



BREAKING NEWS

# Wells Fargo Hikes Allowance for Loan Losses, Citing Weakness in Office Market

Largest Bank Lender for Commercial Real Estate Boosts Loan-Loss Allowance by \$643 Million



Wells Fargo, which operates this bank branch in Stone Mountain, Georgia, increased its allowance for loan losses amid concerns about the office market. (CoStar)

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Wells Fargo, the largest bank lender in the U.S. for commercial real estate, increased its reserves for potential losses on commercial mortgages, signaling that bankers are still [worried about a recession](#) this year.

Wells Fargo boosted its allowance for credit losses by \$643 million, which estimates the amount the bank won't recover from bad loans. The higher allowance reflects all types of loans, including credit card and auto loans, but Wells Fargo specifically cited office loans as a major factor in the higher allowance.

The San Francisco-based bank disclosed its loan-loss allowance on Friday morning in its report on first-quarter earnings. Overall, Wells Fargo's net income in the first quarter rose 58% to \$4.9 billion compared to the fourth quarter, as the bank assessed higher interest rates on all types of loans.

Three other banks — JPMorgan Chase, Citigroup and PNC Financial Services Group — also reported earnings on Friday morning. None specifically mentioned in those statements that they boosted allowances for loan losses during the first quarter because of commercial real estate concerns.

All four banks are scheduled to hold conference calls Friday to discuss first-quarter results with equity and bond analysts.

Wells Fargo did not specifically address in its earnings statement the recent failures of [Silicon Valley Bank](#) and Signature Bank.

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