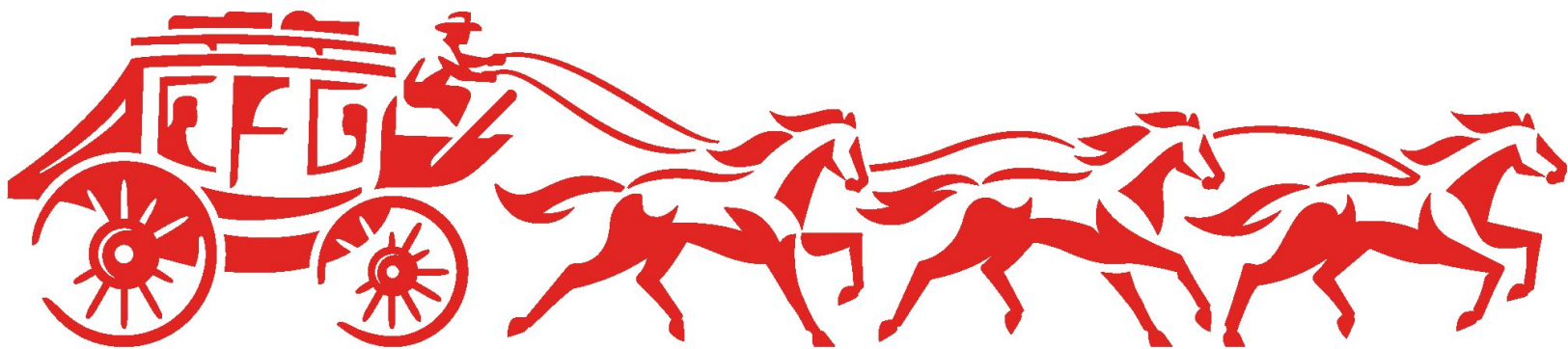


# Wells Fargo 2019 165(d) Plan

Public Section

June 27, 2019



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### *Forward-Looking Statements*

*This document contains forward-looking statements about Wells Fargo & Company's future plans, objectives, and resolution strategies, including its expectations, assumptions, and projections regarding the implementation of those strategies and the effectiveness of the Company's resolution planning efforts.*

*Because forward-looking statements are based on the Company's current expectations and assumptions regarding the future, they are subject to inherent risks and uncertainties. In addition, the resolution planning process as a whole, and its expectations and projections regarding the implementation and effectiveness of the Company's resolution strategies, are based on hypothetical scenarios and assumptions and may not reflect events to which the Company is or may become subject. Accordingly, you should not unduly rely on forward-looking statements as actual results could differ materially from expectations. Forward-looking statements speak only as of the date made and the Company does not undertake to update them to reflect changes or events that occur after that date. For more information about the Company and the factors that could cause actual results to differ materially from the Company's expectations, refer to the "Forward-Looking Statements" discussion in Wells Fargo & Company's most recent Quarterly Report on Form 10-Q as well as to the Company's other reports filed with the Securities and Exchange Commission, including the discussion under "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the Securities and Exchange Commission and available on its website at [www.sec.gov](http://www.sec.gov).*

*The 2019 165(d) Plan is based on many significant assumptions, including assumptions about the actions of regulators and creditors, the state of the financial markets and the economy, and the impact of a significant loss event on the Company and its subsidiaries. Some or all of these assumptions may prove to be incorrect in an actual resolution situation. The resolution strategies described in the 2019 165(d) Plan are not binding on a bankruptcy court, the Company's regulators, or any other resolution authority. Accordingly, the scenarios and assumptions underlying the 2019 165(d) Plan reflect events and circumstances that may not arise, and the impact of these events may be very different if they do arise in circumstances other than those contemplated in the 2019 165(d) Plan.*

*All financial data in this document is as of December 31, 2018, except where otherwise indicated.*

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## 1. Introduction

For over 165 years, Wells Fargo & Company<sup>1</sup> has been committed to maintaining its financial strength and positioning itself to serve its customers in a reliable way, even during the most difficult economic times. Our long-standing vision of satisfying our customers' financial needs and helping them succeed financially also means that we must plan in a responsible way for the unlikely event that we cannot maintain our strong financial position, leading to the risk of failure. We must have in place the necessary capabilities and corporate structure to help ensure that we can be resolved in an orderly fashion without harming our customers or resulting in serious adverse effects on the financial stability of the U.S.

Second to our long-standing vision is a statutory requirement to plan for our failure. The 2008 financial crisis had substantial effects on the U.S. financial system that served as the impetus for changes in banking regulation designed to avoid a repeat of the crisis and, hopefully, to prevent financial institutions from failing. One regulatory change included in the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) was the requirement that financial institutions perform resolution planning.

We present this 2019 165(d) Plan to the Federal Reserve and FDIC, which we believe demonstrates our ability to be resolved while still being able to continue our key operations and functions, protect the financial needs of our customers, not harm the U.S. or global financial system, and without requiring government or taxpayer support. We believe this Plan is credible for the following reasons:

- We identify and assess resolution risks as part of our business as usual activities.
- We monitor our financial resources and pre-position sufficient capital and liquidity.
- Our Board of Directors (Board) and senior management know how and when to respond to financial stress.
- We continued to enhance our capabilities since submitting our 2017 165(d) Plan, including specifically making enhancements to address the separability shortcoming identified in the 2017 165(d) Plan.
- We maintain a streamlined legal entity structure that promotes separability, clean funding pathways, and continuity of critical services and operational activities.
- We can wind down our derivatives and trading activities in an orderly and efficient manner.
- We took steps to mitigate potential legal challenges.

Planning for the unlikely event of our potential failure strengthens us today and makes us even stronger tomorrow. We take this planning very seriously and our continuous improvement in resolution planning is now part of our DNA. We believe the actions we take are both right for our customers and right for our financial resiliency and resolvability. As we improve our resolution planning capabilities, we increase the standards we set for ourselves to be sustainable and stable.

Since submitting our first Resolution Plan, we implemented the following changes, among many, that help integrate resolution capabilities into our business as usual operations:

- We established capital and liquidity resolution capabilities that developed frameworks designed to monitor our financial condition and escalate key reporting indicators during impending or actual financial stress.

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<sup>1</sup> Wells Fargo & Company including its subsidiaries is referred to as the "Company," "Wells Fargo," "we," "our," or "us," and, as a stand-alone entity, is referred to as the "Parent."

- We established the Services Governance Office to provide governance and oversight of processes dedicated to maintaining our Service Delivery Model that helps enable and promote efficient, effective, and sustainable delivery of critical services across the Company in the event of resolution.
- We established the Legal Entity Office to develop and oversee policies, procedures, and governance protocols related to our Legal Entity Rationalization (LER) process to help ensure our legal entity structure promotes resolvability.
- We integrated resolution planning into all corporate functions and lines of business and developed a Resolution Planning Policy that sets forth the framework designed to integrate resolution planning into business as usual operations, corporate governance, and internal oversight.
- We created an internal senior management committee that works with our Board and its Finance Committee to oversee resolution planning-related initiatives.
- We developed the Recovery & Resolution Program Office (RRPO), which includes 36 full-time team members, to plan, coordinate, and produce our Recovery and Resolution Plans.
- We created and delivered, and will continue to deliver, targeted resolution planning training to our material entity Boards of Directors, senior executives, and team members to help ensure resolution planning is a part of our business as usual operations.

We have accomplished much since filing our first Resolution Plan and made recent enhancements to strengthen our Plan. Strong resolution planning results not only from planning for a worst-case scenario event, but also from building upon strong day to day operations that are supported by a customer-focused business model, effective governance practices, and integrated risk management. We have a successful infrastructure and business model that is demonstrated by diversity of revenue streams, strong financial indicators, and well established operations. We believe our resolvability is supported by our ability to build from a strong foundation. As depicted in the following figure, we (1) have a diversified business model, (2) serve a large domestic customer base, (3) are a leader in deposits and mortgages, and (4) have a strong capital and liquidity position.

**Figure 1-1 Building from a Strong Foundation**

Diversified Business Model	<ul style="list-style-type: none"> <li>✓ Revenue: 58% net interest income and 42% noninterest income</li> <li>✓ Loan portfolio: 54% commercial and 46% consumer</li> </ul>
Industry Leading Distribution	<ul style="list-style-type: none"> <li>✓ Branches in more states and approximately 2x as many markets as peers</li> <li>✓ Over 13,000 card-free ATMs</li> </ul>
Technology and Innovation	<ul style="list-style-type: none"> <li>✓ 29.8 million digital active customers as of February 2019</li> <li>✓ Mobile active customers up 7% year over year, as of February 2019</li> </ul>
Large Customer Base	<ul style="list-style-type: none"> <li>✓ 70+ million customers</li> <li>✓ Serving one in three U.S. households</li> </ul>
Outstanding Team	<ul style="list-style-type: none"> <li>✓ Ranked #25 in 2019 LinkedIn Top Companies list</li> <li>✓ Voluntary team member attrition in 2018 at its lowest level in 6 years</li> </ul>
Valuable Deposit Franchise	<ul style="list-style-type: none"> <li>✓ #1 in retail deposits<sup>(1)</sup></li> <li>✓ \$1.3 trillion in average deposits at cost of 65 bps in 1Q19</li> </ul>
Broad Product Set at Scale	<ul style="list-style-type: none"> <li>✓ \$423 billion credit and debit card purchase volume</li> <li>✓ #1 Residential mortgage originator, CRE and small business lender<sup>(2)</sup></li> </ul>
Strong Credit Discipline	<ul style="list-style-type: none"> <li>✓ Net charge-offs of 0.30% of average loans (annualized) in 1Q19</li> <li>✓ Nonaccrual loans in 1Q19 down 6% from 1Q18</li> </ul>
Consistent Returns	<ul style="list-style-type: none"> <li>✓ Over \$21 billion in earnings for six straight years</li> <li>✓ 12.71% ROE and 15.16% ROTCE<sup>(3)</sup> in 1Q19</li> </ul>
Strong Capital	<ul style="list-style-type: none"> <li>✓ Common Equity Tier 1 ratio (fully phased-in) of 11.9% at 3/31/19<sup>(4)</sup></li> <li>✓ Returned \$25.8 billion to shareholders, up 78% from 2017</li> </ul>

All data is for full year 2018, unless otherwise noted.

<sup>(1)</sup>FDIC data, SNL Financial, as of June 2018. Retail deposit data is pro forma for acquisitions and caps deposits at \$1 billion in a single banking branch and excludes credit union deposits.

<sup>(2)</sup>Residential mortgage originator based on Inside Mortgage Finance, 2018. Commercial Real Estate (CRE) based on 2018 U.S. commercial real estate originations, MBA Commercial Real Estate/Multifamily Finance Firms, 12/31/18. Small Business lender based on U.S. dollars per Community Reinvestment Act data, 2017.

<sup>(3)</sup>Tangible common equity is a non-GAAP financial measure and represents total equity less preferred equity, noncontrolling interests, and goodwill and certain identifiable intangible assets (including goodwill and intangible assets associated with certain of our nonmarketable equity securities but excluding mortgage servicing rights), net of applicable deferred taxes. The methodology of determining tangible common equity may differ among companies. Management believes that return on average tangible common equity, which utilizes tangible common equity, is a useful financial measure because it enables investors and others to assess the Company's use of equity.

<sup>(4)</sup>Fully phased-in capital ratios are calculated assuming the full phase-in of the Basel III capital rules. Basel III capital rules, adopted by the Federal Reserve Board on July 2, 2013, revised the definition of capital, increased minimum capital ratios, and introduced a minimum Common Equity Tier 1 (CET1) ratio. The rules are being phased in through the end of 2021. Fully phased-in capital amounts, ratios, and RWAs are calculated assuming the full phase-in of the Basel III capital rules. Beginning January 1, 2018, the requirements for calculating CET1 and tier 1 capital, along with RWAs, became fully phased-in. See the "Capital Management" section in our Form 10-Q for the quarter ended March 31, 2019 as filed with the SEC for more information on our capital ratios.

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We are also making efforts to simplify and streamline operations. These efforts include the following:

- De-risking our loan portfolio, specifically within the Pick-a-Pay and Home Equity portfolios
- Selling non-core businesses
- Discontinuing "add-on" products and personal insurance
- Creating 31 Centers of Excellence to more effectively serve customers, manage risk, and run our business more efficiently and consistently
- Enhancing our risk management framework to improve how we manage risk in a comprehensive, integrated, and consistent manner
- Investing in areas of non-financial risk management, which include compliance, operational, reputation, and strategic risk management

These efforts to streamline our operations help strengthen the internal framework from which we build and enhance our resolution planning capabilities.

For the past several years, we developed and updated our Resolution Plans for responding to a variety of severe financial stress scenarios. We invested significant time and resources to enhance our capability resolution frameworks and assess our Preferred Resolution Strategy. One significant enhancement is changing our approach under our Preferred Resolution Strategy that determines which material entities enter resolution proceedings in the event of our failure.

Our 2017 165(d) Plan described a multiple point of entry (MPOE) strategy that used a newly-chartered bridge depository institution (Bridge Bank) to resolve Wells Fargo Bank, National Association.<sup>2</sup> Additionally, other material entities would have been resolved under separate resolution proceedings. Since filing the 2017 165(d) Plan, we announced on October 13, 2017 that we were moving to a single point of entry (SPOE) approach as a part of our Preferred Resolution Strategy for this 2019 165(d) Plan submission. We believe this approach better aligns with our business model and corporate structure as we continue to evolve as a company. Under SPOE, only the Parent would enter bankruptcy proceedings under the U.S. Bankruptcy Code and all other material entities would remain solvent and operational. We will discuss in Section 5, Company's Transition to SPOE how an SPOE approach helps to promote continuity and consistency for our customers and the broader financial markets, provides flexibility for us and our regulators, and reduces risk.

This 2019 165(d) Plan describes our efforts to prepare for an orderly resolution. We believe this Plan is credible and actionable. Business groups across the Company established the capabilities necessary for an orderly resolution and continue to refine and enhance their business as usual processes to improve resolvability. We are holding ourselves to a higher standard and renewing our unwavering commitment to become a better financial institution in part by improving the way we plan for difficult times. We believe this Plan is one of many ways we can better ensure we are able to satisfy our customers' financial needs and help them succeed financially, even in the unlikely event of our failure.

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<sup>2</sup> Wells Fargo Bank, National Association is referred to as "WFBNA" or "the Bank."



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## Roadmap to the Public Section

The following information is included in this document and will help you understand more about our resolution preparedness.

**Section 2. Company Overview** – Provides a high-level overview of the Company, how our business activity is organized, and information about domestic and foreign activity.

**Section 3. Core Business Lines** – Describes each of our four core business lines.

**Section 4. Material Entities** – Describes our process for designating material entities, the changes in designated material entities since 2015, descriptive information for each material entity designated for this 2019 165(d) Plan, and the financial and operational interconnectedness between material entities.

**Section 5. Company's Transition to SPOE** – Explains how we developed a Preferred Resolution Strategy, which is based on an SPOE approach, that fits our business model and corporate structure. This section specifically addresses how our material entities will be affected by the Parent's bankruptcy, the various parts of our Preferred Resolution Strategy, the enhancements and effects of our revised Secured Support Agreement (Support Agreement), and the resulting organization.

**Section 6. Resolution Capabilities** – Describes how each of our capabilities prepared for and enhanced their business as usual processes to manage a potential resolution, operational interconnectedness of our material entities with regard to service delivery and financial market utility (FMU) membership, and financial interconnectedness between our material entities. Additionally, we explain how we addressed a previous shortcoming in our 2017 165(d) Plan related to separability.

**Section 7. Resolution Plan Oversight** – Explains the governance structure, senior management engagement, resolution planning processes, internal controls, and material supervisory authorities who provide oversight of our resolution planning efforts.

**Section 8. Approach to Maintaining Financial Resiliency** – Describes how we approach maintaining our financial health to avoid resolution. This section includes information about risk identification, strategic planning, financial forecasting, Capital Management and Liquidity Risk Management in a business as usual environment, major funding sources, and recovery planning.

**Section 9. Foreign Operations** – Provides information about our presence outside the U.S. and explains how our activity abroad is predominantly conducted within the Wholesale Banking core business line, including a variety of commercial lending, deposit taking, treasury management, payments, foreign exchange, asset management, and trade services.

**Section 10. Financial Information** – Provides our balance sheet, regulatory capital information, and total-loss absorbing capital (TLAC).

**Section 11. Identities of Principal Officers**

**Section 12. Reconciliation to GAAP Measures**

**Section 13. Glossary**

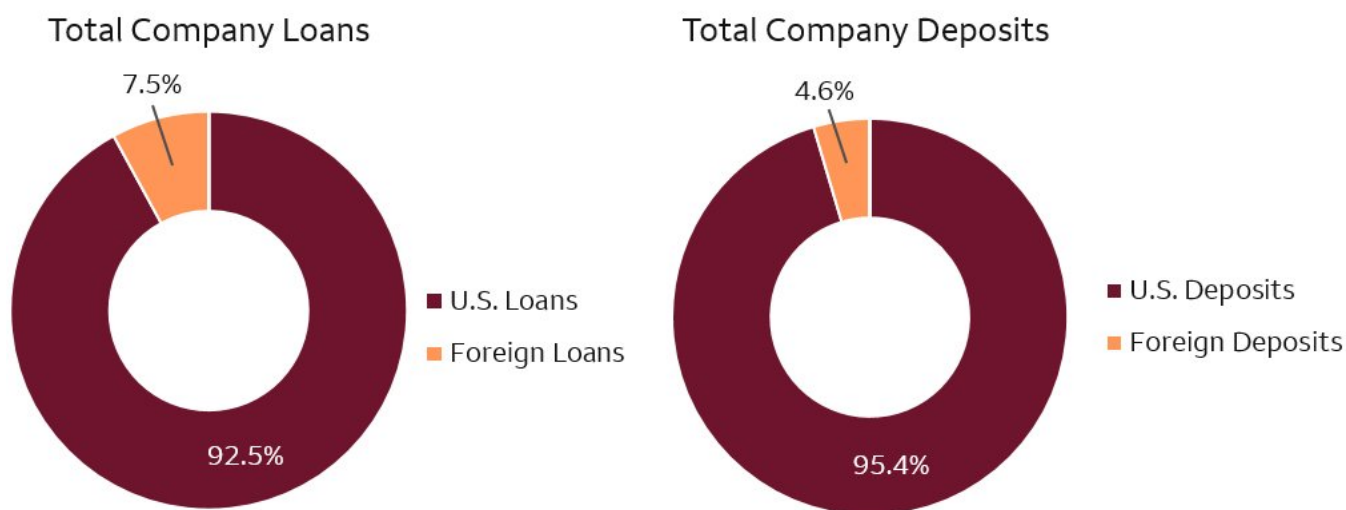
## 2. Company Overview

Wells Fargo is a global systemically important bank (G-SIB) with \$1.9 trillion in total consolidated assets and a market capitalization of \$211 billion as of December 31, 2018. We provide banking, investments, and mortgage products and services, as well as consumer and commercial finance through 7,800 locations, more than 13,000 ATMs, digital (online, mobile, and social), and contact centers (phone, email, and correspondence). We provide these products and services with the majority of activity occurring in WFBNA, which accounts for \$1.7 trillion of the Company's \$1.9 trillion in total consolidated assets.

Our business activity, for resolution planning purposes, is focused in the following four core business lines within our operating segments: (1) Consumer Banking; (2) Wholesale Banking; (3) Wealth and Investment Management (WIM); and (4) Payments, Virtual Solutions and Innovation (PVSI). Core business lines, which are those that upon failure we believe would result in a material loss of revenue, profit, or franchise value, are identified solely for resolution planning purposes and may differ from the operating segments that we use for our reports filed with the SEC. Our operating segments are based on the way management organizes business lines for making operating decisions and assessing performance. The operating segments are generally defined by product type and customer segment.

Our business activity is primarily domestically focused, largely serving U.S. clients and markets. Our international strategy focuses primarily on serving domestic customers doing business abroad and foreign multinationals and global banks doing business in the U.S. For 2018, total revenue derived outside the U.S. was \$3.3 billion, which represented 3.8% of our total revenue. Moreover, as of December 31, 2018, foreign loans represented just 7.5% of total consolidated outstanding loans, while foreign deposits made up approximately 5% of total deposits, as depicted in the following figure. For more detail on our foreign operations, please see Section 9, Foreign Operations.

**Figure 2-1 Company Loans and Deposits**



Source: 2018 Annual Report

Source: FR-Y9C as of 12/31/18

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### 3. Core Business Lines

For resolution planning purposes, we evaluate our business lines to determine which ones should be considered core business lines. A core business line is a business line, including associated operations, services, functions, and support, that upon failure would result in a material loss of revenue, profit, or franchise value. Our analysis includes, among other items, the assets, revenue, and team member contributions of a business line to the Company. We designated four core business lines for resolution planning purposes. Our core business lines are: (1) Consumer Banking; (2) Wholesale Banking; (3) WIM; and (4) PVSI. Each of these business lines have various sub-business lines. By attempting to preserve the viability of these business lines, we intend to maintain the solvency and liquidity needed to support us, our material entities,<sup>3</sup> and our critical services,<sup>4</sup> and mitigate systemic risk that may result from the unlikely event of our failure. The remainder of this section describes the products and services offered by each core business line.

#### Consumer Banking

Consumer Banking offers a complete line of diversified financial products and services to consumers and small businesses, and a full range of credit products to small businesses through a range of channels, including 5,518 retail banking branches, more than 13,000 ATMs, and over 300 dedicated mortgage lending offices, as well as through relationships with auto dealers and other residential mortgage lenders. Consumer and small business products include checking and savings accounts; credit and debit cards; auto, student, personal, and mortgage loans; and home equity products. Small business credit products include lines of credit, term loans, business and commercial credit cards, and commercial real estate-secured loans and lines of credit.

#### Wholesale Banking

Wholesale Banking provides diversified financial solutions to domestic and international commercial, corporate, and other financial institution clients across the U.S. and globally. Wholesale Banking services middle market clients, including commercial banking, business banking, commercial real estate, and government and institutional banking, as well as large corporate customers. It offers a wide range of products, including treasury management, asset-based lending, foreign exchange, correspondent banking, trade services, specialized lending, equipment finance, corporate trust, investment banking, and capital markets.

#### Wealth and Investment Management

WIM provides a full range of personalized wealth management, investment, and retirement products and services including financial planning, private banking, investment management, and fiduciary services to affluent, high-net-worth, and ultra-high-net-worth individuals and families. WIM also provides retirement and trust services to institutional clients and investment management capabilities to retail brokerage clients and global institutional clients. WIM is organized into five business segments - Retail Brokerage, Wealth Management, Abbot Downing, Wells Fargo Asset Management, and Wells Fargo Investment Institute - that partner together to serve the specific and often complex financial needs of affluent, high-net-worth, and ultra-high-net-worth individuals and families and institutional clients.

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<sup>3</sup> A material entity is a subsidiary or foreign office of the Company that is significant to the activities of a critical operation or core business line.

<sup>4</sup> Critical services are ones that must remain operational during the resolution process to allow for resolution in an orderly and efficient manner.

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## Payments, Virtual Solutions and Innovation

PVSI unites our payment platforms, digital capabilities, innovation, and online, mobile, and phone channels. PVSI includes Deposit Products, Cards and Retail Services, Innovation, Treasury, Merchant and Payment Solutions, Virtual Channels, and Operations.

## 4. Material Entities

We evaluate which subsidiaries or foreign offices should be designated as material entities for resolution planning purposes. A material entity is a subsidiary or foreign office of the Company that is significant to the activities of a critical operation<sup>5</sup> or core business line.

