

*Wells Fargo & Company*  
**2016 Resolution Plan Submission**  
**Public Section**

October 1, 2016



## Forward-Looking Statements

This document contains forward-looking statements about the Company's future plans, objectives, and resolution strategies, including the Company's 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 Company's expectations and projections regarding the implementation and effectiveness of the Company's resolution strategies are based on scenarios and assumptions that are hypothetical 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 information about factors that could cause actual results to differ materially from the Company's expectations, refer to the Company's reports filed with the U.S. Securities and Exchange Commission (the "SEC"), including the discussion under "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, as filed with the SEC and available on its website at [www.sec.gov](http://www.sec.gov).

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## A. Introduction

Wells Fargo & Company (the “Parent” and, together with its consolidated subsidiaries, the “Company”) is a “covered company” for purposes of the resolution plan requirement under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and, as such, is required to submit a resolution plan under Section 165(d) of the Dodd-Frank Act and the related rule (the “Title I Rule”).<sup>1</sup> On July 1, 2015, the Company submitted its 2015 resolution plan (the “2015 Submission”) in accordance with the Title I Rule.

On April 12, 2016, the Board of Governors of the Federal Reserve System (the “FRB”) and the Federal Deposit Insurance Corporation (the “FDIC” and, together with the FRB, the “Agencies”) issued a letter providing feedback on the Company’s 2015 Submission (the “2015 Plan Feedback Letter”). In the 2015 Plan Feedback Letter, the Agencies noted improvements over prior resolution plan submissions, but jointly determined that the 2015 Submission was not credible or would not facilitate an orderly resolution under the U.S. Bankruptcy Code (the “Bankruptcy Code”).

The Agencies jointly identified three aspects of the 2015 Submission that were deficient and that the Company must address in a resolution plan submission to be filed with the Agencies on or before October 1, 2016 (the “2016 Submission”). The deficiencies relate to: (1) resolution planning governance at the Company (the “Governance Deficiency”), (2) operational matters with respect to shared services and the Company’s preferred strategy for resolving Wells Fargo Bank, N.A. (“WFBNA”) (the “Operational Deficiency”) and (3) the legal entity rationalization (“LER”) criteria included in the 2015 Submission (the “LER Deficiency”).

After receiving the 2015 Plan Feedback Letter, the Company mobilized team members from across the Company to take actions that it believes have remediated the deficiencies identified by the Agencies.

The Company’s board of directors (the “Parent Board”) and management team understand the importance of resolution planning and remain committed to meeting regulatory expectations and ensuring the Company is resolvable. The Company recognizes the need to ensure sound governance over its resolution preparation and planning processes. The Company further recognizes the need for fully developed operational capabilities to ensure it is prepared for a resolution event, and governance practices that consider alignment of legal entities and business lines to improve the Company’s resolvability. In addition to the efforts the Company has taken to remediate the three deficiencies, the Company continues to take steps to further embed resolvability considerations into the day-to-day management of the Company. Details on these remediation efforts are described below.

In this Public Section, the Company has included an overview of certain other actions the Company has taken to enhance its resolvability as well as actions underway to address the Agencies’ Guidance for 2017 §165(d) Annual Resolution Plan Submissions by Domestic Covered Companies that Submitted Resolution Plans in July 2015 (the “2017 Guidance”) in advance of the Company’s 2017 resolution plan submission (the “2017 Submission”). The Company has also included, for context, an overview of its

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<sup>1</sup> Under the Title I Rule, each “covered company,” including U.S. bank holding companies with assets exceeding \$50 billion, is required to submit a resolution plan.

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business and a description of certain elements of its 2015 Submission, including its material entities, core business lines and a high-level description of the resolution strategy for the Parent and each material entity.

Unless otherwise indicated, information in this Public Section is provided as of June 30, 2016.

## The Company

The Company is a diversified, community-based financial services company with \$1.9 trillion in assets. Founded in 1852 and headquartered in San Francisco, the Company provides banking, insurance, investments, mortgage, and consumer and commercial finance through more than 8,600 locations, 13,000 ATMs, digital (online, mobile and social), and contact centers (phone, email and correspondence). The Company has offices in 36 countries and territories to support its customers that conduct business in the global economy. With approximately 268,000 active, full-time equivalent team members, the Company serves one in three households in the United States. The Company's vision is to satisfy its customers' financial needs and help them succeed financially.

