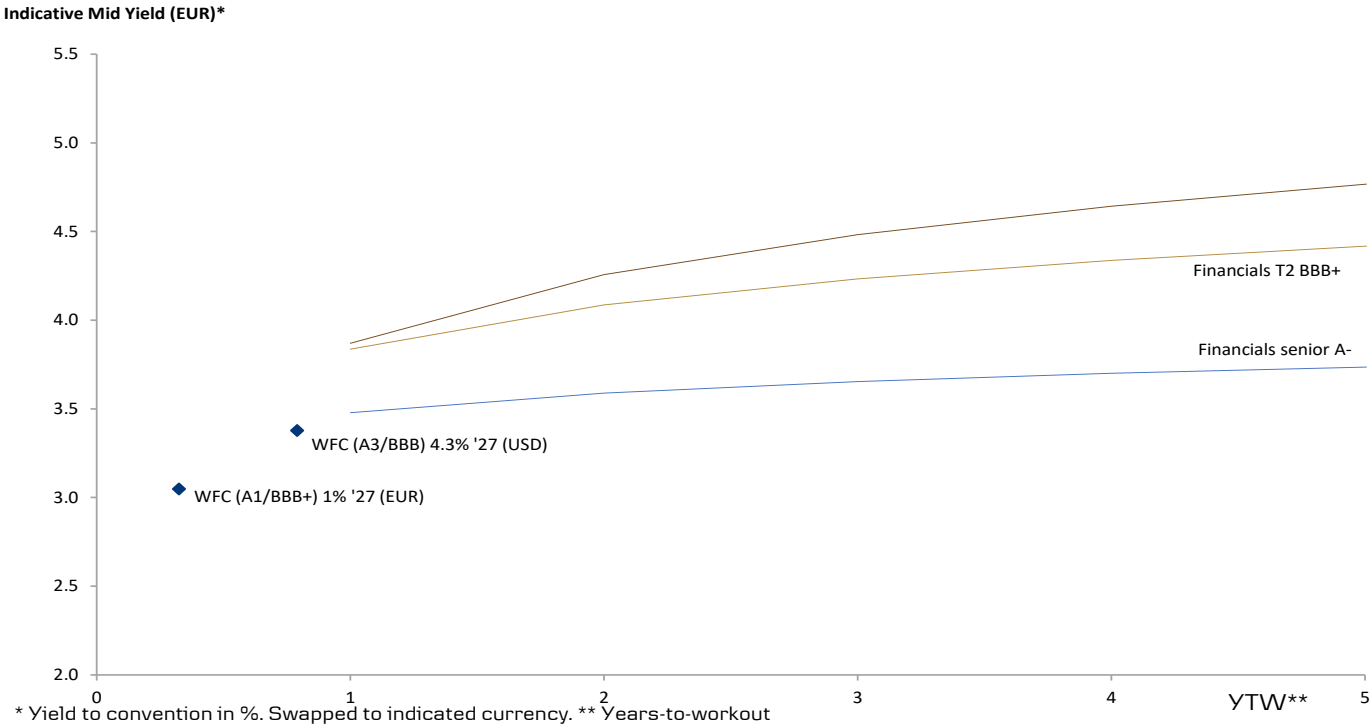
On 30 September 2026 the group was upgraded by S&P to 'A-' with a stable outlook. See more in our comment *here*.

Credit conclusion

We consider the Q3 26 results to be strong and resilient and overall slightly credit positive. We observe robust profitability, an increase in the deposit base and total loans, and still-resilient asset quality overall. The US-focused bank is exposed to US interest rates, and they may be raised further, albeit the current high levels are quite supportive. Moreover, the non-interest income component showed a solid performance, supporting increased core income, which we find credit positive. Furthermore, capitalisation was maintained at a robust CET-1 level, with most excess funds directed to shareholder distributions. The recent rating upgrade from S&P underpins the strong credit profile.

Regarding the relative value of Wells Fargo's notes, we continue to see the USD 2027 notes (US94974BGL80) as the most appealing option, offering a yield of 4.9%, which corresponds to a Z-spread of 23bp. This subordinated debt instrument is set to mature on 22 July 2027. This bond offers less than a comparable 'BBB+' credit curve; however, in our view, the strong credit profile fully justifies this slight premium, and hence we reiterate our Marketweight recommendation. Meanwhile, the senior unsecured WFC 1% 2027 in EUR (XS1463043973) continues to trade tighter than a comparable senior 'A-' yield curve in EUR. The note currently trades at an indicative yield of 3.0%, which in our view provides less relative room for spread performance. Nevertheless, given its decent interest carry element and limited duration exposure, we view the valuation (Z-spread of 23bp) as fair and reiterate our Marketweight recommendation.