### 4.1 Material Entity Designation

We evaluate our legal entities annually, at a minimum, as part of our material entity designation process. Our material entity designation process occurs through an established governance framework with oversight from Front Line stakeholders, Independent Risk Management, and Internal Audit. Our material entity designation process considers the following factors, among others:

- Contribution of revenue, assets, and team members to each core business line
- Contribution of team members
- Other analyses related to:
  - Supporting global treasury operations and funding and liquidity activities
  - Providing a critical service or an essential component<sup>6</sup> of a critical service
  - Originating significant derivatives booking activity
  - Assets under custody and/or assets under management

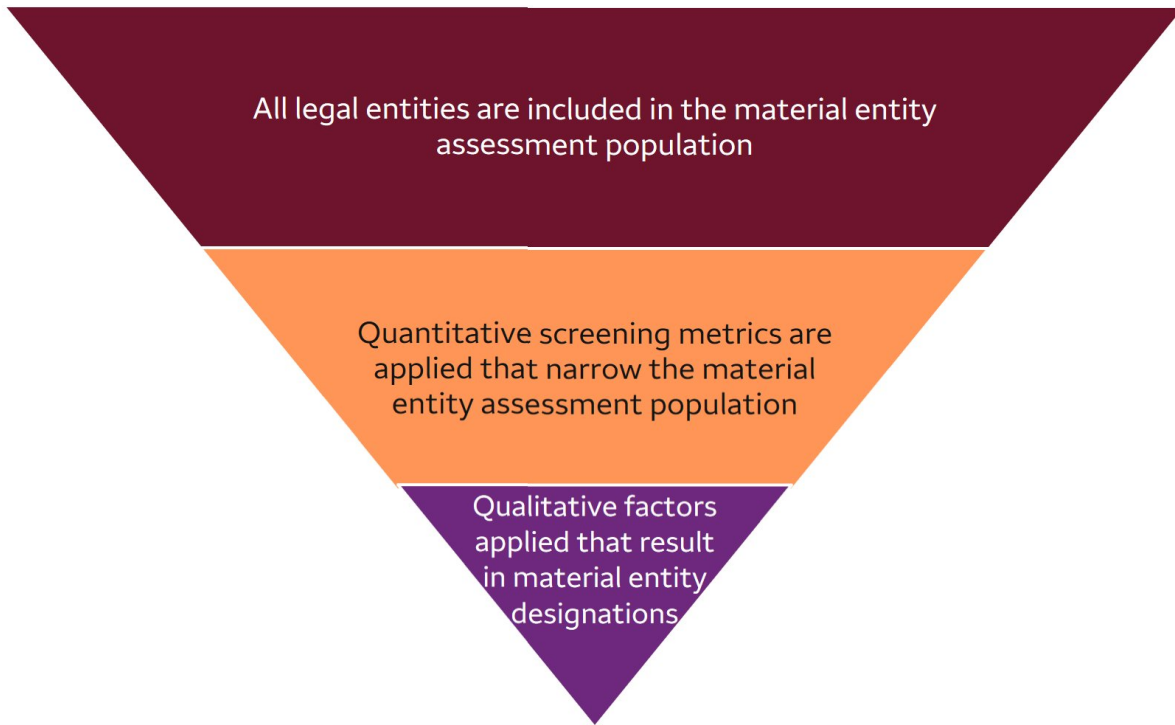
The following figure demonstrates our material entity designation process and our results for our 2015 Resolution Plan, 2017 165(d) Plan, and 2019 165(d) Plan with new material entities for a given submission cycle denoted in red text.

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<sup>5</sup> Critical operations are those operations, including associated services, functions, and support, whose failure or discontinuance would pose a threat to the financial stability of the U.S.

<sup>6</sup> Critical service components are used to provide a service, which include personnel, facilities, systems, third-party vendors, and intellectual property.

**Figure 4-1 Material Entity Designation Process**



2015 Results	2017 Results	2019 Results
Wells Fargo & Company	Wells Fargo & Company	Wells Fargo & Company
Wells Fargo Bank, National Association	Wells Fargo Bank, National Association	Wells Fargo Bank, National Association
Wells Fargo Securities, LLC	Wells Fargo Securities, LLC	Wells Fargo Securities, LLC
Wells Fargo Advisors, LLC <sup>(1)</sup>	Wells Fargo Clearing Services, LLC <sup>(1)</sup>	Wells Fargo Clearing Services, LLC
First Clearing, LLC <sup>(1)</sup>	WFC Holdings LLC	WFC Holdings LLC
	Peony Asset Management, Inc.	Peony Asset Management, Inc.
	Wells Fargo Funding, Inc.	Wells Fargo Funding, Inc.
	Wells Fargo India Solutions Private Limited <sup>(2)</sup>	Wells Fargo EGS (India) Private Limited <sup>(2)</sup>
	Wells Fargo Global Services, LLC	Wells Fargo Global Services, LLC
	Forum Capital Markets LLC	Forum Capital Markets LLC
	Wells Fargo Properties	Wells Fargo Properties
		Wells Fargo Bank, N.A., London Branch
		Wells Fargo National Bank West

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<sup>(1)</sup> Wells Fargo Advisors, LLC and First Clearing, LLC merged in 2016 to form Wells Fargo Clearing Services, LLC.

<sup>(2)</sup> Wells Fargo India Solutions Private Limited's name changed after the 2017 Resolution Plan was filed and is now called Wells Fargo EGS (India) Private Limited.

Based on this designation process, the following figure shows the key designation contributors for each of our material entities.

**Figure 4-2 Key Contributors to Material Entity Designation Process**

Material Entity	Material Entity Designation Key Contributor						
	Core Business Line	Critical Operation	Critical Services	Global Treasury	Assets Under Management/Custody	Derivatives	FMU Access <sup>(1)</sup>
Wells Fargo & Company				X			X
WFC Holdings, LLC				X			X
Wells Fargo Bank, National Association	X	X	X	X	X	X	X
Wells Fargo Bank, N.A., London Branch			X				X
Peony Asset Management, Inc.				X			
Wells Fargo Funding, Inc.	X			X			
Wells Fargo Securities, LLC	X	X	X			X	X
Wells Fargo Clearing Services, LLC	X	X	X				X
Wells Fargo National Bank West				X			
Wells Fargo EGS (India) Private Limited			X				
Wells Fargo Enterprise Global Services, LLC			X				
Forum Capital Markets LLC			X				
Wells Fargo Properties, Inc.			X				

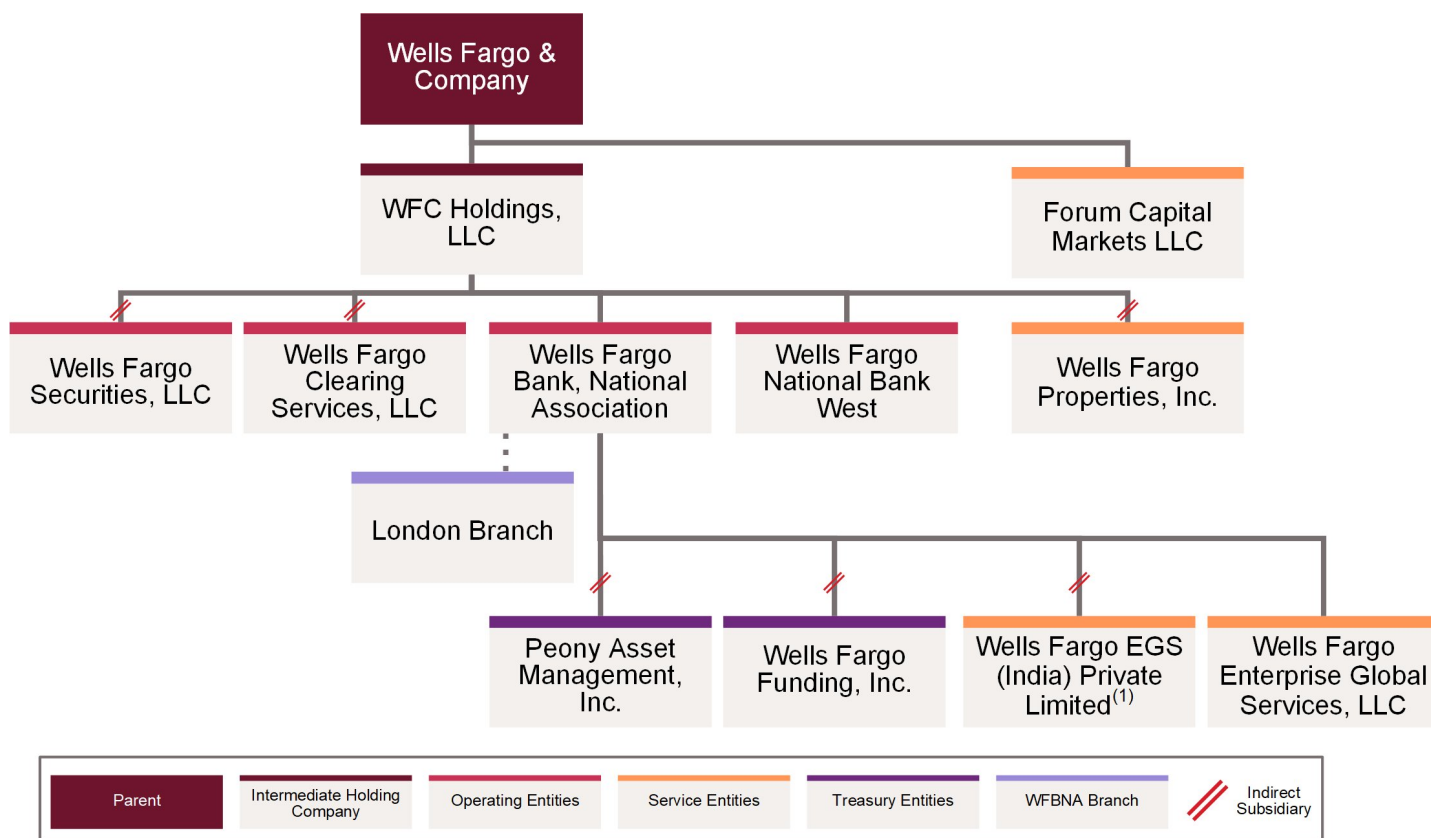
<sup>(1)</sup> FMUs, for purposes of this figure, also include agent banks.

We added the following two new material entities for the purposes of this 2019 165(d) Plan:

- Wells Fargo National Bank West was designated as a material entity because of the (1) potential size of its borrowings with the Federal Home Loan Bank - San Francisco, (2) potential size of brokered certificates of deposit (CDs) it will begin to offer, and (3) growth in brokerage sweep deposits
- Wells Fargo Bank, N.A., London Branch (WFBNA-LB) was designated a material entity because WFBNA and Wells Fargo Securities, LLC (WFS LLC) have memberships with material FMUs that will be dependent upon Protected Payment System accounts on WFBNA-LB that are used to clear activity for several material FMUs..

The following figure shows our current material entity structure.

**Figure 4-3 Material Entity Structure**



<sup>(1)</sup>0.01% ownership interest held by WFC Holdings in accordance with Indian law requiring the presence of two or more shareholders.

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## 4.2 Material Entity Descriptions

The following information provides a summary of each material entity.

### Wells Fargo & Company (as a stand-alone entity, the Parent)

The Parent is a Delaware corporation, publicly traded on the New York Stock Exchange under the ticker symbol “WFC,” and is a financial holding company. The Parent had assets of \$365 billion, as a stand-alone legal entity, and \$1.9 trillion, as a consolidated legal entity, as of December 31, 2018. The Parent had liabilities of \$168.8 billion, as a stand-alone legal entity, and \$1.7 trillion, as a consolidated legal entity, as of December 31, 2018. The Parent's most significant assets were intercompany balances as a combination of investments in subsidiaries and loans to subsidiaries, which comprised approximately 93.7% of the Parent's total assets. Similarly, the Parent's most significant liabilities were long-term debt, which comprised approximately 80% of its total liabilities. The Company had total equity of \$196.2 billion. In 2018, the Company generated \$86.4 billion in revenue, had non-interest expense of \$56.1 billion, and net income of \$22.4 billion. For a summary of capital figures and the Company balance sheet, see Section 10, Financial Information.

As described in Section 5, Company's Transition to SPOE, at the point of non-viability, the Parent would file for Chapter 11 bankruptcy protection under the U.S. Bankruptcy Code. All material entity subsidiaries would be



transferred, with the approval of the U.S. Bankruptcy Court in which the Parent's bankruptcy case is pending, to a new holding company or its subsidiaries, and would remain solvent, liquid, and operational.

### WFC Holdings, LLC (WFCH)

WFCH, the intermediate holding company (IHC) between WFBNA and the Parent, is a Delaware limited liability company and a direct, wholly owned subsidiary of the Parent. WFCH had assets of \$337.5 billion, liabilities of \$145.6 billion, and equity of \$191.9 billion, as a stand-alone legal entity, as of December 31, 2018. The majority of the assets and liabilities were intercompany balances.

As described in Section 5, Company's Transition to SPOE, in resolution, WFCH would be transferred to a new holding company and would continue to provide capital and liquidity support to the material entities, as required under the Support Agreement.

### Wells Fargo Bank, National Association (WFBNA)

WFBNA is a national banking association and an indirect, wholly owned subsidiary of the Parent. WFBNA is the Company's primary insured depository institution and engages in retail, commercial, corporate banking, real estate lending, trust, and investment services. With its subsidiaries, WFBNA represents 89% of the Company's consolidated assets and contributes a significant amount of the Company's consolidated revenue and net income. WFBNA also provides over 99% of the critical services it relies on.

WFBNA held approximately \$922.2 billion of loans and leases, composed of loans and leases held-for-sale plus loans and leases held for investment net of unearned income and allowance. Of the \$922.2 billion, \$456.7 billion, or 49.5%, represented loans secured by real estate. Loans and leases represented approximately 55% of WFBNA's total balance sheet. WFBNA and its subsidiaries held approximately \$255.0 billion in available-for-sale securities at fair value, which represented approximately 15% of its total assets. WFBNA's liabilities included \$1.3 trillion in domestic deposits, which represented 84.1% of WFBNA's total liabilities. WFBNA had \$1.7 trillion in assets, \$1.5 trillion in liabilities, and \$165.2 billion in equity, as a consolidated legal entity, as of December 31, 2018. In 2018, WFBNA generated \$75.7 billion in net interest income, non-interest income, and realized gains (losses) on available-for-sale securities. WFBNA had non-interest expense of \$46.5 billion and net income of \$21.7 billion. For a summary of capital figures, see Section 10, Financial Information.

As described in Section 5, Company's Transition to SPOE, WFBNA would be transferred to a new holding company and would continue to operate throughout resolution, receiving capital and liquidity support from WFCH, as necessary, under the terms of the Support Agreement.

### Wells Fargo Bank, N.A., London Branch (WFBNA-LB)

WFBNA-LB is a foreign branch of WFBNA. WFBNA-LB operates in London, England under British banking law and is the largest platform operated by the Company outside the U.S. The branch serves as the European hub for distributing corporate and commercial banking products and services to the Company's clients and is the largest branch operated outside of the U.S. The branch responds to the international needs of U.S. Wholesale Banking clients and does not conduct retail activity.

As described in Section 5, Company's Transition to SPOE, WFBNA-LB would be transferred to a new holding company and would continue to operate throughout resolution, receiving capital and liquidity support from WFCH, as necessary, under the terms of the Support Agreement.

### Peony Asset Management, Inc. (Peony)

Peony is a Delaware corporation and an indirect, wholly owned subsidiary of WFBNA. It holds a significant portion of WFBNA's investment portfolio, including debt and equity securities considered high-quality liquid assets (HQLA).

As described in Section 5, Company's Transition to SPOE, Peony would be transferred to a new holding company and would continue to operate throughout resolution, receiving capital and liquidity support from WFCH, as necessary, under the terms of the Support Agreement.

### Wells Fargo Funding, Inc. (WFF)<sup>7</sup>

WFF is a Minnesota corporation and an indirect, wholly owned subsidiary of WFBNA. It holds mortgage loan participations, representing a material amount of the assets of WFBNA's consumer mortgage portfolio, a significant component of the Consumer Banking core business line.

As described in Section 5, Company's Transition to SPOE, WFF would be transferred to a new holding company and would continue to operate throughout resolution, receiving capital and liquidity support from WFCH as necessary, under the terms of the Support Agreement.

### Wells Fargo Securities, LLC (WFS LLC)

WFS LLC is a Delaware limited liability company and an indirect, wholly owned non-bank subsidiary of the Parent. It is registered with the SEC as a broker-dealer and with the United States Commodity Futures Trading Commission (CFTC) as a futures commission merchant. WFS LLC is the Company's primary institutional broker-dealer and engages in aspects of the Wholesale Banking core business line.

WFS LLC's assets consisted primarily of financial instruments owned (44%) and securities purchased under agreements to resell (10%), which combined, represented 54% of total assets. WFS LLC's liabilities, not including subordinated borrowings, consisted primarily of financial instruments sold (13%) and securities sold under repurchase agreements to repurchase (64%). WFS LLC had \$134.3 billion in assets, \$129.0 billion in liabilities, and \$5.3 billion in equity as of December 31, 2018.

As described in Section 5, Company's Transition to SPOE, WFS LLC would be transferred to a new holding company and would conduct an orderly and solvent wind-down during resolution, receiving capital and liquidity support from WFCH, as necessary, under the terms of the Support Agreement. In accordance with the Preferred Resolution Strategy, no material entities require critical services from WFS LLC beyond 12 months post point of non-viability (PNV).

### Wells Fargo Clearing Services, LLC (WFCS)

WFCS is a Delaware limited liability company registered with the SEC as both a broker-dealer and an investment adviser. It is an indirect, wholly owned, non-bank subsidiary of the Parent. It is the Company's primary retail broker-dealer and engages in aspects of the WIM core business line.

WFCS' most significant assets included net receivables from customers, representing approximately 41% of WFCS' total assets. Cash and cash equivalents, cash and securities segregated under federal and other

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<sup>7</sup> Currently, WFF is an indirect subsidiary of WFBNA. However, the Company has a Legal Entity Rationalization project that will make WFF a direct subsidiary of WFBNA in or about the fourth quarter of 2019. The move will have no material effect on the Company's resolvability.

regulations, and securities purchased under agreements to resell represented approximately 27% of WFCS' total assets. WFCS' liabilities included payables to customers and payables to brokers, dealers, and clearing organizations, which represented approximately 75% of WFCS' total liabilities. WFCS had \$21.6 billion in assets, \$10.0 billion in liabilities, and \$11.6 billion in equity as of December 31, 2018.

As described in Section 5, Company's Transition to SPOE, WFCS would be transferred to a new holding company and would continue to operate throughout resolution, receiving capital and liquidity support from WFCH as necessary, under the terms of the Support Agreement.

### Wells Fargo National Bank West (WFNBW)

WFNBW is a national banking association located in Nevada that holds participated interests in loans from WFBNA and uses them as collateral to borrow from the Federal Home Loan Bank - San Francisco as well as issuing brokered CDs. WFNBW had \$10.0 billion in assets as of December 31, 2018.

As described in Section 5, Company's Transition to SPOE, WFNBW would be transferred to a new holding company and would continue to operate throughout resolution, receiving capital and liquidity support from WFCH, as necessary, under the terms of the Support Agreement.

### Service Material Entities<sup>8</sup>

Service Material Entities are those material entities designated based primarily on the critical services (or components of critical services) they provide to the other material entities. The following descriptions provide information about each of these material entities. As previously shown in Figure 4-2, WFBNA, WFBNA-LB, WFS LLC, and WFCS also provide critical services. This operational interconnectedness is discussed in more detail in the Services section in Section 6, Resolution Capabilities. We pre-position six months of working capital to help ensure continuity of services in resolution. As described in Section 5, Company's Transition to SPOE, our Service Material Entities would be transferred to a new holding company and would continue to operate throughout resolution.

### Wells Fargo EGS (India) Private Limited (EGS India)

EGS India is a private limited company incorporated and located in India and an indirect subsidiary of WFBNA. WFCH holds 0.01% ownership interest in EGS India in compliance with Indian law. The remaining 99.99% is owned by Wells Fargo International Banking Corporation, a wholly owned subsidiary of WFBNA. EGS India provides critical services to the Company's material entities, core business lines, and critical operations.

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<sup>8</sup> Service Material Entities are those material entities designated based primarily on the critical services (or components of critical services) they provide to the other material entities.

### Wells Fargo Enterprise Global Services, LLC (WFEGS)

WFEGS is a Delaware limited liability company and a direct, wholly owned subsidiary of WFBNA, with its main office located in the Philippines. It provides critical services to the Company's material entities, core business lines, and critical operations.

### Forum Capital Markets LLC (Forum)

Forum is a Delaware limited liability company and a direct, wholly owned, non-bank subsidiary of the Parent. It contracts with a number of external third-party vendors that provide technology, operations, knowledge services, and voice support, primarily to WFBNA, but also to other material entities.

### Wells Fargo Properties, Inc. (WFP)

WFP is a Minnesota corporation and an indirect, wholly owned, non-bank subsidiary of the Parent. It holds, leases, and owns properties that support the provision of critical services to the Company's material entities, core business lines, and critical operations.

## 5. Company's Transition to SPOE

### 5.1 The Benefits of SPOE

In this 2019 165(d) Plan, we deploy a Preferred Resolution Strategy that uses an SPOE approach. Previously, we pursued an MPOE approach for our resolution strategy. Under our prior MPOE approach, multiple resolution proceedings would occur contemporaneously that would resolve the Parent, WFBNA, and WFS LLC. Under an SPOE approach, the Parent would enter Chapter 11 bankruptcy under the U.S. Bankruptcy Code and all other material entities would remain solvent and operational. The continued solvency and operation of these material entities is planned to be achieved through our Support Agreement (discussed in detail below), which obligates WFCH to provide support to such entities, as needed to execute our Preferred Resolution Strategy.

We decided to switch to an SPOE approach for our Preferred Resolution Strategy because we believe it improves our resolvability by:

- Reducing disruption to the U.S. financial system and better promoting continuity by planning to maintain our critical operations, critical services, and core business lines operated through our material entities, which should have sufficient capital and liquidity throughout the Parent's resolution.
- Increasing our flexibility to execute divestiture options over time because all material entities, with the exception of the Parent, would remain operational and solvent after the Parent enters bankruptcy.
- Reducing risks that foreign authorities or third parties could take actions (or abstain from taking actions) that could result in separate resolution proceedings or restrictions on the activities or availability of assets of our foreign branches or subsidiaries (often referred to as "ring-fencing") because the Parent would be the only legal entity entering bankruptcy.

- Providing additional optionality during resolution by expanding our divestiture options to include options that implicate business lines spanning multiple material entities or jurisdictions.
- Providing more flexibility in the future if our structure, size, or risk profile should change.

To help ensure a smooth transition from MPOE to SPOE, we took a number of steps to enhance our resolution preparedness, which include the following:

### Financial Preparedness

- Evaluated the amount of capital and liquidity needed under SPOE for each material entity, including the two new material entities designated for this 2019 165(d) Plan
- Reviewed assumptions and methodologies for capital and liquidity resolution execution need estimates and updated, as appropriate
- Updated financial forecasting tools based on revised methodologies and assumptions
- Developed a framework to govern the support contributions of capital and liquidity from WFCH to material entities during the resolution period, consistent with WFCH's obligations under the Support Agreement

### Operational Preparedness

- Ensured our process to identify our list of Key Roles<sup>9</sup> and our team member retention costs to support the change to an SPOE approach
- Assessed financial and operational impacts that FMUs and agent banks could take during Stress, Runway, or Resolution under SPOE and updated our FMU Playbooks to reflect these impacts

### Structural Preparedness

- Re-assessed our LER Criteria so that they align with new resolution risks associated with an SPOE approach
- Identified exceptions to the LER criteria with respect to critical services and critical service components (e.g., personnel, facilities, systems, third-party vendors, and intellectual property needed to deliver critical services) and mitigated the exceptions by developing contingency plans or moving the critical services or their components to other providers
- Moved EVEREN Capital Corporation, whose subsidiaries include WFP, WFS LLC, and WFCS, under our intermediate holding company, WFCH, which places more of our material entities under the IHC and, as a result of that move, improves our resolvability by simplifying the organizational structure

### Governance Preparedness

- Updated our communications strategy to account for new actions and objectives under SPOE

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<sup>9</sup> Key Roles are positions that should be targeted for retention to support the operation of important activities through the Enterprise Financial Assessment Levels. Key Roles include positions that are essential to maintaining critical operations and the services that support them.