The Company has identified only a limited number of material entities in its prior resolution plan submissions. The Company believes that this fact distinguishes it from most of its peer institutions and that its straightforward legal entity structure and operating model promotes resolvability. The table below provides a brief description of the Parent and each of its material entities under the Title I Rule. A more detailed description and summary of these entities is provided in Section F, Company Overview.

**Figure A-1 Material Entities**

Material Entity	Description
Wells Fargo & Company ("Parent")	Wells Fargo & Company is the ultimate parent in the Company's organizational structure and a covered company under the Title I Rule.
Wells Fargo Bank, National Association ("WFBNA")	WFBNA is a national banking association that, with its subsidiaries, represents approximately 90% of the Company's consolidated assets and accounts for a majority of the Company's consolidated revenue and net income.
Wells Fargo Securities, LLC ("WFS LLC")	WFS LLC is a Delaware limited liability company and is registered with the SEC as a broker-dealer and with the U.S. Commodity Futures Trading Commission as a futures commission merchant ("FCM").
Wells Fargo Advisors, LLC ("WFA LLC")	WFA LLC is a Delaware limited liability company registered with the SEC as both a broker-dealer and an investment advisor.
First Clearing, LLC ("FC LLC")	FC LLC is a Delaware limited liability company and a wholly-owned subsidiary of WFA LLC and is registered as a broker-dealer with the SEC.

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The Company believes its resolvability is enhanced by its relatively straightforward legal entity structure and operating model, and its primarily domestic geographic profile. Although the Company has offices in 36 countries and territories, as of June 30, 2016, foreign loans only represented approximately 6% of its total loans outstanding and approximately 3% of its total assets. The vast majority of the Company's assets, income, critical operations, core business lines, and critical services are within its lead bank, WFBNA. The Company believes this increases its resolvability because key support functions and technology largely reside within WFBNA, which has the benefit of limiting interconnectivity between WFBNA and its non-bank affiliates and protecting WFBNA from the activities of its non-bank affiliates. The Company believes that, with the remediation actions taken to address the deficiencies identified in the 2015 Plan Feedback Letter, the preferred resolution strategy described in its 2015 Submission provides for the rapid and orderly resolution of the Company without posing systemic risk, while maintaining the Company's ability to execute those operations which are critical to the financial stability of the United States.

The preferred resolution strategy for WFBNA (the "Bridge Strategy") is based on a receivership process under the Federal Deposit Insurance Act ("FDIA"). Under the FDIA, the FDIC can form a bridge bank in connection with the failure of a bank to provide, maintain, and operate some or all of the businesses of the bank during the time between its failure and the time when the FDIC can implement a resolution strategy and return the bank to private ownership. The Company's Bridge Strategy contemplates the establishment of a bridge bank for WFBNA and the movement to the bridge bank of the majority of WFBNA's assets and liabilities, consistent with the rights accorded to the FDIC as receiver under the FDIA. The Bridge Strategy is designed to avoid the need for any extraordinary government or taxpayer support. For more details on the Bridge Strategy and the strategy to resolve the Parent and its other material entities, please reference Section G, High-level Description of Resolution Strategies.

## Summary of Deficiencies Identified by Agencies in the Company's 2015 Submission

In the 2015 Plan Feedback Letter, the Agencies noted improvements in the 2015 Submission over the Company's prior resolution plans, but identified deficiencies in three areas: (1) governance, (2) operational and (3) legal entity rationalization. Following receipt of the 2015 Plan Feedback Letter, the Company significantly increased the resources devoted to resolution planning and launched initiatives to address the identified deficiencies.

- **Governance Deficiency:** The Agencies noted material errors contained in the 2015 Submission, which required a resubmission of the resolution plan pro-forma financial analysis supporting the 2015 Submission. The Agencies determined that these errors called into question (1) the executability of the 2015 Submission specifically due to the need to strengthen resolution planning governance, and (2) the extent of appropriate internal review and coordination with respect to the 2015 Submission. The Agencies also raised concerns regarding resolution planning staffing.
- **Operational Deficiency:** The Agencies determined that the Company had not sufficiently identified the shared services that support critical operations and thereby raised uncertainty about the Company's ability to maintain critical operations and execute the Bridge Strategy. The Agencies

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also required that the Company demonstrate that the Bridge Strategy, including the divestitures of the regional portfolios contemplated in the strategy, is sufficiently actionable.