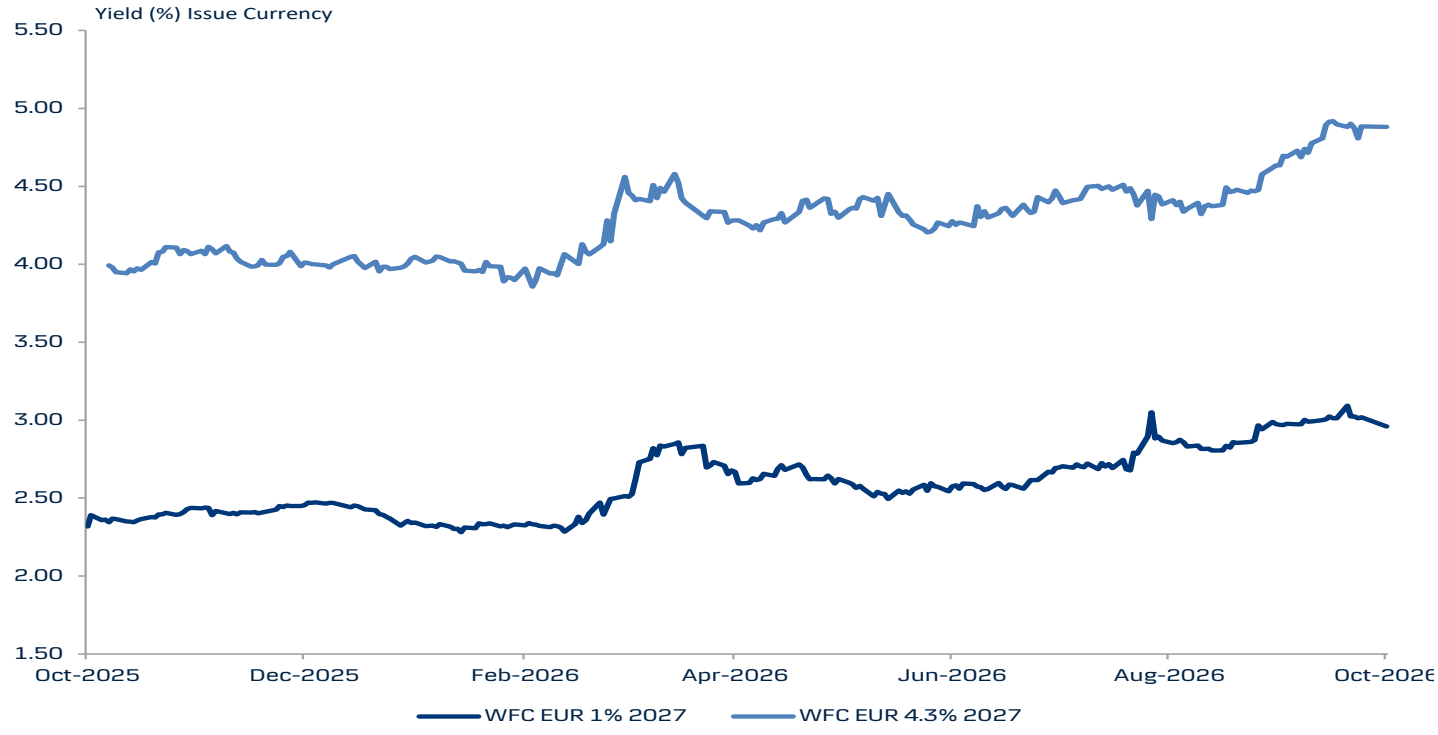
Relative value chart: Selected WFC notes



* Yield to convention in %. Swapped to indicated currency. ** Years-to-workout
Note: Fair value curve(s) based on Danske Bank Credit Research's (mid) peer group of European issuers

Source: Bloomberg, Danske Bank Credit Research

Historical yield: Selected WFC notes (YTM)



Source: Bloomberg, Danske Bank Credit Research

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We expect to update this investment analysis following the publication of Wells Fargo's annual report provided that at such time the bond continues to be among our preferred credits.

This publication should be read in conjunction with the international single name credit bond publications *Corporate Bond News*, *Corporate Bonds: Investment opportunities in single name international fixed income credit* and *Company Profiles*. These publications are typically published once a month.

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Rating	Anticipated performance	Time horizon	Distribution of recommendations	Investment banking relationships
Overweight	Outperformance relative to peer group	12 months	44%	19%
Marketweight	Performance in line with peer group	12 months	50%	40%
Underweight	Underperformance relative to peer group	12 months	6%	2%
Sell	A decrease in price of more than 10%	12 months	-	-

Changes in recommendation over past 12 months

US94974BGL80

Date	New recommendation	Old recommendation
4 December 2025	Marketweight	n/a

XS1463043973

Date	New recommendation	Old recommendation
4 December 2025	Marketweight	n/a

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