- Modified the material entity Governance Playbooks, Stakeholder Engagement Playbook, and Employee Retention Strategy so they align with our current corporate structure, policies, and Preferred Resolution Strategy
- Updated our governance mechanisms trigger framework, including the redevelopment of Runway and Resolution triggers to align with our Preferred Resolution Strategy
- Adjusted certain escalation protocols that alert senior leaders when there is actual or impending financial stress
- Revised certain Company policies and governance resolutions to reflect an SPOE approach

### Strategic Preparedness

- Identified new divestiture options and modified others in response to increased flexibility offered by an SPOE approach
- Developed a prioritization framework that applies to each divestiture option to inform a recommended ordering of divestiture options

### Legal Preparedness

- Amended the Support Agreement and Security Agreement
- Updated the Bankruptcy Playbook, which guides senior management's and the Boards' actions with respect to actions necessary to file the Parent's bankruptcy case
- Updated the legal analysis of the potential creditor challenges to the provision of capital and liquidity support to WFCH and the other material entities (except for the Parent) under the Support Agreement

### Guarantees

Our Intercompany Guarantee Policy governs our intercompany guarantees and prohibits the Parent from entering into new guarantees for the benefit of its subsidiaries, with limited exceptions. We amended the Intercompany Guarantee Policy to prohibit downstream guarantees by the Parent for the benefit of its subsidiaries that contain affiliate cross-default provisions, and to incorporate other applicable requirements of the final TLAC rule. In connection with our resolution planning process, our Intercompany Guarantee Policy incorporates our LER Criteria and the roles and responsibilities of the Legal Entity Governance Office and the Legal Entity Governance Committee. It also prohibits WFCH from providing guarantees to help ensure that its sole funding obligations are to our material entities pursuant to our Support Agreement.

## 5.2 Achieving Our Resulting Organization Post-Bankruptcy

After commencing the Parent's Chapter 11 proceeding, the Parent would transfer, upon the bankruptcy court's approval, the stock of WFCH to a new, substantially debt-free holding company "New HoldCo," the equity interests of which would be held in a trust (Trust) for the exclusive benefit of the Parent's bankruptcy estate. As a result of the transfer of WFCH to New HoldCo, all of WFCH's material entity subsidiaries would become indirect subsidiaries of New HoldCo. The Parent would also transfer its stock in Forum, the Parent's only other

direct material entity subsidiary, to WFCH. These transfers create a streamlined ownership structure whereby all of the material entities (except the Parent) are direct or indirect subsidiaries of New HoldCo.

Pursuant to the Preferred Resolution Strategy, our complexity and size is reduced through the solvent wind-down of WFS LLC, our wholesale broker-dealer, the solvent wind-down of nine additional business lines and executing a series of divestiture options. While New HoldCo becomes materially smaller during resolution, the goal of the Preferred Resolution Strategy is to retain those businesses that provide the most value, including strategic synergies, across the franchise and is not based on targeting a specific balance sheet size.

The SPOE approach describes what legal entity enters resolution proceedings (i.e., only the Parent) and what legal entities remain outside of resolution proceedings. However, SPOE is only one part of our Preferred Resolution Strategy. We identified a series of divestiture options that, if executed, would reduce our size and complexity, while allowing us to retain a national presence and be effectively resolved without interrupting critical services and operations essential to the continued stability of the U.S. financial system. We refer to the resulting organization as the Preferred RemainCo. The Preferred RemainCo would still be a nationally-focused bank with full-service retail and wealth management offerings as well as core wholesale banking capabilities. Moreover, we identified and are prepared to execute divestiture options that would further reduce our size and complexity. Ultimately we are prepared to reduce the remaining company to a West coast-focused regional company offering products to our retail customers and certain wholesale customers.

When assessing a remaining company after executing any resolution strategy, it is important to look at not only the size of the surviving entity but also the underlying complexity of the remaining businesses. We use the G-SIB surcharge framework, which is also used by regulators, to qualitatively assess the complexity of the Preferred RemainCo. Upon completion of our Preferred Resolution Strategy, we believe we would be less interconnected, with fewer intra-financial system assets and liabilities, as well as less complex due to lower derivatives, securities, and level 3 asset balances. We would also have a reduced amount of cross-jurisdictional activity and short-term wholesale funding.

### 5.3 Support Agreement

The Support Agreement was initially executed on June 28, 2017 between the Parent, WFCH, WFBNA, WFS LLC, and WFCS to facilitate the execution of our MPOE approach. At the time the Parent executed the Support Agreement in 2017, it made the Initial Parent Contribution, as required by the Support Agreement. The Support Agreement was amended and restated on June 26, 2019 to add additional parties and to better ensure compatibility with our Preferred Resolution Strategy shift to SPOE. Actions previously taken under the MPOE-based Support Agreement, including the Parent contributions described below, are unchanged under the amended, SPOE-compatible Support Agreement.

#### How the Support Agreement Works in Business as Usual

The Support Agreement, as amended, is a contract between the Parent, WFCH, and other material entities.<sup>10</sup> The Support Agreement, among other things, obligates WFCH to provide ongoing capital and liquidity support to the material entities (other than the Parent) during resolution. To help ensure that WFCH can successfully fulfill this support obligation, the Support Agreement: (1) facilitates pre-positioning of resources at WFCH by

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<sup>10</sup> WFBNA-LB is not a party to the Support Agreement because it is not a separate and distinct legal entity. WFBNA-LB's resolution needs will be provided through WFBNA.

requiring the Parent to make initial and subsequent contributions to WFCH, (2) seeks to ensure that WFCH has sufficient assets to fund the other material entities' capital and liquidity needs in resolution, and (3) provides WFCH with the appropriate flexibility to determine how to fulfill the material entities' capital and liquidity needs.

Consistent with the Support Agreement, the Parent made an initial contribution of assets to WFCH in 2017, prior to filing our 2017 165(d) Plan. That initial contribution, which included liquid assets and inter-affiliate loans, was made in exchange for funding notes issued by WFCH to the Parent, which are subordinated to WFCH's obligations to support the material entities during resolution, as set forth in the Support Agreement. Through the initial contribution, the Parent transferred substantially all of its liquid assets to WFCH.

Notwithstanding the Parent's initial contribution of substantially all of its liquid assets, during business as usual the Parent is permitted to retain a cash reserve amount and sufficient cash to cover near-term expenditures, as well as a limited amount of certain other assets. To avoid the Parent retaining more assets than it actually needs, during business as usual the Support Agreement requires the Parent to make additional contributions to WFCH of any new assets in excess of the retained assets that the Support Agreement authorizes the Parent to hold. Additionally, should the Company experience significant financial stress, the amount of assets that the Parent may retain is reduced and such assets must be transferred to WFCH.

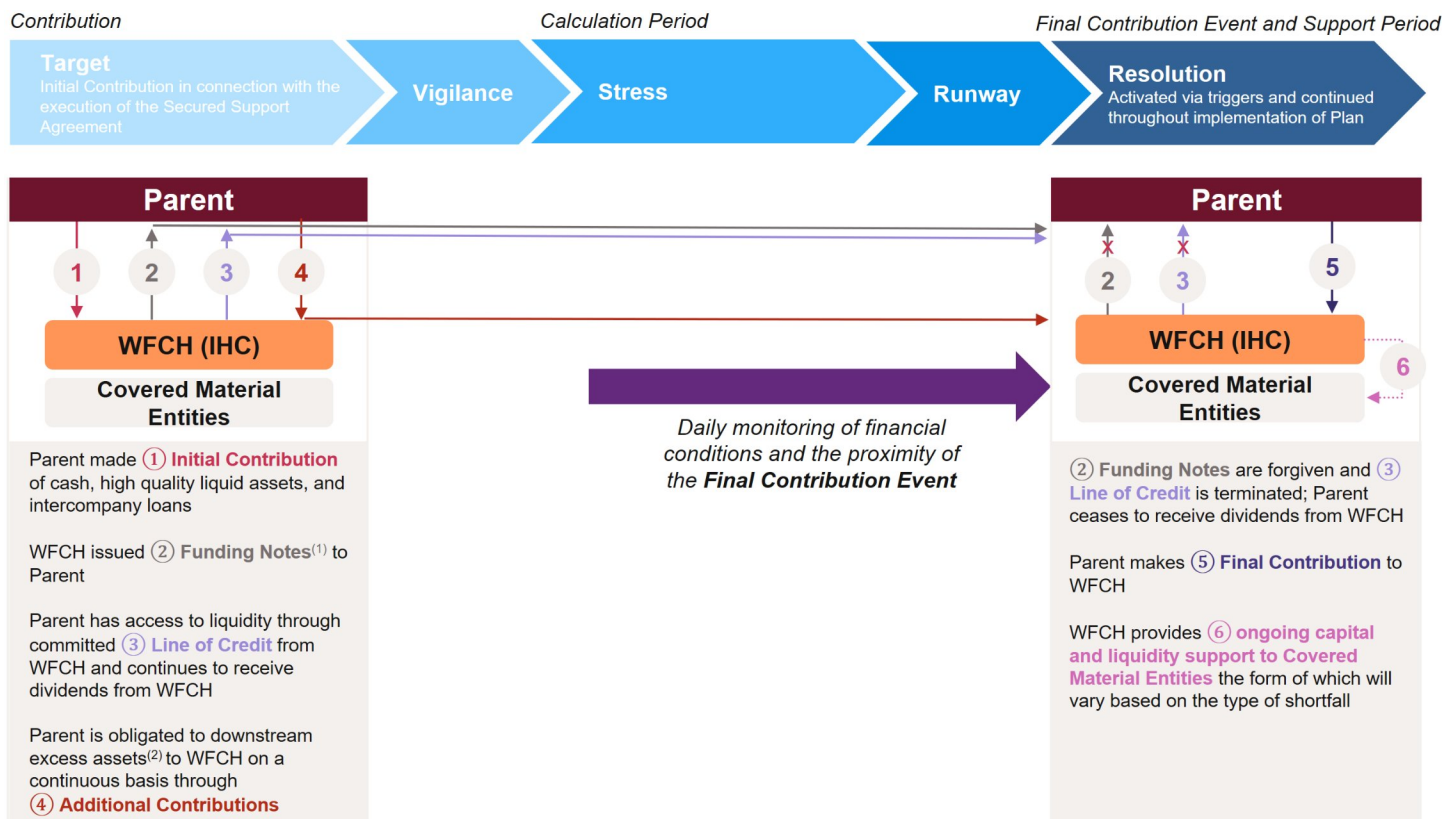
Under the Support Agreement, WFCH has made available to the Parent a committed line of credit that the Parent may use to replenish its cash reserve or pay near-term expenses. The committed line of credit, together with payments made by WFCH under the funding notes, provides the Parent with ongoing liquidity that can be used to satisfy its debts and short-term funding needs. The Parent also continues to receive dividends or distributions made by its subsidiaries during business as usual.

The financial obligations under the Support Agreement are reflected in the following figure. These obligations are shown in relation to our Enterprise Financial Assessment Levels (EFALs), which indicate the magnitude of financial stress we experience throughout escalating levels of stress and financial deterioration. EFAL changes are informed by quantitative triggers and qualitative factors. These triggers incorporate financial and non-financial factors and are designed to inform and assist the Board and senior management in their decision making and responding to stress. Our trigger framework is designed to support our Preferred Resolution Strategy and ensure that WFCH can provide our material entities with sufficient resources. Specifically, we designed combined triggers to determine when to initiate Runway and Resolution based on the projected liquidity and capital needs of all material entities (except the Parent) throughout the resolution period (Aggregate Resource Needs), relative to the amount of resources that the Parent and WFCH have available to fund such needs (Available Financial Resources).

To calibrate the Runway and Resolution triggers, we considered key activities that must occur before the Parent files a bankruptcy case, which would occur at the point in time when Available Financial Resources are just adequate to fulfill Aggregate Resource Needs. Such actions include the time required to finalize preparations for the Parent's voluntary bankruptcy filing and make the Final Parent Contribution of assets to WFCH, as reflected under the Resolution EFAL in the following figure. More information about the EFALs, referred to in the following figure, can be found in the Governance Mechanisms section of Section 6, Resolution Capabilities.



**Figure 5-1 Secured Support Agreement Includes Obligations that Occur Across Enterprise Financial Assessment Levels**



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(1) Funding Notes are unsecured and subordinated to WFCH's obligations under the Secured Support Agreement  
 (2) Subject to certain exceptions

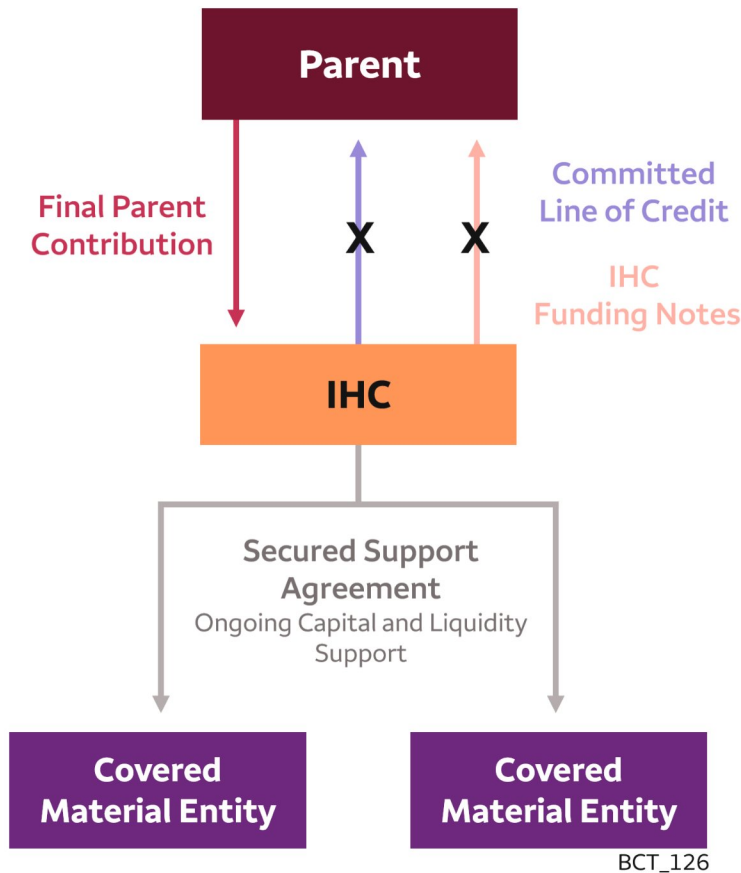
### Effect of the Support Agreement on the Parent and WFCH

Immediately before the Parent's failure and when it is about to file bankruptcy, the Parent is contractually obligated to make a final contribution of nearly all of its remaining liquid assets and certain other assets to WFCH. The Parent can hold back a limited amount of cash that is necessary to cover expenses related to the bankruptcy proceeding. The Parent must make this final contribution upon determination that a breach of the resolution trigger has occurred. This trigger signals that the Parent and IHC's Available Financial Resources (i.e., cash and liquid assets easily monetized) are just enough to fulfill the capital and liquidity resolution needs of the other material entities.

Upon the occurrence of the resolution trigger, the funding notes issued by WFCH are automatically forgiven and the Parent's committed line of credit is automatically terminated. Thus, once the non-viability trigger occurs and the final contribution has been made, the Parent no longer has access to liquidity to fund its near-term expenses or pay debt, and is expected to file a Chapter 11 bankruptcy case. In addition, WFCH is obligated to begin providing ongoing capital and liquidity support to the material entities on an ongoing and as needed basis. The Support Agreement provides WFCH with flexibility to determine the type and amount of support that is appropriate under the circumstances, based on observed need. The Support Agreement also provides WFCH with the flexibility to provide support directly or indirectly, via entities in the ownership chain between WFCH and the material entities requiring support.

The following figure demonstrates the Support Agreement's effect on the Parent where a final contribution is made: the committed line of credit terminates and funding notes are automatically forgiven.

**Figure 5-2 Support Agreement Actions in SPOE**

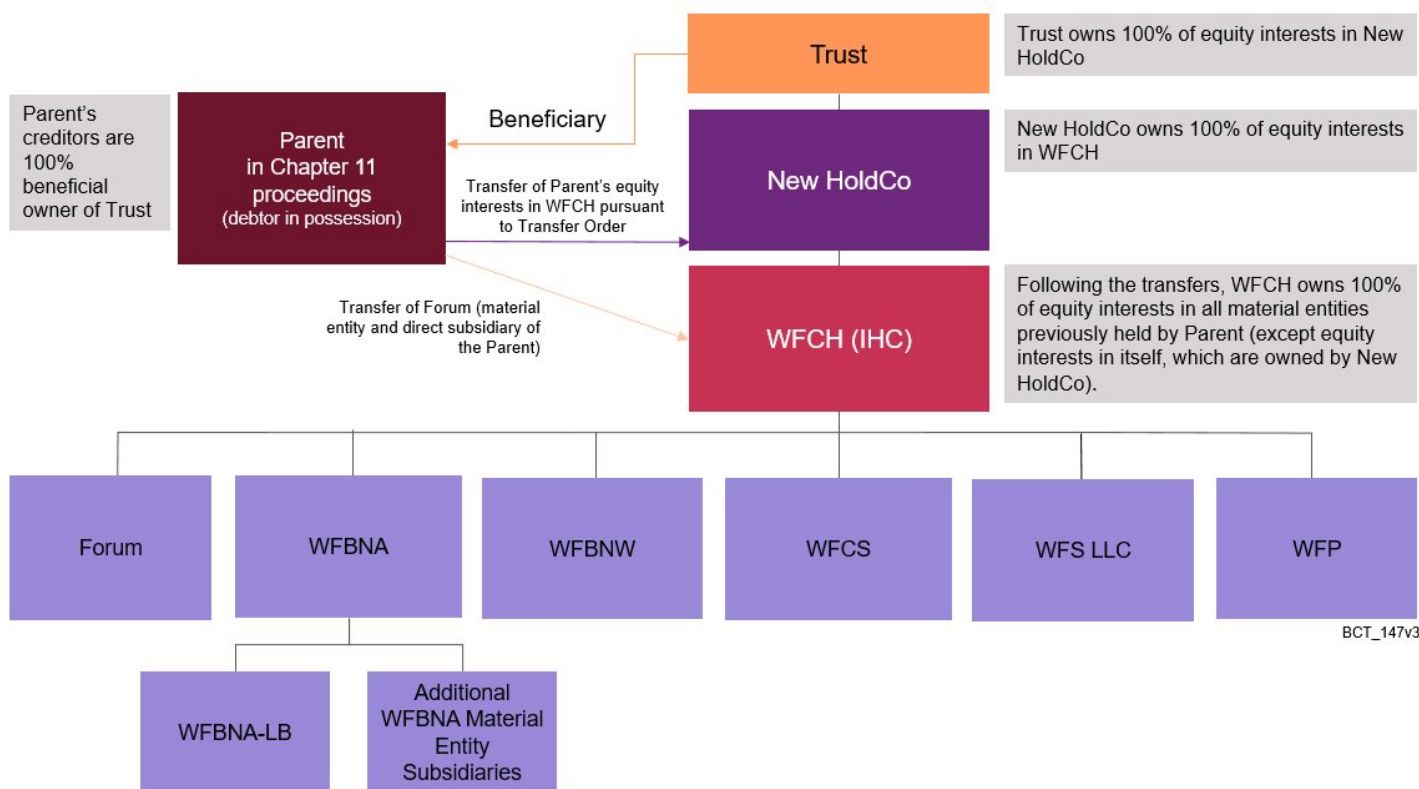


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### The Effects of Resolution Actions on the Company

After the resolution trigger has been breached but prior to the Parent's bankruptcy filing, the Parent would establish New HoldCo and a Trust to hold New HoldCo for the benefit of the creditors in the Parent's bankruptcy case. Following the Parent's commencement of its voluntary Chapter 11 case under the Bankruptcy Code, the Parent would file an Emergency Transfer Motion asking the Bankruptcy Court (1) to approve the continued service of the trustees for the Trust and the initial directors and officers of New HoldCo and (2) for permission to transfer equity interests in WFCH to New HoldCo and its other direct material entity subsidiary (Forum) to WFCH. The following figure illustrates the legal entity ownership structure after these transfers are completed.

**Figure 5-3 Legal Entity Ownership Structure Following Parent's Bankruptcy**



**Effects of Resolution on the Parent's Creditors**

Our SPOE approach preserves the material entities (other than the Parent) as going concerns enabling their value to be maximized for the benefit of the Parent's creditors. The Parent's primary creditors are third-party investors in its long-term debt. As of December 31, 2018, the Parent had \$108.2 billion of senior unsecured long-term debt and \$25.4 billion of subordinated long-term debt outstanding. The Parent had \$23.2 billion of preferred stock outstanding as of December 31, 2018. Under the SPOE ownership structure, the Parent's creditors would be entitled to a pro rata share of the equity value of certain of the Parent's pre-bankruptcy subsidiaries. The Trust would, consistent with its obligations under the Trust Agreement, provide its sole beneficiary, Parent's bankruptcy estate, with distributions consisting of such value. The proceeds of such distributions ultimately would be distributed to the Parent's creditors pursuant to a confirmed Chapter 11 plan in the Parent's bankruptcy case. Although our SPOE approach preserves value in the material entities, by enabling such entities to be recapitalized and continue to operate as going concerns, this approach also forces any losses to be borne by the Parent and its creditors. The ultimate recovery for a particular group of creditors under this 2019 165(d) Plan would depend on a number of factors, including the amount and type of a creditor's claim against the Parent.

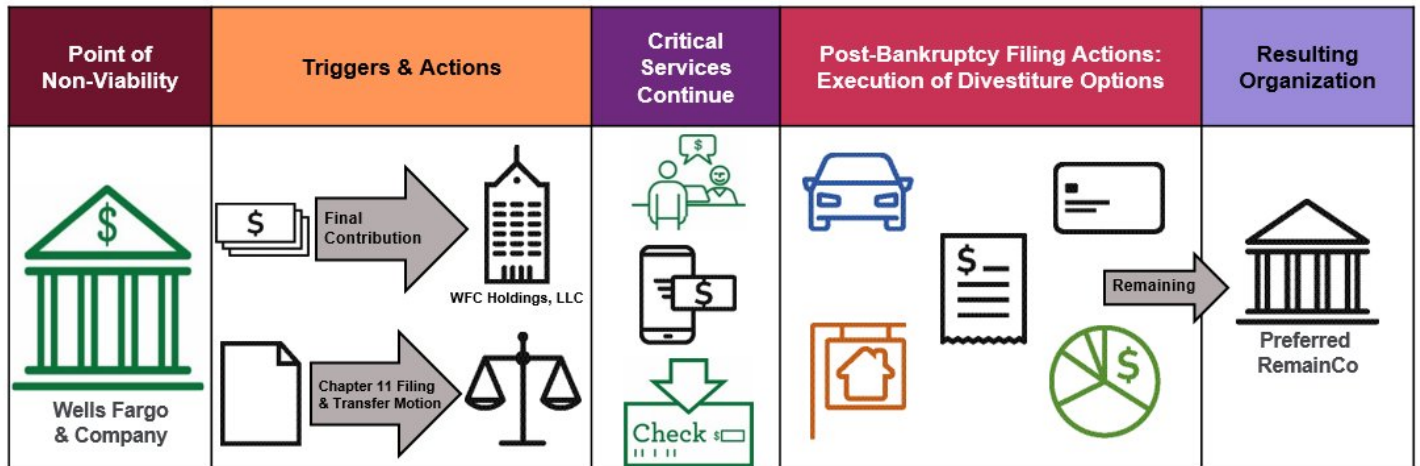
## Complying with the Support Agreement

To enable the value of the material entities to be maximized in a manner consistent with the Preferred Resolution Strategy, the Support Agreement incentivizes the Parent and WFCH to comply with their contribution and support obligations. The Support Agreement contains a liquidated damages provision, which sets damages for breaches by the Parent of its obligations to make contributions to WFCH, and by WFCH to provide support following the breach of the resolution trigger. The obligations of the Parent and WFCH are secured by a Security Agreement in favor of the Support Agreement parties that are the beneficiaries of such transfers.

The board of each party to the Support Agreement approved the Support Agreement and authorized each party to the Support Agreement to take all necessary and appropriate actions under it, as applicable. Thus, executing the Support Agreement is intended to ensure that all necessary approvals have been given for the Parent’s contributions of financial resources upon the occurrence of pre-determined circumstances, WFCH’s provision of capital and liquidity support, intermediate entities’ facilitation of support, and other material entities’ acceptance of capital and liquidity support.

The following figure shows how all of these actions come together to form our Preferred Resolution Strategy. The figure depicts the actions that occur after the Parent reaches the point of non-viability, how operations can continue, when divestiture options are considered, and the resulting organization.

**Figure 5-4 Company's Resolution Plan in SPOE**



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## 6. Resolution Capabilities

The success of our 2019 165(d) Plan requires the commitment of stakeholders across the Company. We functionally organized the stakeholders across 13 capabilities. These capabilities are Capital; Funding and Liquidity; Governance Mechanisms; LER; Separability; Payment, Clearing, and Settlement (PCS) activities; Management Information Systems (MIS); Services; Collateral Management; and Derivatives and Trading (D&T). While not detailed below, Human Resources, Stakeholder Engagement, and Legal Analysis support all capabilities.

Capabilities are teams of subject matter experts that produce critical information or perform functions that are necessary to support our financial resiliency, strategic business profile, and resolvability. Their primary function is to help ensure strong business as usual operations that furthers our success serving customers and maintaining a strong financial position. In addition to leading business as usual operations, the capabilities also assist with preparing or executing our Resolution Plans.

The following information explains how each capability implemented processes so they are prepared for resolution. Capital Management and Liquidity Risk Management have additional processes, beyond those created for resolution, that are detailed in Section 8, Approach to Maintaining Financial Resiliency as part of our integrated Company-wide approach to financial resiliency.

### 6.1 Capital

We have a comprehensive process to continually measure our capital adequacy under normal and stressed conditions. Detailed information about this process can be found in the Capital Management section of Section 8, Approach to Maintaining Financial Resiliency. However, we also implemented additional measures as part of our resolution planning.

We seek to ensure we have an adequate amount of loss-absorbing capacity, known as Resolution Capital Adequacy and Positioning (RCAP). We measure RCAP by looking at external and internal TLAC, which can be used to recapitalize our material entities. External TLAC refers to financial instruments issued and outstanding at the Parent-level and that are available to absorb losses. Internal TLAC refers to positioning loss-absorbing capacity within the Company. By having adequate TLAC, financial institutions can be resolved without substantial government or taxpayer support. As of December 31, 2018, our external TLAC exceeded regulatory minimums and our internal targets.

We also seek to ensure we can reasonably estimate the amount of capital we may need to support material entities, known as Resolution Capital Execution Need (RCEN), in the event the Parent fails and files for bankruptcy. Our RCEN calculations for the material entities include capital levels that meet or exceed all applicable regulatory capital requirements and satisfy additional capital needs through resolution. Financial support received based on these estimates is intended to allow a material entity subsidiary to maintain market confidence, enabling the entity to stabilize and continue operating through resolution.

Our capability to produce RCAP and RCEN estimates allows us to continually monitor our capital resources and execution needs, ensure we have sufficient resources, and appropriately position them, which improves our resolvability and ability to remain in a strong financial state.

## 6.2 Funding and Liquidity

Similar to Capital Management, we also have a comprehensive process to evaluate and manage our liquidity needs in business as usual and in times of stress. Detailed information about our liquidity management process during business as usual can be found in the Liquidity Risk Management section of Section 8, Approach to Maintaining Financial Resiliency. Resolution liquidity capabilities form a part of our broader liquidity risk management program and include Resolution Liquidity Adequacy and Positioning (RLAP) and Resolution Liquidity Execution Need (RLEN) as prescribed by the 2019 165(d) Guidance.

We calculate the stand-alone liquidity position for each material entity across a stress scenario consisting of both market and idiosyncratic events. This calculation determines the amount of liquidity to be positioned at each material entity and helps ensure that adequate and appropriately positioned liquidity is readily available on a daily basis to meet deficits. This daily liquidity calculation is known as Resolution Liquidity Adequacy and Positioning (RLAP). We believe we currently have sufficient RLAP liquidity, including a surplus across all material entities in aggregate. Our liquidity positioning framework considers the risk profile of each material entity and guides the placement of liquidity resources across our legal entity structure while maintaining the flexibility to respond to a stress event that may unfold in an unpredictable manner.

We also estimate RLEN, the amount of liquidity that we could require post-bankruptcy filing to execute our Preferred Resolution Strategy, inclusive of minimum operating liquidity (MOL) and peak funding needs. MOL is the estimated minimum levels of liquidity required by each material entity to continue operations in accordance with our Preferred Resolution Strategy and market expectations, including intraday usage, inter-affiliate funding frictions, working capital needs, and operating expenses. Peak funding needs are the estimated peak net cash outflow requirement at each material entity throughout the stabilization period, inclusive of third-party and inter-affiliate transactions.

We run the RLEN forecast on a monthly basis in business as usual and would run it daily in times of financial stress. The objective of a daily RLEN calculation is to produce a more accurate RLEN forecast during actual stress while still leveraging the infrastructure and processes that are in place for our business as usual RLEN calculation. We maintain available liquid assets well in excess of our forecasted RLEN requirement and continually monitor financial resources at each material entity against established triggers to indicate deterioration of available liquidity and ensure the taking of timely management actions. From the first quarter of 2012 to the first quarter of 2019, our liquid assets, as a percentage of total assets, increased from approximately 15% to 30%.

## 6.3 Governance Mechanisms

We developed comprehensive governance mechanisms to monitor, detect, escalate, and respond to a range of financial stresses. Our governance mechanisms, which include both financial and non-financial metrics, include monitoring triggers related to capital, liquidity, market conditions, and operating conditions. Specific to resolvability, these governance mechanisms are implemented to support our resolvability in the following three areas: (1) triggers and escalation protocols, (2) pre-bankruptcy Parent support, and (3) Governance Playbooks. The governance mechanisms are designed to promptly identify financial stress (including the Stress, Runway, and Resolution EFALs), facilitate the execution of contingency plans and recovery options, and improve conditions so we can return to financial strength.

The governance mechanisms include the following key structures and protocols that allow for effective execution:

- **EFALs and Triggers** — Drive Board and senior management actions and, ultimately, the down-streaming of financial resources to WFCH and the other material entities (except the Parent). Triggers are quantitative or qualitative indicators that enable us to identify and monitor the onset of stress in a timely manner. EFALs indicate the level of financial stress currently experienced by the Company.
- **Escalation protocols** — Aligned to triggers and EFALs for timely reporting of trigger breaches to the Parent or other material entity Boards and senior management.
- **Enterprise Governance and Incident Response Structure (Incident Response Structure)** — Facilitates rapid execution of actions by the Board and senior management during an incident, including financial stress (as outlined by the EFALs), by enabling collaboration and timely communication among those groups and our business and functional areas.
- **Pre-bankruptcy Parent support** — Provided to WFCH and the other material entities (except the Parent) that is protected from potential creditor challenges.
- **Governance preparedness** — Prepared Governance Playbooks for each material entity that enable informed decision making and execution of pre-determined actions; a Stakeholder Engagement Playbook that helps ensure efficient and effective communications in response to stress events through resolution; an Employee Retention Strategy that guides its execution in support of the Preferred Resolution Strategy; and a Bankruptcy Playbook that sets forth the steps to take to prepare for the Parent's potential voluntary bankruptcy case.

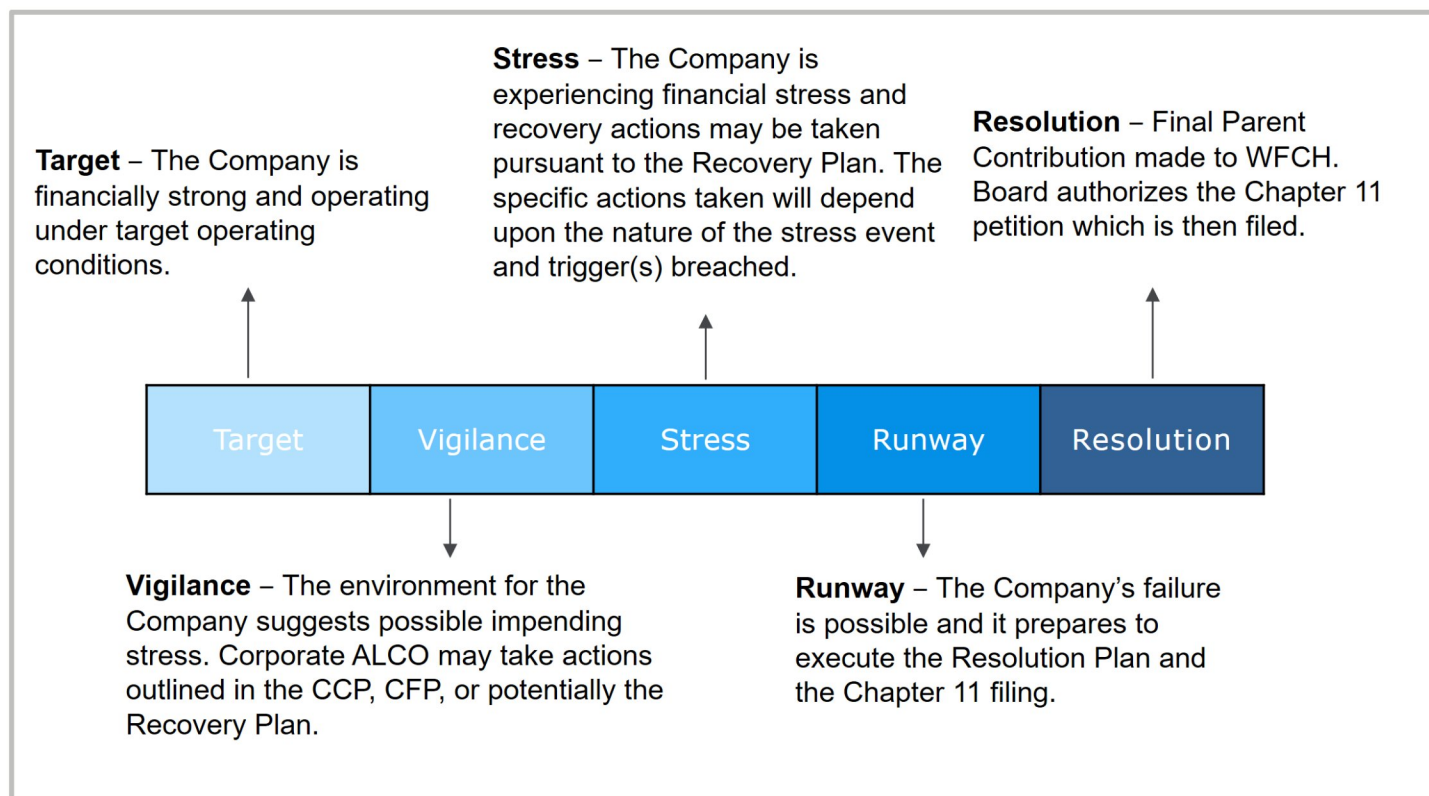
### Enterprise Financial Assessment Levels

EFALs indicate the magnitude of financial stress we are experiencing. The levels provide a structure that facilitates a uniform approach to identifying and responding to stress. Upon trigger breaches, our governance mechanisms require escalation to our Board and senior management to declare the appropriate EFAL. The EFALs are:

- Target
- Vigilance
- Stress
- Runway
- Resolution

The following figure displays our EFALs and how we define each level.

**Figure 6-1 Enterprise Financial Assessment Levels**



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The process to approve or declare a particular EFAL is based on a breach of a particular trigger or triggers. The decision to recommend and approve an EFAL declaration is also based on other factors, including but not limited to the following:

- The pace at which our financial and operational condition is deteriorating
- The proximity of a breached trigger to a subsequent trigger level associated with the next EFAL
- The cumulative financial impact of multiple trigger breaches and the anticipated impact to the lines of business, material entities, or the Company as a whole including potential reputational risks, based on prevailing market conditions and sentiment

In the event we enter the Stress EFAL, the Parent will begin monitoring, on a daily basis, the proximity of the Resolution trigger. To assess the proximity of the Resolution trigger, we analyze our financial condition by calculating the RLEN and the RCEN of the material entities using updated assumptions reflective of actual prevailing stress conditions. These execution needs will be compared to the level of pre-positioned resources at each of the material entities to determine if any shortfalls exist. The sum of any shortfalls are then compared to the Available Financial Resources of the Parent and WFCH to determine if the resolution trigger has been breached. Upon breach of the Resolution trigger, we automatically move into the Resolution EFAL and a Final Contribution Event occurs under the Support Agreement.



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## Triggers and Escalation Protocols

We maintain our ability to effectively monitor capital, liquidity, market, and operating conditions across material entities through triggers that are designed to both provide early warning indicators of stress as well as inform decision making during the events leading up to resolution. These triggers, as well as our support methodologies and forecasting tools, were updated for our move to an SPOE approach.

## Enterprise Governance and Incident Response Structure

Our Enterprise Governance and Incident Response Structure (Incident Response Structure) is embedded within our governance mechanisms and provides integral communication, coordination, and decision-making support and logistics throughout the EFALs. The Incident Response Structure facilitates rapid execution of actions by the Board and senior management during various incidents, whether it be physical hazard, cyber-security breaches, or financial stress (that may be reflected by a change in EFAL) in nature, by enabling collaboration and timely communication among those groups and our business and functional areas. The Incident Response Structure is incident agnostic and used for various financial and operational incidents as well as a resolution event, thereby creating a structure that is familiar to its participants such that in times of financial stress, we have limited process surprise.

The Incident Response Structure includes three distinct and interrelated modules: (1) the Board Room, (2) the Situation Room, and (3) the Enterprise Incident Coordination Center (EICC), which enable a coordinated Company response to an incident.

- **The Board Room** is a forum for the Board's members to oversee our response to incidents and to make timely and informed decisions to mitigate key vulnerabilities, as needed. The Board Chair leads the Board Room module and provides direction on Board actions and decisions. The Board Room's primary objective is to enable the Board and the WFBNA Board to perform their oversight and other responsibilities during incidents.
- **The Situation Room** is a forum for members of the Corporate Asset and Liability Committee, the Operating Committee, and liaisons to the material entity Boards of Directors to make decisions, give updates, and provide recommendations to the Board Room for approvals (where relevant), and activate the EICC to execute actions in response to the incident.
  - As the Situation Room Leader, the CEO is the primary point of contact between the Board Room and the Situation Room to facilitate timely escalation of risks and issues.
  - The Situation Room includes members of certain management committees of the Company to enable action by those committees (or the members of senior management in their respective capacities) in a coordinated and timely fashion.
  - The chief risk officer (CRO) provides risk management oversight of Situation Room decisions.
- **The EICC** is a forum for representatives from eight teams (Business, Stakeholder Support, Physical Infrastructure, Risk and Finance, Team Member Support, Technical Infrastructure, Enterprise Intelligence, and Compromised Information) who are responsible for executing actions as directed by the Board Room and Situation Room.
  - The team representatives include 200 individuals trained to manage a variety of risks to continue business operations during high severity incidents. They convene through virtual breakout rooms and address issues relevant to their specific business or functional areas.

- The designated lead in each EICC team is responsible for facilitating breakout room meetings, providing status updates, and escalating matters to the Enterprise Incident Leader, who oversees the execution of EICC actions and serves as the liaison between the EICC and the Situation Room to brief senior management on actions taken and next steps.
- The Enterprise Incident Leader is a designated role staffed by Enterprise Business Continuity Planning that facilitates the Incident Response Structure across all incidents. In the case of a severe financial stress incident leading to a possible resolution event, the role of Enterprise Incident Leader is shared with the head of the RRPO. The Enterprise Incident Leader may also share the role with other risk owners based on assessment of other high-severity events.

The Incident Response Structure is scalable and flexible, allowing for each module discussed above to be activated as needed. The Incident Support Team, which includes representatives from Operational Resiliency and the Legal Department, provides logistical support to the three modules.

We train and test our emergency management processes and protocols at various levels of the organization so that relevant stakeholders are prepared to follow proper processes and protocols. Specifically, we conduct risk-agnostic incident management testing and training, including testing and training involving financial stress incidents, through the three interrelated modules of the Incident Response Structure (the Board Room, the Situation Room, and the EICC).

### Pre-Bankruptcy Parent Support

Under the Support Agreement, the Parent made an initial contribution of assets to WFCH and is required to make certain additional contributions prior to any bankruptcy proceeding. The following are a few of the actions we took in connection with this pre-bankruptcy Parent support:

- We analyzed potential bankruptcy and state law challenges to understand and help mitigate potential challenges to the Parent's proposed pre-bankruptcy funding of capital and liquidity to material entities and timely execution of the Parent's pre-bankruptcy and bankruptcy filing actions.
- We executed the Security Agreement and Support Agreement to contractually bind the Parent, WFCH, and our other material entities so capital and liquidity support is provided and to help mitigate any potential creditor challenges that could impede our successful execution of the Preferred Resolution Strategy.
- We pre-positioned financial resources at various material entities and pre-positioned six months of working capital at our Service Material Entities to help ensure continuity of services during resolution.

### Governance Playbooks

We created Governance Playbooks that detail the Board and senior management actions through all of the EFALs, including the facilitation of our Preferred Resolution Strategy. The Governance Playbooks include a proposed internal and external communications strategy, the Boards of Directors fiduciary responsibilities and how any actions would be consistent with those responsibilities, potential conflicts of interest, and triggers identifying the onset of the runway and resolution periods and any associated escalation procedures and actions.

## Training and Testing

The RRPO designs, delivers, and oversees training related to the various resolution planning processes. The training complements our efforts to further integrate resolution planning into our governance structure and processes. As part of this effort, the RRPO works with the capabilities, the Legal Department, and other groups, as necessary, to develop, maintain, and administer resolution training across the Company to stakeholders, senior management, and our material entity Boards of Directors. For this 2019 165(d) Plan, we developed targeted training specifically to supplement general resolution planning training and training related to our move to an SPOE approach.

## 6.4 Legal Entity Rationalization

We established LER Criteria to govern our legal entity structure, including the assessment of corporate structure changes. We previously implemented these criteria, and we update them on a periodic and at least annual basis, to support our Preferred Resolution Strategy and minimize risk to the stability of the U.S. financial system. The LER Criteria guide our corporate structure and legal entity arrangements to facilitate our resolvability under different market conditions as strategic changes occur. These LER Criteria are built into our ongoing process for creating, maintaining, and optimizing our structure and operations on a continuous basis. The LER Criteria are composed of priorities, decision points, and specific decision parameters, including quantitative and qualitative metrics.

The LER Criteria are intended to:

- Promote a more resolvable legal entity organizational structure.
- Be clear, unambiguous, and actionable.
- Mitigate the resolvability risks that we face in executing our Preferred Resolution Strategy.
- Guide the assessment of our activities and structure to facilitate our timely and orderly resolution.
- Assist in making management decisions in light of competing priorities.

The LER Criteria are evaluated for alignment with the Preferred Resolution Strategy on a periodic and at least annual basis. As part of this review, lines of business and corporate functions, such as the RRPO and the Legal Department, help ensure alignment of the LER Criteria with our Preferred Resolution Strategy to mitigate applicable resolvability risks in the Enterprise Risk Identification (ERID) inventory. Representatives from Independent Risk Management and Wells Fargo Audit Services (WFAS) also attend the review to actively monitor the process, while preserving necessary independence. The most recent revision of the LER Criteria was approved by the Legal Entity Governance Committee in December 2018 to help ensure alignment with our move to SPOE.

In addition to the ongoing business as usual reviews of legal entity events against the LER Criteria and Justification Principles, the Legal Entity Office embeds the LER Criteria in business as usual policies and procedures and facilitates periodic assessments of those legal entities most significant to our resolvability. These assessments are intended to provide a holistic review of our organizational structure, Services Delivery Model, funding model, and other significant activities and relationships between legal entities.

## 6.5 Separability and Steps to Remediate Our Shortcoming

We have a dedicated mergers and acquisitions team, Corporate Development, that manages our business as usual divestitures and acquisitions and also leads our reverse due diligence (RDD) separability analysis for resolution planning. Through this business as usual acquisition and divestiture activity, Corporate Development gains operational separability expertise that would be applicable in resolution.

We identified discrete portfolios and businesses that could be sold during times of financial stress to improve our financial position and facilitate recovery or resolution. These portfolio sales and business sales are collectively referred to as divestiture options. Our divestiture options reflect our diversified business model and encompass all core business lines, which enhances optionality because business lines may be impacted differently in times of stress.

We developed playbooks for each divestiture option to support the timely and orderly sale and execution of our divestiture options in stress, including a recovery or resolution scenario. The playbooks identify key steps, responsibilities, and anticipated timelines for those divestitures.

In response to our 2017 165(d) Plan, the Federal Reserve and the FDIC (together, the Agencies) identified a shortcoming related to our separability planning efforts. At the heart of the Agencies' feedback is the concern that "the 2017 Plan did not include sufficient documentation and analysis relating to impediment identification and mitigation, which raises questions regarding the degree to which identified divestiture options are actionable." Since 2017, we significantly improved the analysis relating to impediment identification and mitigation and the quality and transparency of our documentation within each divestiture option playbook.

To enhance the analysis relating to impediment identification and mitigation, Corporate Development collaborated across the Company to re-assess the impediment analysis embedded within our RDD process. For each divestiture option, we considered numerous legal, operational, and financial separability factors. For each separability factor, we provide within each divestiture option playbook a comprehensive analysis of potential significant impediments to execution and clear mitigation strategies that could be taken, if necessary, to address those impediments. Our analysis also included legal impediments and mitigants. In addition to the enhanced analysis, this change also marks a material enhancement in documentation and transparency into our impediment identification and mitigation analysis relative to comparable content from our 2017 165(d) Plan. These enhancements make our divestiture options more actionable. Additionally, as part of the RDD process reassessment we also enhanced our impacts assessment of the divestiture options on various aspects of the Company and the documentation thereof within each divestiture option playbook, further enhancing actionability. These improvements for each divestiture option make our impediment and mitigant analysis more specific than the high-level analysis in our 2017 165(d) Plan. We plan to continue to use this template rather than the more abbreviated RDD process templates used in prior submissions.

In addition to enhancing our impediment and mitigant analysis, we also enhanced our impact assessments. While our impediment and mitigant analysis considers impediments to the execution of our divestiture options, our impact assessments considers the attractiveness of the option, based on its impacts to the Company, customers, and the U.S. financial system, among other things.

Our impact assessments are comprehensive and for each divestiture option include the following:

- **Financial Impact Assessments** — Detail the impacts a divestiture, if selected, may have on our capital, liquidity, taxes, and balance sheet, in addition to the impacts the divestiture may have on our material entities.

- **Franchise Impact Assessments** — Detail the impacts a divestiture, if selected, may have on our franchise value by evaluating the impacts to other Wells Fargo businesses, our customers, and strategic risk.
- **Reputational Risk Impact Assessment** — Detail the impacts a divestiture, if selected, may have on market signaling (i.e., the risk that counterparties will perceive Wells Fargo is experiencing stress) and on the perception of Wells Fargo (i.e., the risk customers will lose confidence we are committed to serving their needs).
- **Other Impact Assessments** — Assess a divestiture's impact to the execution of other divestiture options. No divestiture option was found to pose a material risk to U.S. financial stability.

In addition to the impact assessment and the impediment and mitigant analysis, we added a new section to each playbook to document the steps necessary to complete the divestiture, including not only business as usual routine steps but also the steps to address a specific legal, operational, or financial impediment.

### Divestiture Option Execution

For recent divestitures, we analyzed lessons learned to document best practices and issues that could be avoided in future transactions as well as their applicability to the contemplated sales in recovery and resolution planning. These lessons learned and the build-out of the resolution capabilities that support and enhance our resolvability better prepares us to successfully execute significant divestiture options that provide meaningful optionality and maximum flexibility without causing material disruption to the broader financial system.

## 6.6 Payment, Clearing, and Settlement Activities

FMUs are multilateral systems that provide the infrastructure for transferring, clearing, and settling payments, securities, and other financial transactions in a global economy. Establishing memberships with FMUs and agent banks allows us to meet the needs of our clients, manage risk, and secure funding. Our material entities participate and maintain memberships with a number of FMUs. These memberships are categorized into six FMU groups, which fall within either payment, clearing, or settlement: automated clearing houses, checks, cards, wires, securities, and derivatives. Maintaining continuity of access during resolution is key because our clients rely heavily on these memberships to meet their financial needs.

### Materiality Assessment

To help ensure continuity, we complete a materiality assessment on each FMU. The assessment considers both quantitative and qualitative criteria to determine the criticality of each FMU or agent bank involved in cash, securities, and derivative markets. These measures help determine which material FMUs and agent banks are necessary to sustain critical PCS activities across material entities. The objective of the assessment is to have an inclusive risk management view that accounts for market, credit, liquidity, and operational risk, and also considers additional resolvability risks such as customer and market impact if access to an FMU or agent bank is severed. The methodology, scoring criteria, and criticality results are refreshed annually. The results from the assessment for this 2019 165(d) Plan submission were the same as the ones we reported in our 2017 165(d) Plan submission. We concluded that the following 20 FMU memberships are material. Over 99% of the network value occurs across these relationships.

The following figure identifies the top 20 memberships by type and includes a description.

**Figure 6-2 Material FMU/Agent Bank Memberships**

	FMU/Agent Bank	FMU/Agent Bank Description
Payment	<b>FedChecks</b>	A national paper and electronic check clearing and settlement service.
	<b>SVPCO</b>	A check image exchange business that exchanges and settles check images.
	<b>Viewpointe</b>	Operates an image exchange and settlement system so members can electronically exchange check images.
	<b>EPN</b>	An automated clearinghouse that distributes and settles electronic credit and debit transactions.
	<b>FedACH</b>	An automated clearinghouse that distributes and settles electronic credit and debit transactions.
	<b>FedWire</b>	A wire transfer services provider.
	<b>CHIPS</b>	Transmits and settles high-value wire transfer payments and provides immediate and final settlement.
	<b>Visa</b>	Facilitates authorization, clearing, and settlement of payment transactions worldwide.
Clearing	<b>NSCC</b>	Provides clearing, settlement, risk management, and central counterparty services.
	<b>FICC</b>	A U.S. securities clearing agency.
	<b>ICE Clear Europe</b>	Operates exchanges, trading platforms, and clearinghouses for trading in commodities, currencies, credit derivatives, equities, and equity indices.
	<b>ICE Clear Credit</b>	A central clearing facility for North American, European, Asian, sovereign, and emerging markets credit default swaps.
	<b>ICE Clear U.S.</b>	Operates futures and options exchanges, trading platforms, and clearinghouses for global trading in commodities, currency, credit, and equity indices.
	<b>CME</b>	Provides clearing and settlement services for futures, options, and OTC derivatives products.
	<b>LCH.Clearnet Ltd</b>	A multi-asset class clearinghouse, serving major exchanges, platforms, and OTC markets.
	<b>OCC</b>	A U.S. futures and options clearing agency.
Settlement	<b>Fedwire – Securities</b>	Issues, maintains, transfers, and settles U.S. Treasury Department securities for federal government agency, government-sponsored enterprise securities, and international organizations' securities.
	<b>DTC</b>	Provides depository and book-entry services for securities and financial assets.
	<b>BNY Mellon</b>	Provides broker-dealer, asset servicing, and treasury services to various material entities.
	<b>CLS</b>	Settles payment instructions for trades in foreign exchange spot contracts, forwards, options, swaps, and credit derivatives.

In addition to understanding which memberships are important to preserve continuity, we also assess each material entity's role in the membership. The following figure shows which material entities have a relationship with each FMU and the extent of that relationship.

**Figure 6-3 Material FMU/Agent Bank Memberships by Material Entity**

FMU/Agent Bank		Material Entities			
		Parent	WFBNA	WFS LLC	WFCS
Payment	FedChecks	I (A)	D	I (A)	I (A)
	SVPCO	I (A)	D	I (A)	I (A)
	Viewpoint	I (A)	D	I (A)	I (A)
	EPN	I (A)	D	I (A)	I (A)
	FedACH	I (A)	D	I (A)	I (A)
	FedWire	I (A)	D	I (A)	I (A)
	CHIPS	I (A)	D	I (A)	I (A)
	Visa		D		I (A)
Clearing	NSCC	I (A)/I (B)*	D	D	D
	FICC	I (A)	D	D	D
	ICE Clear Europe		I (B)	D	
	ICE Clear Credit		I (B)	D	
	ICE Clear U.S.		I (B)	D	
	CME		I (B)	D	
	LCH.Clearent Ltd		D	D	
	OCC		I (B)	D	D
Settlement	Fedwire – Securities	I (A)	D	I (C)	I (C)
	DTC	I (A)/I (B)*	D	D	D
	BNY Mellon	D	D	D	D
	CLS		D		

\* The Parent uses WFS LLC to indirectly access these FMUs for debt issuance purposes, which is not required as an ongoing service in resolution. D - Direct Member; I (A) - Indirect Access via WFBNA; I (B) - Indirect Access via WFS LLC; I (C) - Indirect Access via BNY Mellon

This process to assess FMU materiality is led by our Payment, Clearing and Settlement Office (PCSO), which coordinates with appropriate stakeholders and Independent Risk Management to review the annual assessment. In addition to the materiality assessment, the PCSO leads our interactions with FMUs. The PCSO identifies FMU relationship teams to facilitate communication and provide routine oversight of the material entities interactions with material FMUs.

### Compliance with the 2019 165(d) Guidance

The 2019 165(d) Guidance identified new PCS guidance which require G-SIBs to identify the key FMU or agent bank relationships, determine key clients and whether we are a provider or user of services, and develop playbooks for each key FMU or agent bank relationship. In addition to other enhancements, we made specific changes to address these new requirements.

First, we enhanced our playbooks for each FMU or agent bank to include our role as a user and/or provider of services. Each playbook addresses considerations that would assist us and our key clients in maintaining continued access to PCS services in the period leading up to and including our resolution. The playbooks also provide an analysis of the financial and operational impact to our material entities and key clients due to adverse actions that may be taken by an FMU or agent bank as well as contingency actions we could take. The playbooks address possible alternative arrangements to continue access to PCS services in resolution;

descriptions of our relationship with the FMU; PCS-related liquidity sources and uses in business as usual, stress, and resolution; maps of PCS services to material entities, critical operations, and core business lines that provide PCS services; and descriptions of how we will communicate to our key clients the potential impacts of implementing any identified contingency arrangements or alternatives.

Second, we established a key client identification methodology that uses both quantitative and qualitative criteria through a two-tier process to consider volume, value, intraday credit, business relationship, material entity activity, instrument, risk, and regulatory importance. We created a playbook specific to this guidance so our senior management and Board can easily access this information in a time of financial stress.

## Contingency Planning

We completed two actions to plan for the potential loss of continued access to FMUs and agent banks. First, we conducted a series of internal contingency exercises across all instruments and material FMUs and agent banks to evaluate the processes in place to respond to FMU and agent bank adverse actions across the EFALs, as well the feasibility of potential alternative arrangements. The contingency exercises were completed with each instrument group with the goal of reviewing prior contingency data, confirming applicability, and documenting changes.

Second, we held discussions with material FMUs and agent banks to discuss adverse actions that could be taken in Stress, Runway, or Resolution and their expected requirements in Resolution. FMUs and agent banks generally asserted that we could expect to maintain access so long as all funding, operational, communication, and legal obligations identified in each of the respective FMU or agent bank membership agreements and any additional assurances are met. Ongoing discussions with material FMUs and agent banks will be held as needed to help ensure our analysis and assumptions remain accurate.

## 6.7 Management Information Systems

Two of the vital functions our MIS capability performs to allow us to operate efficiently and execute our Preferred Resolution Strategy are: (1) maintaining critical systems and (2) managing critical reporting. The MIS capability that enables these functions includes a team that is dedicated to recovery and resolution planning and embedded within Wells Fargo Technology (WFT).<sup>11</sup>

MIS capabilities help monitor our resolution risks. A key component of MIS are the critical systems identified as necessary to support our critical services, critical operations, core business lines, and material entities. Critical systems are those systems that are necessary to perform a critical service and are required to avoid critical service disruptions that might arise from an inability to access such components in a resolution period. The identification of these critical systems prior to stress allows for focus to be applied to their continued operation during times of stress. The Service Catalog also stores all of our critical systems that support critical services. The Service Catalog obtains this critical systems information from our system of record for technology assets including systems. Once we identify critical systems, we can map them to critical operations, core business lines, and material entity users within the Service Catalog.

The systems MIS maintains also host the data and tools that enable critical reporting necessary for us to execute our Preferred Resolution Strategy. Reporting, which is also used to support decision making in

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<sup>11</sup> The terms Enterprise Information Technology (EIT) and Wells Fargo Technology (WFT) generally refer to the same group. However, WFT is the most current group name following the group's separation from the larger group once known as Enterprise Finance & Information Technology.



business as usual, presents information at the legal entity level across financial, operational, structural, and risk-related areas. In conjunction with line of business partners, and in collaboration with line of defense partners and report owners, MIS validates the accuracy, integrity, and completeness of those reports.

MIS, in conjunction with its line of business partners, also uses our established framework for identifying reports with appropriate granularity on financial and risk data to include in the Critical Reports Inventory. The Critical Reports Inventory provides detailed information about the reports necessary to support the Preferred Resolution Strategy. It includes, but is not limited to, reporting on trigger monitoring, credit exposures, financial data (such as income statements and balance sheets), operational risks, and shared services, all of which support management decision-making throughout the EFALs, including Resolution.

Since filing our 2017 165(d) Plan, we enhanced our MIS capability with respect to our Critical Reports Inventory by refining the criteria our business leaders use to identify included reports. These criteria include (1) reports that inform decisions and facilitate actions necessary to execute the Preferred Resolution Strategy; (2) business as usual reports that monitor the Company's financial health and risks; and (3) reports that satisfy recovery and resolution regulatory requirements.

MIS also maintains technology that helps enable the divestiture options contemplated in the Preferred Resolution Strategy. For instance, MIS maintains the virtual data rooms (VDRs) that would be populated as part of the RDD conducted to execute a divestiture option.

## 6.8 Services

Our legal entities regularly provide services to each other which are documented in intercompany agreements. We provide both critical and non-critical services amongst and within our legal entities. Beginning with the total services provided between and within legal entities, we identify which services must remain operational during the resolution process to allow for resolution in an orderly and efficient manner. These services are deemed critical services. Critical services include all services required to help ensure operational continuity for our critical operations, core business lines, and divestiture options. We are committed to ensuring that critical services continue uninterrupted during resolution. We also identify components used to provide a service. Our components include personnel, facilities, systems, third-party vendors and FMUs, and intellectual property. A critical component is one that is necessary to support a critical service or critical operation.

The inventory of all services and their associated components are stored in the Service Catalog, which serves as a database for this information so we can understand our interconnections and interdependencies. The Service Catalog also includes a mapping of critical services to critical operations, core business lines, and divestiture options. Based on this mapping, we execute applicable operational continuity strategies to mitigate any identified service continuity risks. The information mapped and stored within the Service Catalog, along with the execution of contingency strategies, helps to ensure uninterrupted critical services during financial stress or any divestiture. The Service Catalog also is used to routinely monitor and better align the Service Delivery Model to the LER Criteria.

We mitigate the risk that critical services are interrupted during resolution by including resolution-resilient language in intercompany agreements, in critical external third-party vendor engagements, critical facility leases, and critical intellectual property licensing agreements. In addition, with respect to our intercompany agreements, we mitigate risk of service disruption by including arm's length pricing for critical services provided from one legal entity to another.

Since filing our 2017 165(d) Plan, we enhanced our Service Delivery Model in many ways to improve business as usual functionality and, ultimately, resolution preparedness. Also, we made specific improvements for this 2019 165(d) Plan that considered the specific consequences of only the Parent filing for bankruptcy. Some of those improvements include the following:

- We expanded the Service Catalog's scope so it maps all components (critical and non-critical) to all services (critical and non-critical). This expansion is beneficial for resolution because it provides a holistic and centralized view of all services across the Company inclusive of all legal entity relationships regardless of criticality.
- Critical services are mapped to recovery and resolution divestiture options. This mapping (1) helps ensure any planned divestitures do not disrupt critical services and (2) strengthens our initial responses to stress by helping to ensure decisions made by senior management during resolution do not have unintended consequences on our ability to continue critical services uninterrupted.
- We established an enterprise Intercompany Relationship Management Office to centralize documenting all intercompany services across the Company. This centralized approach further supports uninterrupted critical services by better ensuring consistency in content, review, challenge, execution, and storage of intercompany agreements. All intercompany agreements include resolution-resilient language and arm's length pricing to solidify their stability in resolution. Having this language and pricing present in these agreements also helps ensure stability and a continued relationship during resolution.

Interconnectedness across the Company includes a variety of linkages and dependencies that overlap each other. Operational interconnectedness represents reliance by one material entity, core business line, or critical operation on a critical service as identified in the Service Catalog. Material entities are internally interconnected through the services that are provided and received between them. The Service Catalog identifies critical services and the material entities that provide and receive them. Understanding operational interconnectedness between material entities promotes an orderly and efficient resolution by allowing us to do the following:

- Identify instances where one material entity provides a critical service to another material entity and execute legally enforceable intercompany agreements with resolution-resilient language and arm's length pricing
- Identify where transition service agreements are potentially needed based on our Preferred Resolution Strategy because a transition service agreement ensures the seller, after an acquisition is made, can continue providing the necessary infrastructure support when the acquirer does not have the systems in place to absorb the acquisition
- Identify potential opportunities to further centralize and simplify our Service Delivery Model
- Ensure alignment between our Service Delivery Model and the LER Criteria

## 6.9 Collateral Management

We receive and pledge collateral under a variety of transactions across four primary business groups (Wholesale Banking, WIM, Consumer Banking, and Corporate Treasury) to mitigate liquidity, credit, counterparty, and other risks. As a result, we maintain policies, systems, processes, controls, and functional support groups to help ensure that our collateral management activities are available, accurate, and controlled. The four business groups manage collateral sources or use collateral through various activities, including, but

not limited to, over-the-counter derivatives and to be announced securities, Secured Financing Transactions, margin lending (including Prime Brokerage and Non-Purpose Lending), clearing services, and our principal investment portfolio.

We maintain governance and oversight of collateral management through (1) a cross-functional Collateral Management Governance Committee and its supporting Company-wide Collateral Management Policy, (2) Company-wide collateral reporting, (3) client agreement and terms digitization for query and aggregation purposes, and (4) quarterly collateral stress testing. In addition, the four business groups that manage collateral have business group-specific collateral management policies that support the Collateral Management Policy. This approach to collateral management governance and capabilities, including business group sub-policies, improves risk management and incorporates resolution planning considerations into the business groups' routine collateral management practices.

## 6.10 Derivatives and Trading

We were newly designated as a dealer firm in the 2019 165(d) Guidance. As a result, to support our Preferred Wind-Down Strategy and to comply with the 2019 165(d) Guidance, we evaluated our existing capabilities and where necessary either enhanced or developed capabilities designed to ensure an orderly preferred wind-down, which includes both passive and active strategies and related capabilities. These capabilities include establishing or enhancing the following: the ability to manage inter-affiliate risks, assessments of our operational resource needs and associated costs, our wind-down capabilities with the implementation of our Wind-Down Tool, and our booking model policy and governance structure.

Our derivatives and trading activities are primarily conducted through the following four material entities: WFBNA, WFBNA-LB,<sup>12</sup> the Parent, and WFS LLC. WFBNA, as our only provisionally registered swap dealer with the CFTC, has the majority of our derivatives exposures and serves as our primary risk management entity. WFBNA enters into these trades for multiple reasons, including the need for affiliates to be able to effectively hedge risks they incur in the normal course of business. WFBNA then mitigates the risks of these trades by executing hedging transactions with external counterparties and clearinghouses.

### Booking Model

As a result of prudent risk management and the 2019 165(d) Guidance, we have a comprehensive booking model framework that articulates the principles, rationales, and approach to implementing our booking practices.

Our principles for derivatives booking practices focus on minimizing the complexity of our derivatives portfolios and maximizing risk management efficiency. We developed four principles to serve these goals, which are intended to serve as protocols to promote a resolvable legal entity organizational structure and support the LER Criteria. The four principles are:

- **Resolvability** — align derivatives booking practices to support our Preferred Resolution Strategy
- **Preferred booking entity** — use WFBNA as the primary derivatives booking entity as it is the sole legal entity for U.S. swap dealer activity

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<sup>12</sup> For the purposes of this section, WFBNA-LB is presented and analyzed alongside other legal entities due to its status as a material derivative entity for derivatives and trading and as a material entity for the Company. In our organization structure, WFBNA-LB is not a legal entity, but a branch of WFBNA.

- **External transactions** — limit the number of our external-facing entities to the extent possible as required by regulatory restrictions or client jurisdiction (i.e., non-bank permissible activities)
- **Inter-affiliate transactions** — minimize the number of inter-affiliate pairs and manage such inter-affiliate activity in the same manner as third-party transactions

We use the following material entities to book external derivative transactions:

- **WFBNA** — the preferred external booking legal entity
- **WFS LLC** — generally the booking entity in instances of client regulations, or instances of impermissible assets that do not have a No Objection Letter and cannot be booked into WFBNA
- **Wells Fargo & Company** — the booking entity for certain legacy derivative hedging arrangements
- **WFBNA-LB** — generally the booking entity in instances where the client jurisdiction or regulation requires activity to be booked with a non-U.S. Swap Dealer entity

### Wind-down of Derivatives

We employ four key wind-down strategies: termination,<sup>13</sup> maturation, compression,<sup>14</sup> and novation.<sup>15</sup> The active wind-down period is the 12 months following the one month runway period. During this time, each strategy is applied to the segmented Company-wide portfolio over three "exit phases," where the timing of the exit of segments is based on applicable business assumptions and portfolio liquidity. The wind-down helps to ensure order while balancing time and cost resulting in approximately 95% of the gross notional of the overall derivatives portfolio exited by the end of the preferred wind-down period. A small residual portfolio would remain consisting of long-dated derivatives (i.e., trades that have 30-year+ maturities) and structured derivatives (i.e., illiquid or complex products), derivatives that have legal constraints to exit, and banking book derivatives (i.e., derivatives that are identified under FAS133 or Economic Hedge Programs), which we determined would not be systemically impactful.

We included the impact of the derivative wind-down in our Liquidity and Capital needs. As a result, we can demonstrate our ability to manage the costs of the wind-down activity.

Under the Preferred Resolution Strategy, all of our material entities that enter into derivatives other than the Parent would remain solvent and operational upon and after the commencement of Chapter 11 proceedings of the Parent.<sup>16</sup> The closeout of the Parent's direct derivatives by counterparties in connection with the Parent's failure is not expected to have any material effects on counterparties or the market generally due to the limited amount of Parent derivatives. We have limited reliance on Parent guarantees and in any case, the Preferred Resolution Strategy would provide for the Parent to file an Emergency Transfer Motion with the Bankruptcy Court upon commencement of Chapter 11 proceedings, which, if granted, would allow the Parent to transfer all

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<sup>13</sup> Termination reflects our expectation that derivatives-related counterparties will exercise applicable termination rights whenever beneficial to them (i.e., if the market value of the sum of the transactions under the governing agreement reflects an unrealized gain to the counterparty, or a loss for the applicable Wells Fargo entity). Termination rights may be exercised both before PNV and after PNV, though in the case of post-PNV termination rights, such rights have a minimal impact on our portfolio due to the application of the QFC Stay Rules.

<sup>14</sup> Compression is a way to reduce the number of outstanding contracts (and therefore their gross notional amount), but keep the same economic exposure. Compression can be done on a solo basis where a firm cancels offsetting contracts in its own portfolios or on a multilateral basis, typically conducted through a third-party vendor, where a firm submits portfolios to such vendor for matching with two or more counterparties who agree to cancel trades with each other within agreed parameters. Compression can be done for all or part of the notional amounts concerned.

<sup>15</sup> Novation is the replacement of a contract between two counterparties to an over-the-counter derivative transaction with a new contract between the remaining party and a third party.

<sup>16</sup> As previously explained, WFS LLC would undergo a solvent wind-down.

of its equity interests in our other material entities and any Parent guarantees to a solvent New HoldCo in compliance with the creditor protection conditions of the ISDA Protocols (i.e., the 2015 ISDA Universal Resolution Stay Protocol (the 2015 Protocol) or the 2018 ISDA U.S. Resolution Stay Protocol (the U.S. Protocol)). As a result of the Support Agreement, our capital and liquidity modeling capabilities and other operational enhancements to resolvability, we expect that our non-Parent material entities would be able to continue performing on their derivatives transactions during the execution of the Preferred Resolution Strategy, minimizing impacts on customers, counterparties, and the markets generally. Additionally, as all of our derivatives booking material entities have adhered to the ISDA Protocols, we assume, as is consistent with the 2019 165(d) Guidance, that all of our external counterparties will also have adhered. Accordingly, the QFC Stay Rules (further described below) and adherence to the ISDA Protocols would work to prevent the closeout of a majority of non-Parent material entity derivatives pursuant to certain cross-defaults that would otherwise be triggered in connection with Parent's bankruptcy.

To execute the Preferred Wind-Down Strategy, we developed the D&T Wind-Down Tool. The Wind-Down Tool is used to segment the portfolio, calculate exit costs, and forecast liquidity flows (e.g., exit costs, re-hedging costs, variation margin) to execute an orderly wind-down of our D&T positions.

Additionally, the D&T wind-down and forecast capability was designed as an extension of our Derivative Stress Liquidity Forecasting capability for recovery and resolution planning, established as part of the 2017 165(d) Plan submission. The capability established in 2017 was an early initiative and it was leveraged in 2017 to support D&T's inputs to RLEN, RLAP, and the resolution financial projections balance sheet. This process continues to support monthly RLEN and daily RLAP as part of business as usual liquidity forecasts performed by Liquidity Risk Management.

The Derivative Stress Liquidity Forecasting capability consumes market stress, data, and governing agreements, which enable us to forecast discrete changes in collateral requirements and settlement timing based upon the stress scenario. As a direct input of the 2019 D&T wind-down capability, the Derivative Stress Liquidity Forecasting capability for recovery and resolution planning is leveraged to forecast the credit and collateral requirement change implications of the D&T Preferred Wind-Down Strategy for Liquidity Risk Management and Capital Management.

### Inter-affiliate Risk Management

We extended our existing Market Risk framework to monitor and manage inter-affiliate exposures, including a requirement that all inter-affiliate derivatives transactions require properly approved counterparty credit limits. All such inter-affiliate derivatives transactions are also governed by our Counterparty Credit Risk Management Policy, our Intercompany and Affiliate Counterparty Credit Risk Policy, and Regulation W. This enables us to assess the risk of disruption with respect to trades between affiliates.

### Compliance with Qualified Financial Contract (QFC) Stay Rules

The Office of the Comptroller of the Currency, Federal Reserve, and FDIC issued stay regulations (QFC Stay Rules) with respect to QFCs in the fall of 2017. Among other requirements, the QFC Stay Rules require G-SIBs to include contractual stays on certain termination rights within QFCs.

In-Scope QFCs must provide the following:

- Recognition of (i) existing limits on the exercise of default rights by counterparties under the Orderly Liquidation Act provisions of Title II of the Dodd Frank Act, and the Federal Deposit Insurance Act, and (ii) the power of the FDIC to transfer all QFCs with a counterparty to a bridge institution; and

- Limitation on counterparties exercising certain broadly-defined default rights directly or indirectly related to an affiliate of a G-SIB entering into insolvency proceedings, as well as any restriction on the transfer in resolution of related credit enhancements provided by an affiliate of a G-SIB, subject to certain creditor protections.

The QFC Stay Rules require that if a G-SIB enters into a QFC with a counterparty after January 1, 2019, such QFC conforms to the QFC Stay Rules and all outstanding QFCs that any Wells Fargo entity has with that counterparty and that counterparty's affiliates also conform to the QFC Stay Rules on or prior to certain compliance dates between January 1, 2019 and January 1, 2020.

A counterparty can remediate outstanding QFCs that are not otherwise compliant with the QFC Stay Rules by one of three methods:

- Adherence to the ISDA Protocols
- ISDA Bespoke Agreement
- Bilateral Negotiations

In addition, we developed a policy to restrict the ability of the Parent to enter into customer-facing derivatives and have actively novated QFCs containing cross-default provisions from the Parent to the Bank.

### Cross-Defaults

A QFC with cross-defaults related to the failure of an affiliate may subject the direct party, as a result of the affiliate's entry into insolvency proceedings, to the early termination of transactions, a suspension or delay in payments, or the delivery or return of collateral, an increase in margin requirements, the liquidation of collateral, and the exercise of setoff rights against the entity.

We have limited exposure to cross-default provisions under our derivatives contracts and other QFCs, particularly in light of the fact that all of our derivatives booking material entities have adhered to the ISDA Protocols. To further control exposure to cross-defaults, we (including WFBNA) adopted standards that place restrictions on affiliate cross-defaults and certain other early termination provisions against us and our affiliates in our agreements.

The ISDA Protocols and other measures for complying with the QFC Stay Rules provide protection against the risk of early termination of our derivatives transactions due to certain affiliate cross-defaults. As noted, a number of our counterparties have already adhered to the ISDA Protocols and other counterparties will be required to agree to substantially similar terms pursuant to the QFC Stay Rules. In conjunction therewith, Section 2(a) of the 2015 ISDA Universal Resolution Stay Protocol and the comparable provision under the U.S. Protocol, which will become effective on the applicable compliance dates of the QFC Stay Rules, provide for an automatic override of certain cross-defaults under our contracts with other adhering parties that are related directly or indirectly to an affiliate of ours entering U.S. resolution proceedings without the need for a court order or other court action. Any bilateral amendment to comply with the QFC Stay Rules would similarly include an override of such types of cross-defaults related to an affiliate of ours entering into any resolution proceeding. Additionally, though certain early termination rights are not stayed by operation of the ISDA Protocols, we conducted an analysis of such rights in our derivatives agreements and determined that the exercise of such rights by counterparties, which are assumed to be exercised when beneficial to such counterparties (i.e., if the market value of the sum of the transactions under the governing agreement reflects an unrealized gain to the counterparty, or a loss for the applicable Wells Fargo entity), would have a minimal impact on our derivatives portfolio.

Counterparties to QFCs with WFBNA — where the vast majority of our derivatives transactions are booked — would not necessarily benefit from a Parent guarantee as WFBNA has higher issuer credit ratings than the Parent. The Parent does not issue guarantees to third parties for the QFCs of WFBNA. Nor does it issue guarantees, for the most part, for any other material entity's QFCs.

For the limited number of Parent guarantees that do exist, the Parent would file an Emergency Transfer Motion seeking relief from the Bankruptcy Court to satisfy the requirements of Section 2(b) and thus prevent the counterparties to those QFCs from closing out those QFCs based on Parent's Chapter 11 filing. However, even if the Bankruptcy Court declined to provide the relief requested, we do not anticipate this would have a significant impact on the implementation of our Preferred Resolution Strategy or our Preferred Wind-Down Strategy, given our limited use of Parent guarantees for material entities' QFCs.

The following figure shows the notional or contractual amounts and fair value of derivatives.

**Figure 6-4 Notional or Contractual Amounts and Fair Value of Derivatives**

December 31, 2018			
\$ Millions	Notional or contractual amount	Asset Derivatives	Fair Value Liability derivatives
Derivatives designated as hedging instruments <sup>(1)</sup>			
Interest rate contracts <sup>(2)</sup>	\$177,511	2,237	636
Foreign exchange contracts <sup>(1)</sup>	34,176	573	1,376
Total derivatives designated as qualifying hedging instruments		2,810	2,012
Derivatives not designated as hedging instruments			
Economic hedges:			
Interest rate contracts <sup>(2)</sup>	173,215	849	369
Equity contracts	13,920	1,362	79
Foreign exchange contracts	19,521	225	80
Credit contracts - protection purchased	100	27	0
Subtotal		2,463	528
Customer accommodation, trading and other derivatives			
Interest rate contracts	9,162,821	15,349	15,303
Commodity contracts	66,173	1,588	2,336
Equity contracts	217,890	6,183	5,931
Foreign exchange contracts	364,982	5,916	5,657
Credit contracts - protection sold	11,741	76	182
Credit contracts - protection purchased	20,880	175	98
Subtotal		29,287	29,507
Total derivatives not designated as hedging instruments		31,750	30,035
Total derivatives before netting		34,560	32,047
<b>Netting<sup>(3)</sup></b>		(23,790)	(23,548)
<b>Total</b>		<b>\$10,770</b>	<b>\$8,499</b>

<sup>(1)</sup> The notional amount for foreign exchange contracts at December 31, 2018, excludes \$11.2 billion for certain derivatives that are combined for designation as a hedge on a single relationship.

<sup>(2)</sup> Includes economic hedge derivatives used to hedge the risk of changes in the fair value of residential MSRs, MLHFS, loans, derivative loan commitments and other interests held.

<sup>(3)</sup> Represents balance sheet netting of derivative asset and liability balances, related cash collateral and portfolio level counterparty valuation adjustments.

## Prime Brokerage

Prime Brokerage developed tools to segment the client base and monitor exposure on a daily basis, and it conducts operational capacity assessments to demonstrate that it has the resources to provide its client base with a rapid and orderly exit under a solvent wind-down in a time of stress. Due to the severity of the resolution scenario and the collective experience of our clients during the 2008 financial crisis, it is expected that clients will protect their assets and trading strategies by exiting the Prime Brokerage platform as soon as possible in line with the segmentation analysis after a stress event.

Most Prime Brokerage clients have multiple prime brokerage relationships and would be able to easily transition to alternative service providers. Those Prime Brokerage clients without existing alternative providers



are generally smaller, less complex funds, running lower leverage levels and financing liquid collateral with wider financing spreads, which will provide attractive economics to other prime brokers. Accordingly, we believe that Prime Brokerage would be able to successfully transfer all of its clients to alternative providers during the runway period in the event of an idiosyncratic stress event.

## 7. Resolution Planning Oversight

Oversight over the resolution planning process is an integral part of resolution planning and can be grouped into the following categories: (1) ownership and execution, (2) governance bodies' review, (3) internal controls and independent review, and (4) external oversight.

### 7.1 Ownership and Execution

Our chief financial officer (CFO) is the executive sponsor of our Recovery and Resolution Plans. The head of the RRPO is responsible for coordinating resolution preparedness and leading the development of our Resolution Plans. Accountability for resolution capabilities is aligned to senior leaders who are responsible for functions and processes where the capabilities are embedded in business as usual activities. Additional information on the RRPO and our Front Line ownership is explained below.

#### RRPO

The RRPO is the team primarily responsible for coordinating resolution preparedness at the Company and managing the end to end process for developing the Company's Resolution Plans. The RRPO has the following key responsibilities:

- Conducting activities to support resolution planning, coordination, communications, and controls
- Monitoring resolution planning developments, including changes to applicable laws, regulation, guidance, and industry best practices
- Understanding and communicating regulatory requirements and guidance necessary to develop the Resolution Plans and coordinating internal gap assessments to help ensure alignment of Plans to requirements
- Designing and delivering training related to resolution planning
- Coordinating the process to identify, review, and obtain approval of the Company's material entities, core business lines, and critical operations of the Resolution Plan
- Escalating strategic issues and material developments with respect to resolution planning
- Hosting review and challenge sessions with key stakeholders, Independent Risk Management, and Internal Audit

#### Front Line

Additionally, various Front Line businesses and Company functions have ownership of the underlying activities and capabilities needed to produce successful and executable Resolution Plans, with the RRPO acting as a centralized office facilitating and aggregating their work to better ensure prompt Plan submission. These changes help ensure that recoverability and resolvability oversight is at the forefront of business as usual operations and our day to day risk management. We designated "owners" to lead each of our resolution capabilities, core business lines, critical operations, material entities, and divestiture options, using specific criteria to ensure the owners have the requisite seniority and knowledge. For example:

- The resolution capability owners are senior management team members from each of the contributing business groups and Company functions who directly report to either a member of the Recovery & Resolution Committee (RRC) or a member of the Operating Committee.<sup>17</sup>
- The critical operation owners either directly report to an Operating Committee member or are the named head of the critical operation, so long as that person is two down from an Operating Committee member or a direct report of an RRC member. Each core business line has a recovery and resolution planning team, which has a team lead who performs comparable functions to the critical operation owners.
- The material entity owners are direct reports to an RRC member, direct reports to an Operating Committee member, or other management team members with knowledge of the material entity.
- The divestiture option owners are senior leaders of the business that is being divested for resolution planning purposes.

## 7.2 Governance Bodies

Our Board and senior management oversee the governance structure with clearly defined roles for key decision-makers and established reporting and communication protocols. These protocols are designed to allow for effective communication about Resolution Plan decisions, incorporate feedback from the Board, and help ensure that the Resolution Plan adapts as our business structure and activities evolve. The following three main governance bodies are chartered with specific tasks in the governance structure:

- The Board approves the Resolution Plan and our Resolution Planning Policy.
- The Finance Committee of the Board receives regular updates from senior management on our resolution planning progress, including actions taken to mitigate resolvability risks, and recommends approval of the Resolution Plan to the Board.
- The RRC, a senior management-level governance committee chaired by our CFO, oversees our Preferred Resolution Strategy and related initiatives. In addition to the CFO and the head of the RRPO, members of the RRC also include our CRO; general counsel; corporate treasurer; chief credit officer & head of Market Risk; the heads of Cross-Enterprise Finance and Enterprise Shared Services; and the assistant treasurer.

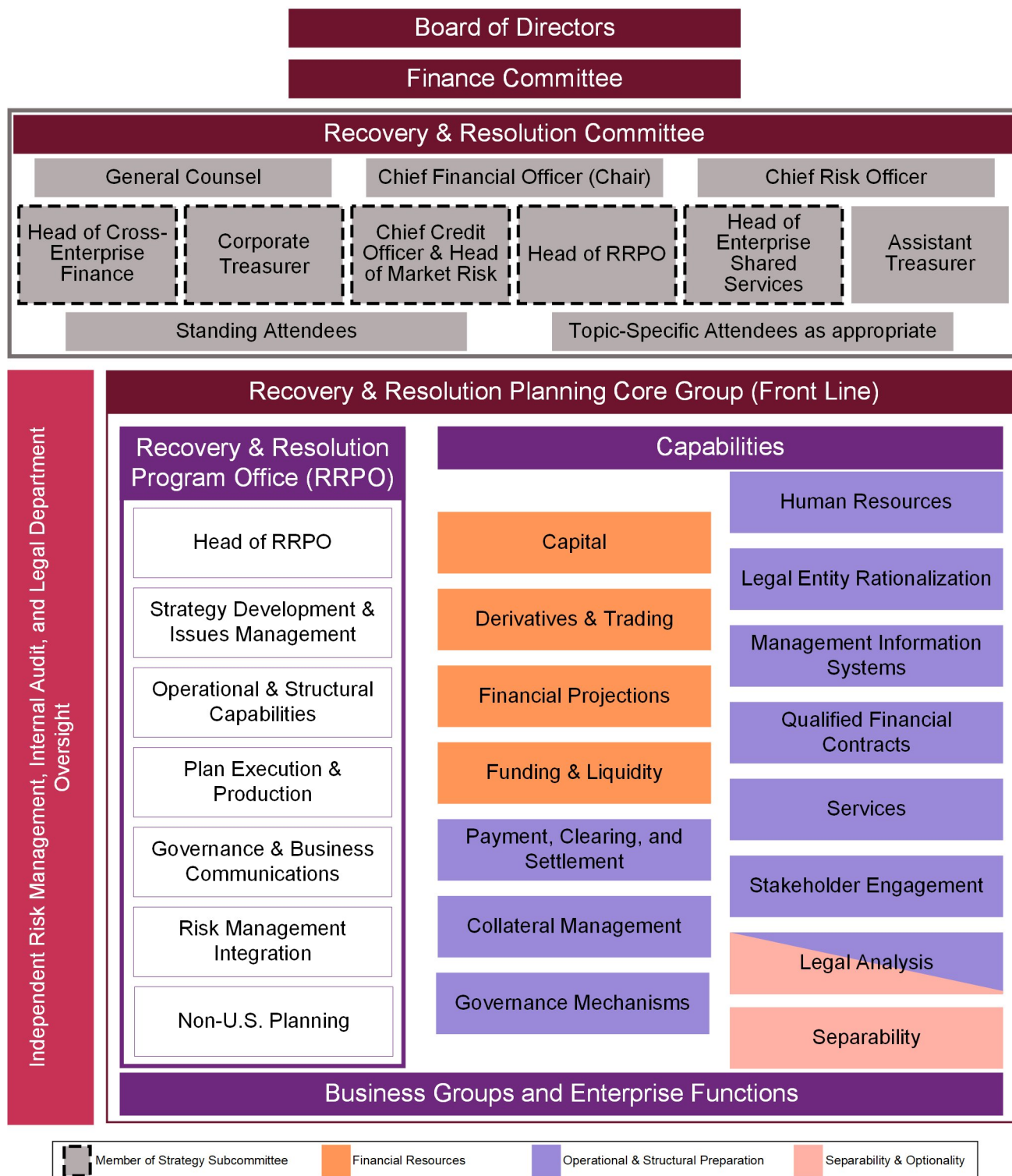
Additionally, the Board's oversight of our business affairs includes oversight of our risk appetite, strategic planning, financial planning and forecasting, capital management, and liquidity risk management. The Board provides this oversight through designated Board committees and management-level governance committees. Each management-level governance committee has a defined scope, reporting requirements, and escalation paths. These committees consider risk and the appropriate financial and non-financial aspects of any applicable processes we use to maintain financial resiliency. These committees also provide credible challenge to any recommendations and decisions within the scope of their responsibilities.

The following figure shows our resolution planning governance structure.

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<sup>17</sup> The Operating Committee is composed of senior leaders who are direct reports to the CEO.

Figure 7-1 Recovery and Resolution Planning Governance Structure



Our executive and senior management support the governance structure presented in the previous figure with coordinated oversight and quality control. We clearly define roles for key stakeholders and use well-established reporting and communication protocols. These protocols enable us to communicate decisions about our

Resolution Plans generally throughout the Company, receive guidance specifically from the Board, and help ensure that our Resolution Plans adapt as our business structure and activities evolve.

The following figure provides more information about the roles and responsibilities of the key stakeholders in resolution planning and risk management.

**Figure 7-2 Key Resolution Planning Stakeholders and Responsibilities**

Stakeholder	Roles and Responsibilities
Board	The Board oversees the Company's 165(d) resolution planning process and approves the 165(d) Plan, as reflected in Board minutes. The Board delegated the responsibility of providing ongoing oversight of resolution planning to the Finance Committee.
Board Finance Committee	The Finance Committee is responsible for the review and recommendation of the 165(d) Plan to the Board for approval. Having been delegated responsibility by the Board, the Finance Committee provides ongoing oversight of resolution planning activities. The Finance Committee receives regular updates on the Company's resolution planning progress, including remediation actions addressing resolvability impediments.
Recovery & Resolution Committee	The RRC, a management-level governance committee, oversees all significant resolution planning-related initiatives, including plan development and resolution capabilities' readiness. Oversight responsibilities include, among other things, approving the Resolution Planning Policy; approving changes to the designation of critical operations, core business lines, and material entities; and approving significant changes to key strategic assumptions supporting the Preferred Resolution Strategy as well as significant changes to the Preferred Resolution Strategy, such as the shift from MPOE to SPOE.
Recovery & Resolution Strategy Subcommittee (Subcommittee)	The Subcommittee supports senior management and the RRC in carrying out its resolution planning oversight responsibilities, including the development, review, and approval of resolution planning-related assumptions, as well as the prioritization of strategic and capability-specific resolution planning issues for RRC final decision.
Recovery & Resolution Planning Core Group (Core Group)	The Core Group serves as the cross-functional working group for resolution planning at the Company and provides an opportunity for integration across functional areas that support the Resolution Plan's coordination. The Core Group discusses resolution planning developments, strategic issues that impact multiple capabilities, and cross-functional program risks, issues, and dependencies that may merit escalation to the RRC. Core Group membership includes members of the RRPO, the Legal Department, and management-level team members from the resolution capabilities, lines of business, and support functions.

### 7.3 Internal Controls and Independent Review

We maintain a well-controlled framework for resolution planning, supported with policies and procedures, designed to ensure resolution planning requirements are met and sustained. Features of this control framework include the following:

- We developed a catalog of strategic assumptions, an inventory of resolution risks and mitigants, and a formalized process for the designation of material entities and core business lines.
- Independent Risk Management is responsible for establishing, implementing, and maintaining a comprehensive and effective oversight program that encompasses, among other things, the risks associated with our recovery and resolution planning activities. The oversight program includes identifying, assessing, monitoring, and reporting of recovery and resolution risks and issues. In addition, Independent Risk Management monitors and evaluates the effectiveness of Front Line recovery and resolution activities, plans, policies, procedures, controls, and capabilities. As noted above, Independent Risk Management team

members, who are closely aligned to the capabilities for which they exercise oversight, are performing the Independent Risk Management responsibilities.

- WFAS independently assesses whether the risk management, system of controls, and governance processes for preparing the 2019 165(d) Plan are adequate and functioning as intended. Specific to resolution planning, WFAS has a centralized, dedicated recovery and resolution planning audit team within the larger Enterprise Functions audit team. The recovery and resolution planning audit team provides focused, recurring coverage of resolution planning processes, related capabilities, and risks. That team consists of a dedicated senior audit manager and team members with subject matter knowledge in key resolution planning capability areas, data analytics, and project management. Coverage by the recovery and resolution planning audit team is supplemented by testing performed by other WFAS audit teams, as needed, through a hybrid-centralized approach.

## 7.4 External Oversight

The following agencies exercise significant supervisory or regulatory authority over our material entities:

- Federal Deposit Insurance Corporation
- Board of Governors of the Federal Reserve System
- Office of the Comptroller of the Currency
- Securities Exchange Commission
- Commodity Futures Trading Commission
- Consumer Financial Protection Bureau
- Municipal Securities Rulemaking Board
- National Futures Association
- Financial Industry Regulatory Authority
- Prudential Regulatory Authority/Bank of England
- Financial Conduct Authority

## 8. Approach to Maintaining Financial Resiliency

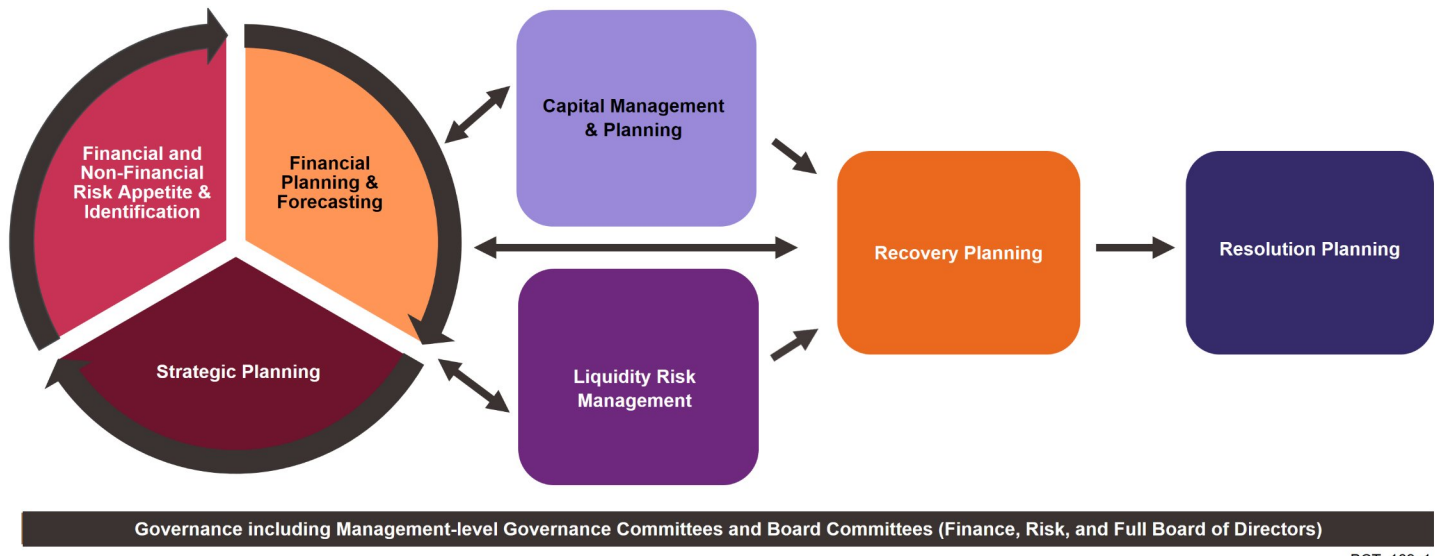
Our primary responsibility to our customers, creditors, employees, and the financial system as a whole is to ensure we are financially resilient, and meeting and exceeding expectations for safety and soundness. Ensuring financial strength means planning for the expected and unexpected. While we believe our financial risk management disciplines provide for measures and monitoring to help ensure safety and soundness, it would be unacceptable to not also plan for the extreme events that may lead to the Parent's resolution. By establishing a robust resolution planning process, we can accomplish a similar financial resiliency goal by planning for the least disruptive path with enough financial strength to allow for the continuance of core banking operations following failure of our Parent. We consider resolution planning as just one component of a larger group of integrated processes that focus on financial resiliency; these disciplines include risk management, strategic planning, financial forecasting, capital management, liquidity management, and recovery planning. Because these processes are so important to our financial risk management, and help ensure resolution never becomes a reality, this section will provide a summary of these activities which occur prior to and are leveraged for the resolution planning process.

A financial institution cannot predict which risks, stressors, or future events could damage its business, but it can set up early warning indicators, plan, and be prepared for them. It needs to have processes to identify and manage risk, design meaningful triggers and response options, and establish timely and effective response procedures. We believe we are well prepared to handle a variety of future financial stresses in a manner that maintains our financial health and, if necessary, returns us to a position of financial strength, minimizes effects to our customers, and provides a stable future for the institution. We take these steps to help ensure we remain strong and avoid enacting our Resolution Plan.

The following figure shows the integrated processes designed to allow us to identify, monitor, and respond to financial stress before it becomes significant enough to bring us to resolution. It also shows the connection to resolution planning. While the figure may be linear, our process is not. We purposefully designed our processes to be interconnected to help ensure that risk, strategic planning, and financial objectives are all taken into consideration. The integration of those processes also need to feed into our capital, liquidity, and recovery planning.

The core components of the process begin with the deliberate integration of risk identification and risk appetite, strategic planning, and financial forecasting. These processes form the foundation for capital planning and liquidity planning which must all come together in recovery planning. The two directional arrows are important in that they reflect the feedback loop that is required to ensure the proper balance of each objective. The process is used both for forward-looking financial risk management planning and in our routine monitoring. Finally, our resolution planning process was not built separately from these core processes but is an extension of the integrated processes with a shared objective of financial resiliency in expected and unexpected conditions.

**Figure 8-1 Key Processes Used to Maintain Financial Resiliency**



## 8.1 Risk Management

### Enterprise Risk Identification

The ERID program is a standardized and systematic process designed to identify and assess the risks we face as a result of our activities. The program supports a variety of purposes in both risk and finance, and serves as the critical first step in our financial resiliency process through to resolution planning. ERID can both inform and be informed by our strategic planning process which is directly connected to risk appetite (discussed below). ERID identifies and evaluates quantitative and qualitative risks for all activities and assesses their level of significance. In addition to risk identification for business as usual activities, the program also captures any unique risks that may be attributable or recognized under recovery and/or resolution environments. Management-level governance committees and the Board's Risk Committee meet quarterly to review and discuss the ERID risk inventory.

### Risk Appetite (Risk Measurement)

We have a Risk Measurement Policy that aligns with our strategic plan and overall risk capacity. The Risk Measurement Policy sets forward how our risk appetite is established. Risk appetite is the nature and level of risks we are willing to take in pursuit of our strategic and business objectives, while helping to ensure we operate in a safe and sound manner consistent with applicable laws and regulations. Risk appetite measures and thresholds are set to help ensure we do not exceed Company-wide risk capacity. Additionally, risk appetite measures (which consist of both quantitative and qualitative assessment criteria) strive to capture exposure to the most significant risks we face.

As a part of our Risk Measurement Policy, the following core principles were created to guide our actions:

- **Relationship focus** — We take only as much risk as is appropriate to efficiently, effectively, and prudently serve our consumer, small business, commercial, and wealth customers.



- **Understanding risk** — We are willing to take risks when we understand them, and we avoid or minimize risk when we have no competitive advantage or limited experience.
- **Reputation** — Our reputation is paramount. We will not engage in activities or business practices that we believe damage our reputation.
- **Price for risk** — We price our business to cover risk to capital and will retain risk only if priced for a sufficient risk-adjusted return.
- **Conservatism** — We have a significant bias for conservatism.
- **Operational excellence** — We will be a reliable provider of services to our customers.
- **Clear accountability** — Front line decision makers have primary accountability for managing risk, while internal risk is primarily responsible for providing oversight and a Company-wide view of risk-taking activities.

## 8.2 Strategic Planning

Our strategic planning process identifies or helps uncover our most significant opportunities and challenges, develops options to address them, evaluates the risks and trade-offs of each, and articulates the resulting decisions in the form of a three-year strategic plan. The annual strategic planning process defines our strategic priorities and the initiatives used to achieve them. Risk management is integrated into the strategic planning process. For example, the Front Line, team members responsible for carrying out our day to day activities, performs a leading role in developing strategic priorities and measuring each priority's impact on risk exposure. Developing these priorities incorporates input from team members across the Company.

## 8.3 Financial Forecasting

We have an established nine-quarter forecasting process that projects our financial performance under various macroeconomic conditions, including stress testing. The financial forecast incorporates the priorities and initiatives identified in our strategic plan and its output is used to ensure risk appetite, capital adequacy, and liquidity are aligned. The financial forecasting process can both inform and be informed by all other components of our financial resiliency model.

## 8.4 Capital Management

We manage capital through a comprehensive process to assess overall capital adequacy. 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. We primarily fund our capital needs through the retention of earnings net of both dividends and share repurchases, as well as through the issuance of preferred stock and long-term and short-term debt.

We maintain a capital management framework that includes a rigorous and comprehensive Internal Capital Adequacy Assessment Process (ICAAP) for assessing our overall capital adequacy in relation to our risk profile and risk appetite. The process is designed to identify our exposure to risks and evaluate the capital resources available to absorb potential losses arising from those risks. This process is interconnected with our strategic

planning and risk management activities, requiring a balance between risk and financial objectives. Our ICAAP is an ongoing process that includes the annual Capital Plan submission as well as quarterly adequacy assessments and reporting to the Board. This process captures significant changes since the Capital Plan submission and confirms or recommends changes to capital actions and capital targets, as necessary.

ICAAP's core elements include (1) a comprehensive process of risk identification and direct incorporation of key risks into capital management, (2) robust measurement of loss and resource estimation under base and stressed conditions, (3) quarterly assessments and ongoing monitoring of risks and forward capital projections, and (4) regular reporting to executive management and the Board.

### Capital Planning and Stress Testing

Our capital targets are designed to meet all regulatory requirements as well as internal and market expectations. We believe that our long-term targeted capital structure enables us to invest in and grow our business, satisfy our customers' financial needs in varying environments, access markets, and maintain flexibility to return capital to our shareholders.

Under the Federal Reserve's capital plan rule, large bank holding companies (BHCs) are required to submit capital plans annually for review to determine if the Federal Reserve has any objections before the BHC makes 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. The Federal Reserve assesses the overall financial condition, risk profile, and capital adequacy of BHCs, under baseline and stressed conditions, when evaluating capital plans.

Our 2019 Capital Plan, which was submitted on April 4, 2019, as part of the Comprehensive Capital Analysis and Review (CCAR) submission, included a comprehensive capital outlook supported by an assessment of expected sources and uses of capital over a given planning horizon under a range of expected and stress scenarios. As part of the 2019 CCAR, the Federal Reserve also generated a supervisory stress test, which assumes a sharp decline in the economy and significant decline in asset pricing to estimate performance. The Federal Reserve published its supervisory stress test results as required under the Dodd-Frank Act on June 21, 2019. The Federal Reserve reviewed the supervisory stress test results both as required under the Dodd-Frank Act using a common set of capital actions for all large bank holding companies, and by taking into account the Company's proposed capital actions. The Federal Reserve did not object to our 2019 Capital Plan included in the 2019 CCAR.

## 8.5 Liquidity Risk Management

We actively manage our liquidity risk profile in accordance with Wells Fargo's Statement of Liquidity Risk Appetite, Funding and Liquidity Risk Management Policy, and our Contingency Funding Plan (CFP). Our liquidity risk management objective is to ensure that we can meet customer loan requests, customer deposit maturities and withdrawals, and other cash commitments efficiently under both normal operating conditions and under periods of Company-specific stress and/or market stress.

If the liquidity stress test outcomes, market conditions, or operating conditions limits are triggered, we follow the communication and escalation protocols and action steps contained in the CFP. The CFP is designed to help management and the Board react quickly to a potential liquidity event by:

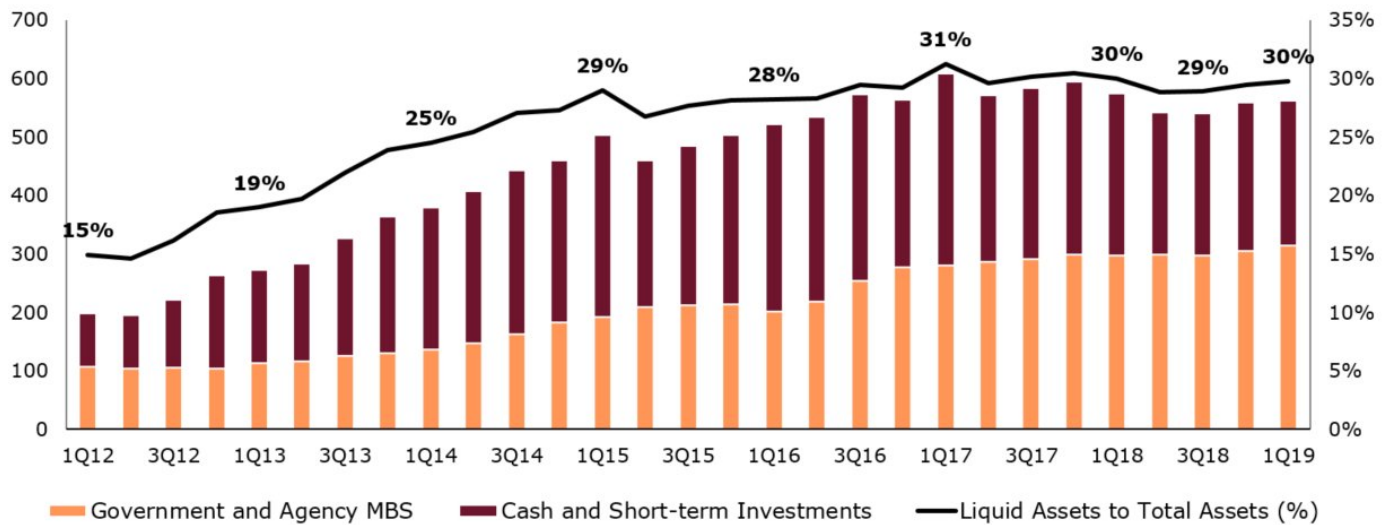
- Identifying monitoring metrics and related processes used to quickly identify emerging liquidity stress events.

- Describing the liquidity stress event management process by specifying roles and responsibilities and specific actions that should be taken.
- Outlining testing processes used to help ensure operational readiness for liquidity events.

Our available liquid assets include cash, U.S. Treasuries, U.S. government agency and government sponsored Company-issued securities, agency mortgage-backed securities, and certain other financial instruments. Since the beginning of 2012, we significantly increased our liquid assets, as illustrated in the following figure.

**Figure 8-2 Liquid Assets Over Time**

\$ Billions, period-end balances



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Deposits historically provide a sizable source of relatively stable and low-cost funds. Our deposits were 135% of our total loans as of December 31, 2018. Long-term debt and short-term borrowings provide additional funding. 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.

The following figure summarizes our funding sources using average balances for the year indicated.

**Figure 8-3 Funding Sources (Average Balances) as a Percentage of Earning Assets**

\$ Millions	Wells Fargo & Company	
	Year ended December 31, 2018	
	Average balance	% of earning assets
<b>Funding sources</b>		
<b>Deposits:</b>		
Interest-bearing checking	\$ 63,243	4
Market rate and other savings	684,882	39
Savings certificates	20,653	1
Other time deposits	84,822	5
Deposits in foreign offices	63,945	4
<b>Total interest-bearing deposits</b>	<b>917,545</b>	<b>53</b>
Short-term borrowings	104,267	6
Long-term debt	224,268	13
Other liabilities	27,648	1
<b>Total interest-bearing liabilities</b>	<b>1,273,728</b>	<b>73</b>
Portion of non-interest-bearing funding sources (includes non-interest bearing deposits)	464,754	27
<b>Total Funding Sources</b>	<b>\$ 1,738,482</b>	<b>100%</b>

We manage liquidity to meet internal liquidity targets with the goal of ensuring liquidity reserves remain in excess of regulatory requirements and applicable internal buffers (set in excess of minimum regulatory requirements by the Board). We maintain operational and governance processes designed to manage, forecast, monitor, and report to management and the Board liquidity levels in relation to regulatory requirements and management metrics and limits. Under this comprehensive process, we perform regulatory-prescribed (e.g., the Liquidity Coverage Ratio) and internal liquidity stress tests to evaluate our available liquidity resources against potential liquidity needs under a range of adverse scenarios and time horizons. The results of our liquidity stress tests, which consider both market and Company-specific events, are used to inform management of current liquidity positioning against expected and unexpected future events.

We established a number of management metrics and limits, some of which serve as early warning indicators of liquidity stress. Broadly, these are grouped into five categories, as shown in the following figure.

**Figure 8-4 Management Metrics and Limits for Funding and Liquidity Risk Management**

<b>Outcomes from Liquidity Stress Test Analyses</b>	<p><b>Internal Liquidity Stress Test</b> - Monthly calculation which provides a forward looking view of the Company's liquidity position under three scenarios and over six time horizons</p> <p><b>Liquidity Coverage Ratio</b> - Daily calculation of the ratio of the Company's high-quality liquid assets compared to its projected net cash outflows over a 30-day period</p> <p><b>RLAP</b> - Daily calculation of the required amount of liquidity to be positioned at or readily available to material entities to meet unanticipated outflows</p> <p><b>RLEN</b> - Monthly calculation (daily in stress) of the amount of liquidity required post-failure to successfully execute the Company's Preferred Resolution Strategy</p>
<b>Market Conditions</b>	Measures of market conditions designed to provide information about how the Company is perceived in the market and about the overall availability of liquidity in the market
<b>Operating Conditions</b>	Measures of internal operating conditions such as unusual deposit outflows that help identify whether the Company is experiencing liquidity stress
<b>Liquidity Risk Composition</b>	Measures designed to control the composition of the Company's liabilities to prevent concentrations in sources of funding, maturities, off balance sheet exposures, and included measures designed to monitor intraday liquidity usage
<b>Buffer Composition</b>	Key principles used to determine the liquidity buffer in the Company's liquidity stress testing, designed to avoid, among other things, undue concentrations and over-reliance on certain markets

## 8.6 Recovery Plan

A recovery plan identifies triggers and options for responding to a wide range of severe internal and external stress scenarios to restore a covered bank to financial strength and viability in a timely manner. A recovery plan includes the following:

- A detailed description of the company's organizational and legal entity structure
- Interconnections and interdependencies and how a disruption of these would materially affect the company
- Triggers that serve as warning signs that stress is occurring
- Stress scenarios that help senior leaders identify, develop, calibrate, and validate the appropriateness of triggers
- Options that the company could undertake to restore its financial strength and viability, which includes how it would carry out each option
- Responsibilities of senior leaders and the board

We complete annual recovery planning and submit a separate Recovery Plan for the Company and the Bank to the Federal Reserve and Office of the Comptroller of the Currency, respectively. The Recovery Plans demonstrate our actions and the Bank's actions to respond to stress events should initial capital, liquidity, and risk management responses not immediately return us and the Bank to a normal operating state. Our goal is to have Recovery Plan actions that are sufficiently robust to allow us to avoid resolution.

## 9. Foreign Operations

We have limited operations outside the U.S. conducted through our subsidiaries and branches. Our international activity is predominantly conducted within the Wholesale Banking core business line and includes commercial lending, deposit taking, treasury management, payments, foreign exchange, asset management, advisory, securities and derivatives, and trade services. Wholesale Banking lines of business, including Middle Market Banking, Corporate and Investment Banking, Wells Fargo Capital Finance, Wells Fargo Equipment Finance, and Commercial Real Estate, provide the majority of these services.

The international footprint is managed by regions, which include Asia-Pacific; Europe, Middle-East and Africa; Canada; and Latin America. WFBNA is the primary service provider to its foreign branches and subsidiaries. In-region support is provided through regional hubs that primarily include London, Hong Kong, and Canadian WFBNA branches. As previously stated in Section 4, Material Entities, WFBNA-LB is our only foreign Operating Material Entity and was designated as such because of its role as a critical service provider allowing WFBNA and WFS LLC to use WFBNA-LB to access their memberships with material FMUs.

Our resolvability is also enhanced by our primarily domestic footprint, as most of our banking activity takes place in the U.S. Our international presence is modest because we generally position ourselves to serve certain U.S. customers as they engage in international financial activity rather than attempting to gain new customers in different foreign markets. Thus, our international activities are minimal from a financial perspective, as of December 31, 2018. For instance, total revenue derived outside the U.S. in 2018 was \$3.3 billion, which represents 3.8% of the Company's total revenue. Moreover, foreign loans represent just 8% of total consolidated outstanding loans, while foreign deposits make up approximately 5% of total deposits.

## 10. Financial Information

This section provides additional financial information about us that helps demonstrate our sound financial state and capital and liquidity positions. The following information includes our balance sheet, regulatory capital information, and TLAC.

For additional financial information, please refer to our reports filed with the SEC and available on the SEC's website at [www.sec.gov](http://www.sec.gov), including the Annual Report on Form 10-K for the year ended December 31, 2018.

**Figure 10-1 Company Balance Sheet**

<b>Wells Fargo &amp; Company and Subsidiaries Consolidated Balance Sheet</b>	
(\$ Millions, except shares)	12/31/2018
<b>Assets</b>	
Cash and due from banks	23,551
Interest-earning deposits with banks <sup>(1)</sup>	149,736
Total cash, cash equivalents, and restricted cash <sup>(1)</sup>	173,287
Federal funds sold and securities purchased under resale agreements <sup>(1)</sup>	80,207
Debt Securities:	
Trading, at fair value <sup>(2)</sup>	69,989
Available-for-sale, at fair value <sup>(2)</sup>	269,912
Held-to-maturity, at cost (fair value \$142,115)	144,788
Mortgage loans held for sale (includes \$11,771 carried at fair value) <sup>(3)</sup>	15,126
Loans held for sale (includes \$1,469 carried at fair value) <sup>(2)</sup>	2,041
Loans (includes \$244 carried at fair value) <sup>(3)</sup>	953,110
Allowance for loan losses	(9,775)
Net Loans	943,335
Mortgage servicing rights:	
Measured at fair value	14,649
Amortized	1,443
Premises and equipment, net	8,920
Goodwill	26,418
Derivative Assets	10,770
Equity Securities (includes \$29,556 carried at fair value) <sup>(2)</sup>	55,148
Other Assets <sup>(2)</sup>	79,850
<b>Total Assets<sup>(4)</sup></b>	<b>1,895,883</b>
<b>Liabilities</b>	
Non-interest-bearing deposits	349,534
Interest-bearing deposits	936,636
Total Deposits	1,286,170
Short-term borrowings	105,787
Derivative Liabilities	8,499
Accrued expenses and other Liabilities	69,317
Long-term debt	229,044
<b>Total Liabilities<sup>(5)</sup></b>	<b>1,698,817</b>

<b>Wells Fargo &amp; Company and Subsidiaries Consolidated Balance Sheet</b>	
(\$ Millions, except shares)	12/31/2018
<b>Equity</b>	
Wells Fargo stockholders' equity:	
Preferred stock	23,214
Common stock - \$1-2/3 par value, authorized 9,000,000,000 shares; issued 5,481,811,474 shares	9,136
Additional paid-in capital	60,685
Retained Earnings	158,163
Cumulative other comprehensive income (loss)	(6,336)
Treasury stock - 900,557,866 shares	(47,194)
Unearned ESOP shares	(1,502)
<b>Total Wells Fargo stockholders' equity</b>	<b>196,166</b>
Noncontrolling interests	900
<b>Total equity</b>	<b>197,066</b>
<b>Total liabilities and equity<sup>(5)</sup></b>	<b>1,895,883</b>

<sup>(1)</sup> Financial information has been revised to reflect the impact of our adoption in first quarter 2018 of ASU 2016-18 - Statement of Cash Flows (Topic 230): Restricted Cash in which we changed the presentation of our cash and cash equivalents to include both cash and due from banks as well as interest-earning deposits with banks, which are inclusive of any restricted cash. See Note 1 (Summary of Significant Accounting Policies) for more information.

<sup>(2)</sup> Financial information for the prior period has been revised to reflect presentation changes in connection with our adoption in first quarter 2018 of ASU 2016-01 - Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. See Note 1 (Summary of Significant Accounting Policies) for more information.

<sup>(3)</sup> Parenthetical amounts represent assets and liabilities that we are required to carry at fair value or have elected the fair value option.

<sup>(4)</sup> Our consolidated assets at December 31, 2018 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 \$139 million; Interest-bearing deposits with banks \$8 million; Debt securities \$45 million; Net loans \$13.6 billion; Derivative assets \$0 million; Equity securities \$85 million; Other assets \$221 million; and Total assets \$14.1 billion.

<sup>(5)</sup> Our consolidated liabilities at December 31, 2018 include the following VIE liabilities for which the VIE creditors do not have recourse to Wells Fargo: Derivative liabilities \$0 million; Accrued expenses and other liabilities \$191 million; Long-term debt \$816 million; and Total liabilities \$1.0 billion.

We are subject to final and interim rules issued by federal banking regulators to implement Basel III capital requirements for U.S. banking organizations. These rules are based on international guidelines for determining regulatory capital issued by the Based Committee on Banking Supervision. For additional information on the Basel III requirements we are subject to, please refer to the "Capital Management" section of our Annual Report on Form 10-K for the year ended December 31, 2018.

The following figure provides information about our risk-based capital and related ratios as calculated under Basel III capital guidelines. For bank regulatory reporting purposes, we report our capital in accordance with transition requirements but are managing our capital based on fully phased-in calculations.



**Figure 10-2 Regulatory Capital Information as of 12/31/18**

\$ Millions, except ratios	Wells Fargo & Company		WFBNA	
	Advanced Approach	Standardized Approach	Advanced Approach	Standardized Approach
<b>Regulatory capital:</b>				
Common equity tier 1	146,363	146,363	142,685	142,685
Tier 1	167,866	167,866	142,685	142,685
Total	198,798	207,041	155,558	163,380
<b>Assets:</b>				
Risk-weighted	1,177,350	1,247,210	1,058,653	1,154,182
Adjusted average <sup>(1)</sup>	1,850,299	1,850,299	1,652,009	1,652,009
<b>Capital ratios:</b>				
Common equity tier 1 capital	12.43%	11.74% <sup>(2)</sup>	13.48%	12.36% <sup>(2)</sup>
Tier 1 capital	14.26%	13.46% <sup>(2)</sup>	13.48%	12.36% <sup>(2)</sup>
Total capital	16.89%	16.60% <sup>(2)</sup>	14.69%	14.16% <sup>(2)</sup>
Tier 1 leverage <sup>(1)</sup>	9.07%	9.07%	8.64%	8.64%

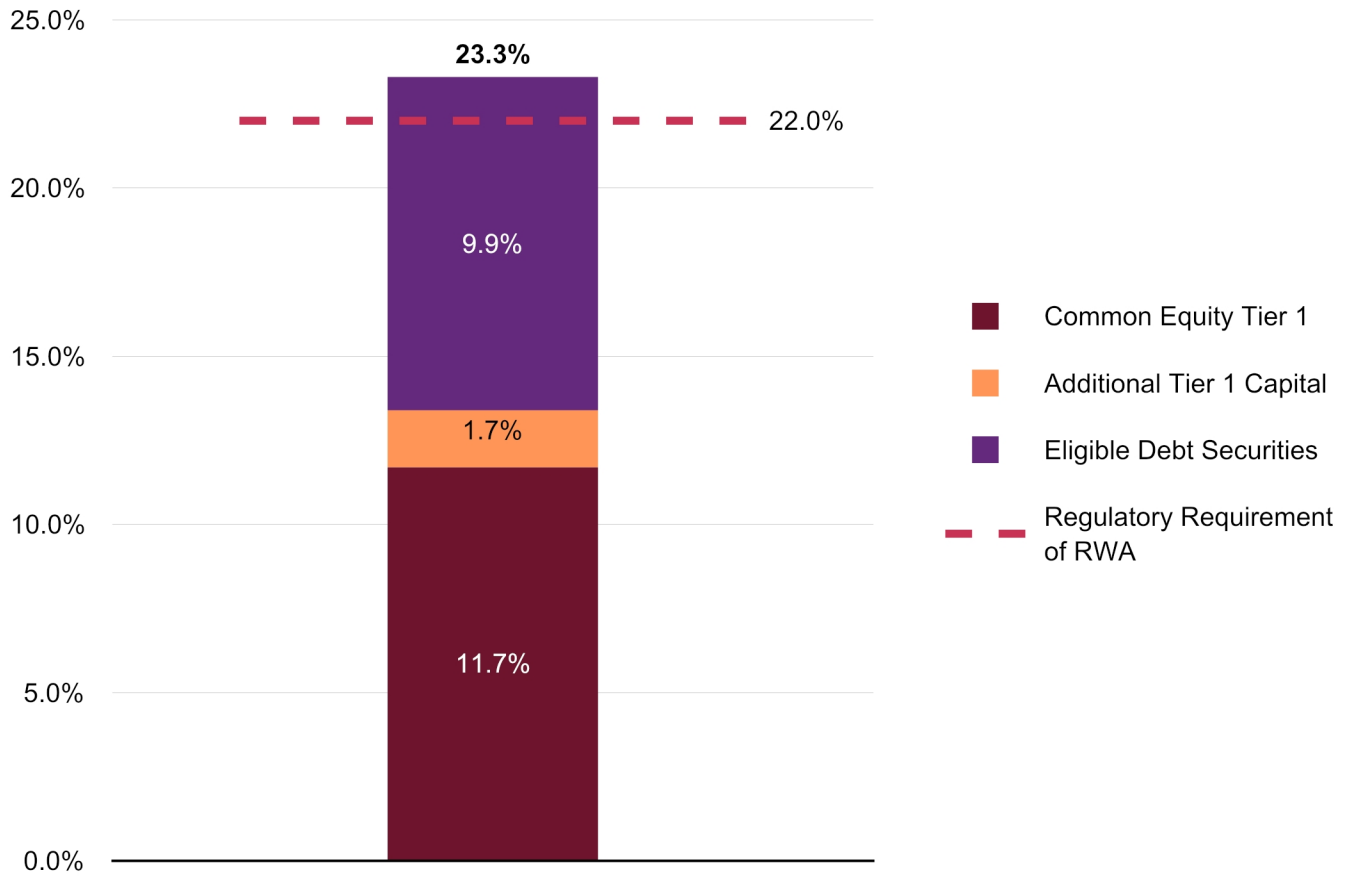
<sup>(1)</sup> The leverage ratio consists of Tier 1 capital divided by quarterly average total assets, excluding goodwill and certain other items.

<sup>(2)</sup> Denotes the lowest capital ratio as determined under the Advanced and Standardized Approaches.

In December 2016, the Federal Reserve finalized rules to address the amount of equity and unsecured long-term debt a U.S. G-SIB must hold to improve its resolvability and resiliency, often referred to as TLAC. For additional information on the Federal Reserve's TLAC rule and the requirements we are subject to, please refer to "Other Regulatory Capital Matters" section of our Annual Report on Form 10-K for the year ended December 31, 2018.

As of December 31, 2018, we estimated that our eligible external TLAC as a percentage of total risk-weighted assets was 23.3% compared with a required minimum of 22.0%. The following figure demonstrates the breakdown of our external TLAC compared to the regulatory requirement.

Figure 10-3 External Total Loss-Absorbing Capital (% RWA) as of 12/31/18



## 11. Identities of Principal Officers

The following figure identifies our principal officers and their positions as of June 26, 2019.

Name	Position
Douglas R. Edwards	Executive vice president and interim general counsel since March 2019.
Derek A. Flowers	Senior executive vice president and head of Strategic Execution and Operations since June 2019.
David Galloreese	Senior executive vice president and head of Human Resources since July 2018.
Richard D. Levy	Executive vice president and corporate controller since 2007.
Mary T. Mack	Senior executive vice president and head of Consumer Banking since November 2016. She was previously the president and head of Wells Fargo Advisors, LLC.
Avid Modtjabai	Senior executive vice president and head of Payments, Virtual Solutions and Innovation since November 2016. She was previously the head of the Consumer Lending Group and enterprise-wide Operations.
Amanda G. Norton	Senior executive vice president and chief risk officer since June 2018.
C. Allen Parker	Interim chief executive officer and president since March 2019. He was senior executive vice president and general counsel from March 2017 to March 2019.
Perry G. Pelos	Senior executive vice president and head of Wholesale Banking since November 2016. He previously served as head of Commercial Banking Services.
John R. Shrewsberry	Senior executive vice president and chief financial officer since May 2014. He was previously the head of Wells Fargo Securities, LLC.
Saul Van Beurden	Senior executive vice president and head of Technology since April 2019.
Jonathan G. Weiss	Senior executive vice president and head of Wealth and Investment Management since July 2017. He previously served as president and head of Wells Fargo Securities, LLC.

## 12. Reconciliation

The information below is a reconciliation of the return on average tangible common equity (ROTCE) disclosure in Figure 1-1 to GAAP financial measures.

**Figure 12-1 Reconciliation for ROTCE**

Wells Fargo & Company and Subsidiaries Tangible Common Equity <sup>(1)</sup>		
\$ Millions, except ratios		Quarter ended 3/31/19
Return on average tangible equity <sup>(1)</sup>		
Net income applicable to common stock	(A)	\$ 5,507
Average total equity		198,349
Adjustments:		
Preferred stock		(23,214)
Additional paid-in capital on ESOP preferred stock		(95)
Unearned ESOP shares		1,502
Noncontrolling interests		(899)
Average common stockholders' equity	(B)	175,643
Adjustments:		
Goodwill		(26,420)
Certain identifiable intangible assets (other than MSR's)		(543)
Other assets <sup>(2)</sup>		(2,159)
Applicable deferred taxes <sup>(3)</sup>		784
Average tangible common equity	(C)	\$ 147,305
Return on average common stockholders' equity (ROE) (annualized)	(A)/(B)	12.71%
Return on average tangible common equity (ROTCE) (annualized)	(A)/(C)	15.16%

<sup>(1)</sup> Tangible common equity is a non-GAAP financial measure and represents total equity less preferred equity, noncontrolling interests, and goodwill and certain identifiable intangible assets (including goodwill and intangible assets associated with certain of our nonmarketable equity securities but excluding mortgage servicing rights), net of applicable deferred taxes. The methodology of determining tangible common equity may differ among companies. Management believes that return on average tangible common equity, which utilizes tangible common equity, is a useful financial measure because it enables investors and others to assess the Company's use of equity.

<sup>(2)</sup> Represents goodwill and other intangibles on nonmarketable equity securities, which are included in other assets.

<sup>(3)</sup> Applicable deferred taxes relate to goodwill and other intangible assets. They were determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period end.

## 13. Glossary

Term	Definition
2017 165(d) Plan	Resolution Plan submitted by the Company to the Federal Reserve and FDIC on June 30, 2017 pursuant to Section 165(d) of the Dodd-Frank Act.
2019 165(d) Guidance	The final guidance for the 2019 and subsequent resolution plan submissions by the eight largest, complex U.S. banking organizations, published by the Agencies in December 2018.
2019 165(d) Plan	The Company's required Resolution Plan, due by July 1, 2019, submitted to the Federal Reserve and FDIC pursuant to Section 165(d) of Title I of the Dodd-Frank Act.
Advanced Approach	Method of calculating risk-weighted assets using internal models to determine and assign risk weights. We exited our Basel parallel run in 2015 and are reporting under Advanced Approach. As an Advanced Approach bank holding company, we are required to report capital ratios reflecting the lower of Advanced Approach or Standardized Approach.
Agencies	Collectively, the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation
Aggregate Resource Needs	The combined capital and liquidity resolution needs net of pre-positioned resources (i.e. RCEN and RLEN shortfalls) of the Covered Material Entities.
Available Financial Resources	Available Financial Resources include the sum of the value of all liquid assets owned by Parent and IHC, minus the Parent Holdback, the operational continuity buffer, and certain excluded liquid assets as specified in the Secured Support Agreement.
Bank	Wells Fargo Bank, National Association; it is also referred to as "WFBNA"
bankruptcy	Refers to proceedings under the Bankruptcy Code.
Bankruptcy Code	The United States Bankruptcy Code, codified at 11 U.S.C. § 101, et seq.
Bankruptcy Court	The United States Bankruptcy Court for the District of Delaware, where the Parent is expected to file its Chapter 11 Petition in a resolution event.
Bankruptcy Playbook	Describes select actions Wells Fargo & Company teams (both internal and external) have taken or would take at each Enterprise Financial Assessment Level to prepare for and execute the Parent's Chapter 11 Case in accordance with the Company's Preferred Resolution Strategy.
Basel III	A comprehensive set of reform measures, developed by the Basel Committee on Banking Supervision, to strengthen the regulation, supervision, and risk management of the banking sector.
BHC	bank holding company
Board	The Parent's Board of Directors
Boards or "Boards of Directors"	In its plural form, Boards of Directors may refer to the boards of directors or equivalent bodies of the Parent, WFBNA, and other material entities.
capabilities	Teams of subject matter experts that product critical information and/or perform functions that are necessary to support the Company's financial resiliency, strategic business profile, and resolvability, which includes assisting with preparing and/or executing our Recovery or Resolution Plans.
Capital Plan	A plan prepared by the Company that establishes the amount and composition of capital to be maintained over a certain planning horizon.
CCAR	Comprehensive Capital Analysis and Review, a set of requirements introduced by the Federal Reserve that allows for regulatory oversight of bank holding companies' capital adequacy, capital distribution, and capital planning process under the various base and stress economic scenarios.
CCP	Capital Contingency Plan
CEO	chief executive officer

Term	Definition
CFO	chief financial officer
CFP	Contingency Funding Plan, describes the liquidity stress event management process by specifying roles and responsibilities and specific actions to be taken should a liquidity stress event occur, including Corporate Treasury's responsibilities to escalate and communicate limit triggers, recommend mitigating actions, and monitor and report on the status of liquidity-related actions.
CFTC	Commodity Futures Trading Commission
Chapter 11 Case	Proceedings under chapter 11 of the Bankruptcy Code initiated by Parent
Committed Line of Credit	Committed line of credit between the Parent, as borrower, and WFCH, as lender, established by the Secured Support Agreement, through which the Parent can access funding from WFCH, subject to certain conditions, until the date of a Final Contribution Event.
Company	Wells Fargo & Company together with its consolidated subsidiaries, also referred to as "Wells Fargo," "we," "us," or "our"
component	An asset or resource used to deliver a service and is broken down into five categories (1) personnel, (2) facilities, (3) systems, (4) third-party vendors and financial market utilities, and (5) intellectual property.
contingency arrangements	Arrangements the Company has put in place to respond to any adverse actions by FMUs.
core business line	Business lines of the covered company (Wells Fargo & Company), including associated operations, services, functions, and support that in the view of the covered company, upon failure would result in a material loss of revenue, profit, or franchise value.
Core Group	Recovery & Resolution Planning Core Group; a cross-functional working group responsible for recovery and resolution planning at the Company, comprised of senior leaders representing capabilities, lines of business and corporate functions.
Covered Material Entities	An entity entitled to receive financial support under the Amended and Restated Support Agreement, which currently include: WFBNA, WFS LLC, WFCS, WFF, Peony, Forum, EGS India, WFECS, WFNBW, and WFP.
CRI	critical reports inventory; the Company's inventory of critical reports which is maintained and updated on a semi-annual basis.
critical operation	An operation, including associated operations, services, functions, and support that, if they were to fail or be discontinued, could pose a threat to the financial stability of the United States.
critical personnel	Employees of a legal entity who provide support to other entities and multiple core business lines and critical operations.
critical services	Those services that must be kept operational during the resolution process to allow for resolution in an orderly and efficient manner, which includes all services required to ensure operational continuity for the Company's critical operations, core business lines, and/or the execution of divestiture options.
CRO	chief risk officer
DFAST	Dodd-Frank Act Stress Test
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act (of 2010)
EFAL	Enterprise Financial Assessment Level
EGS India	Wells Fargo EGS (India) Private Limited
ENFA	Enterprise Non-Financial Assessment
ERID	Enterprise Risk Identification
ESOP	Employee Stock Ownership Plan

Term	Definition
external TLAC	external total loss-absorbing capacity; the minimum amount of total loss-absorbing capital, as well as a minimum amount of long-term debt, to help ensure that the Company has adequate capacity to recapitalize its material entities once the Parent files for bankruptcy.
FDIC	Federal Deposit Insurance Corporation
Federal Reserve	Board of Governors of the Federal Reserve System
Final Contribution Event	The Final Contribution Event is an event triggering the final contribution assets by Parent to WFCH, and WFCH's obligation to provide capital and liquidity support under the Secured Support Agreement to the Covered Material Entities in order to allow for their continued operations throughout the Chapter 11 Case.
Final Parent Contribution	The Parent's contribution of the Retained BAU Assets upon occurrence of a Final Contribution Event.
Finance Committee	Finance Committee of the Parent Board
FMU	financial market utility; multilateral systems that provide the infrastructure for transferring, clearing, and settling payments, securities, and other financial transactions among financial institutions or between financial institutions and the system.
FMU materiality assessment	An annual review of each FMU using the certain materiality criteria that separates material FMUs from non-material FMUs.
Forum	Forum Capital Markets LLC
Front Line	Team members responsible for carrying out our day-to-day activities, performs a leading role in developing strategic priorities and measuring each priority's impact on risk exposure.
G-SIB	global systemically important bank
Governance Playbooks	Guides for each material entity that enable informed decision making and execution of pre-determined actions; a Stakeholder Engagement Playbook that helps ensure efficient and effective communications in response to stress events through resolution; an Employee Retention Strategy that guides its execution in support of the Preferred Resolution Strategy; and a Bankruptcy Playbook that sets forth the steps to take to prepare for the Parent's potential voluntary bankruptcy case.
HQLA	high-quality liquid asset
ICAAP	Internal Capital Adequacy Assessment Process
IHC	Intermediate Holding company
ILST	Internal Liquidity Stress Testing
IRM	Independent Risk Management; group that provides independent assessment, monitoring, and oversight of the Company's recovery and resolution planning activities.
ISDA	International Swaps and Derivatives Association
ISDA Protocols	ISDA Protocols means the Universal Resolution Stay Protocol published by ISDA in 2015, together with the U.S. Resolution Stay Protocol published by ISDA in 2018 to facilitate compliance with the U.S. QFC Stay Rules.
Key Role	A position that should be targeted for retention to support the operation of important activities through the EFALs; Key Roles include positions that are essential to maintaining critical operations and the services that support them.
Legal Entity	Refers to any of the following in which the Company has an interest, a corporation, general or limited partnership, limited liability company, bank, equity joint venture, association, non-profit organization, business trust or any other trust, or any similar organization formed under domestic or foreign law, including any investment fund (or any segregated compartment or series of a fund) sponsored or advised by the Company or any subsidiary of the Company.
LER	Legal Entity Rationalization; The process by which the Company justifies its legal entity structure in light of resolvability requirements.

Term	Definition
LER Criteria	Legal Entity Rationalization Criteria; a set of criteria used to ensure that the Company's legal entity organizational structure, (1) promotes the best alignment of legal entities and business lines and (2) facilitates the execution of the Company's Preferred Resolution Strategy.
LLC	Limited Liability Company
material entity	Under the Title I Rule, a material entity is a subsidiary or foreign office of the Company that is significant to the activities of a critical operation or core business line of the covered company.
MIS	management information systems
MPOE	multiple point of entry
New HoldCo	A new holding company owned by the Trust that will be created, and after the Parent's bankruptcy case has been filed and the Transfer Assets transferred, under which each material entity other than Parent will continue to operate as a going concern.
Operating Material Entities	WFBNA, WFS LLC, WFCS, WFBNA-LB and WFNBW
Parent	Wells Fargo & Company, the bank holding company, and the Company's "covered company" under the Title I Rule.
PCS	Payment, Clearing, and Settlement Activities
PCSO	Payment, Clearing and Settlement Office; the office responsible for interactions with FMUs/agent banks before and during resolution.
Peony	Peony Asset Management, Inc.
PNV	point of non-viability; the earliest business day on which Available Financial Resources are less than Aggregate Resource Need.
Preferred RemainCo	The resulting company after the Parent files for bankruptcy, which will be a smaller and less complex national bank, focusing on retail, wealth management, and core wholesale banking capabilities.
Preferred Resolution Strategy	Refers to the entire set of assumptions, strategic choices, processes, and predetermined actions by which Wells Fargo & Company will move through the resolution process in the event financial stress leads to its failure.
PVSI	Payments, Virtual Solutions and Innovation
QFC	qualified financial contract, a financial agreement used for derivatives, securities lending, and short-term funding transactions such as repurchase agreements. These contracts can be amended to prevent immediate cancellation if the Company enters bankruptcy or resolution.
QFC Stay Rules	Regulations promulgated by the Federal Reserve, FDIC, and the Office of the Comptroller of the Currency imposing certain restrictions on the terms of QFCs of U.S. G-SIBs and the U.S. operations of foreign G-SIBs, which are codified at 12 CFR part 47, 252.81-.88, and part 382.
RCAP	Resolution Capital Adequacy and Positioning; the concept for detailing the requirements for the amounts and positioning of capital required to support the Company's Preferred Resolution Strategy.
RCEN	Resolution Capital Execution Need; the amount of capital needed at the time of failure to support each material entity after the Parent's bankruptcy filing, including ensuring the material entities can operate or be wound down as provided for under the Preferred Resolution Strategy.
RDD	reverse due diligence; The Company conducted a detailed and thorough RDD analysis to ensure that its divestitures are legally, financially, and operationally separable, and to determine the impact that such divestitures would have on the remaining franchise. The Company leverages its business as usual RDD process to demonstrate that the business and portfolio sales are actionable in stress, including recovery or resolution. The RDD process is similar to the acquisition due diligence process but is performed on the Company's own business, rather than on a target company.



Term	Definition
Recovery Plan	A plan that identifies triggers and options for responding to a wide range of severe internal and external stress scenarios to restore a covered company or bank to financial strength and viability in a timely manner.
Resolution	Represents the EFAL whereby failure is imminent, the Company begins executing the Resolution Plan, and initiates the Parent's Chapter 11 bankruptcy case.
resolution period	The time that begins immediately after the Parent's bankruptcy filing and extends through the completion of the Preferred Resolution Strategy.
Resolution Planning Policy	The policy adopted by the Company and administered by the Recovery & Resolution Program Office that provides the framework for ensuring the Company satisfies its resolution planning obligations.
ring-fencing	Separate actions taken with respect to a non-U.S. branch or subsidiary that would be initiated by a local non-U.S. resolution authority.
RLAP	Resolution Liquidity Adequacy and Positioning; a measure of the estimated liquidity need of each material entity after the Parent's bankruptcy filing to stabilize the surviving material entities and to allow those entities to operate post-filing
RLEN	Resolution Liquidity Execution Need; a measure of the estimated liquidity need of each material entity post-failure to successfully execute the Company's Preferred Resolution Strategy.
ROTCE	return on average tangible common equity
RRC	Recovery & Resolution Committee, Oversees the management of the Company's Resolution Plan and associated resolvability risks. As a management governance committee, it has the authority to direct certain business activities related to recovery and resolution planning on behalf of the executive management or the Board. Key responsibilities of the RRC include oversight of the Company's Resolution Planning Policy, approving changes to key elements, approving changes to the Resolution Plan, and approving key assumptions supporting the Resolution Plan. The RRC is sponsored by and operates under the chief financial officer.
RRPO	Part of the Enterprise Finance Group, the RRPO leads recovery and resolution planning. The RRPO develops and maintains Wells Fargo's plan strategies, ensures the Company maintains the necessary capabilities to execute its strategies, prepares required plan documentation, and ensures the Company operates within a well-defined governance framework. The RRPO relies upon an extensive network of senior leaders across the Company, who are responsible for executing recovery and resolution planning requirements.
Runway	Represents the Enterprise Financial Assessment Level whereby the Company's failure is possible and it prepares to execute the Resolution Plan.
RWA	risk weighted assets; a measurement of a bank's on- and off-balance sheet exposures, including credit risk, market risk, and operational risk according to U.S. Basel III rules; measured under both the Standardized and Advanced approaches for the Company's forecasting purposes.
SEC	U.S. Securities and Exchange Commission
Section 165(d)	Section 165(d) of the Dodd-Frank Act.
Secured Support Agreement (Support Agreement)	Secured Support Agreement means the Wells Fargo Support Agreement dated as of June 28, 2017, as amended or otherwise modified from time to time, including by the Wells Fargo Amended and Restated Support Agreement dated as of June 26, 2019.
Security Agreement	The Security Agreement dated as of June 28, 2017, as amended or otherwise modified from time to time, including by that certain Amended and Restated Security Agreement dated as of June 26, 2019, among the Parent WFCH and the Related Support Entities, as grantors, WFCH and the Covered Material Entities, as secured parties, and WFBNA, as the collateral agent.

Term	Definition
Service	Identifies a collection of internal actions performed across the enterprise to enable delivery of products and Services to internal and external stakeholders. A Service generally meets the following conditions: (1) is primary to what the support function or business area provides, rather than a task or a function; (2) has at least one FTE performing the Service; or (3) has at least one accounting unit aligned to it.
Service Catalog	A relational database with flexible query and reporting capabilities that contains the following services-related data: Service Taxonomy, components used to perform services in the Service Taxonomy, legal entities providing and receiving components and services, and service linkages.
Service Material Entities	The material entities that are designated as material entities primarily because of their role in the provision of critical services, including EGS India, WFP, WFECS, and Forum.
service provider	A Legal Entity that provides a service and is responsible for the management and decision-making governing the service. The Service Provider is a recipient of critical service and non-critical service components provided by component providers to the extent other legal entities contribute to the delivery of the service. This may also be referred to as critical service provider.
service receiver	A service receiver is a Legal Entity that receives a service from a service provider.
Services Governance Office	Oversees the Company's Service Delivery Model to ensure the efficient, effective, and sustainable delivery of services across the Company by maintaining the enterprise-wide inventory of services and the components required for service delivery, facilitating the identification of critical services, identifying the interconnectedness of services across legal entities, mitigating identified service continuity risks, and documenting all intercompany service relationships across the enterprise.
SPOE	single point of entry; meaning the commencement of Chapter 11 proceedings in respect of the Parent (and possibly certain immaterial subsidiaries) only, while all other material entities remain outside of bankruptcy or resolution proceedings and continue to operate as going concerns.
Stress	Represents the Enterprise Financial Assessment Level whereby the Company is experiencing increased stress and its financial condition has deteriorated such that access to capital and debt markets has been impaired, including substantially increased funding costs, and recovery triggers may be breached.
Subcommittee	Recovery & Resolution Strategy Subcommittee; the Subcommittee supports senior management and the RRC in carrying out its resolution planning oversight responsibilities, including the development, review, and approval of resolution planning-related assumptions, as well as the prioritization of strategic and capability-specific resolution planning issues for RRC final decision.
Target	Represents the Enterprise Financial Assessment Level whereby the Company is financially strong and operating under target operating conditions.
TLAC	total loss-absorbing capacity; long-term debt, and Clean Holding Company Requirements for Systemically Important U.S. Bank Holding Companies and Intermediate Holding Companies of Systemically Important Foreign Banking Organizations, 82 Fed. Reg. 8266 (January 24, 2017) (codified at 12 C.F.R. Part 252).
Trigger Framework	The Company's trigger framework includes quantitative or qualitative indicators that enable us to identify and monitor the onset of stress in a timely manner. Monitoring includes financial and non-financial metrics.
Trust	The private trust that will hold 100% of the equity of New HoldCo and oversee New HoldCo and its subsidiaries for the sole benefit of the Parent's Chapter 11 estate.
Vigilance	Represents the Enterprise Financial Assessment Level whereby signs of remediable stress and deterioration of financial condition begin to occur, the Company's risk appetite or other boundaries are exceeded as part of the normal course of business, and Corporate ALCO may take actions outlined in the CCP, CFP, or the Recovery Plan.

Term	Definition
Wells Fargo & Company	Wells Fargo & Company including its subsidiaries is referred to as the "Company" and, as a stand-alone entity, referred to as the "Parent."
WFAS	Wells Fargo Audit Services, the Company's independent oversight function, which in accordance with the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing, develops an annual audit plan to determine whether the risk management, system of controls, and governance processes for resolution planning are adequate and functioning as intended.
WFBNA	Wells Fargo Bank, National Association; it is also referred to as "the Bank"
WFBNA-LB	Wells Fargo Bank, N.A., London Branch
WFCH	WFC Holdings, LLC
WFCS	Wells Fargo Clearing Services, LLC
WFECS	Wells Fargo Enterprise Global Services, LLC
WFF	Wells Fargo Funding, Inc.
WFBW	Wells Fargo National Bank West
WFP	Wells Fargo Properties, Inc.
WFS LLC	Wells Fargo Securities, LLC
WFT	Wells Fargo Technology
WIM	Wealth and Investment Management