- **LER Deficiency:** The Agencies determined that the Company's LER criteria included in the 2015 Submission (the "2015 LER Criteria") lacked the specificity that would clearly lead to actions or arrangements that promote the best alignment of legal entities and business lines to improve the firm's resolvability. The Agencies also determined that the Company's "Guiding Principles" for legal entity rationalization that were a component of the 2015 LER Criteria could de-emphasize resolvability concerns during implementation of the 2015 LER Criteria due to their commercial focus, which raised concerns for the Agencies regarding the potential lack of an adequate framework to ensure the appropriate prioritization of the 2015 LER Criteria over the Guiding Principles.

As further described herein, the Company believes the three deficiencies have been remediated as required by the 2015 Plan Feedback Letter. In addition, the Company is committed to continuing to enhance its resolvability and resiliency and meeting regulatory expectations for the 2017 Submission. The Company continues to invest in and support projects to improve its resolvability and will continue to incorporate resolvability considerations into its decision-making processes.

## Actions Taken That Have Enhanced Resolvability

The Company has taken a number of actions to enhance its overall resolvability and is committed to taking additional actions to further improve the Company's resolvability to meet heightened regulatory expectations while creating an organizational structure that would support an orderly resolution of the Company in the unlikely event of failure. The following describes some of the actions the Company has taken:

- **Improved Balance Sheet Resiliency:** The Company has taken steps to improve the quality and composition of its balance sheet, which includes increasing both the liquid assets available to meet its needs in a time of stress and the amount of capital available to absorb potential losses. Liquid assets, which are primarily comprised of cash, short-term investments, and government and agency mortgage backed securities, have grown from approximately 14% of total assets at December 31, 2010 to approximately 28% of total assets as of June 30, 2016. The Company had total equity of \$203 billion at June 30, 2016, an increase of \$75 billion, or approximately 60%, from \$128 billion at December 31, 2010, and its common equity tier 1 ratio (calculated under transition requirements) of 10.82% as of June 30, 2016 exceeded regulatory requirements for a well capitalized bank.<sup>2</sup> Additionally, the Company has begun increasing its long-term debt in preparation for the final Total Loss Absorbing Capacity ("TLAC") rules, which are intended to bolster the ability of banks to withstand financial stress and failure without imposing losses on taxpayers. Under the Company's interpretation of the proposed TLAC rules, it had approximately \$258 billion of TLAC as of June 30, 2016.

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<sup>2</sup> For additional information regarding the Company's common equity tier 1 ratio, please see the Capital Management section and Note 19 (Regulatory and Agency Capital Requirements) to Financial Statements in the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, available on the SEC's website at [www.sec.gov](http://www.sec.gov).

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- **Enhanced Legal Entity Governance Processes and Policies:** The Company has adopted governance processes and policies that have the effect of making the Company more resolvable. The Company has adopted a Legal Entity Lifecycle Policy (the “Lifecycle Policy”) to provide for the monitoring, oversight and governance of the Company’s subsidiaries. Under the Lifecycle Policy, all subsidiaries of the Company have been assigned a risk tiering that drives the governance and risk management requirements for establishing, owning, monitoring, changing and ultimately disposing of Company subsidiaries. Notably, the Lifecycle Policy was amended in connection with revised LER criteria the Company established in response to the 2015 Plan Feedback Letter.
- **Created Greater Consistency in Provision of Internal Services:** The Company has taken steps to adopt a more simplified and consistent organizational structure for the provision of key internal service functions such as Finance, Human Resources, Technology, and Marketing. These steps enhance the Company’s resolvability by bringing greater uniformity to how these services are provided in support of the Company’s critical operations and core business lines.
- **Amended Guarantee Policy:** The Company has amended its enterprise-wide guarantee policy to significantly limit guarantees provided by or running to the benefit of the Parent. The amendment to the Company’s guarantee policy supports resolvability by helping to ensure that if the Parent were to enter into a resolution proceeding, third-parties would not have cross-default rights to terminate contracts entered into with the Parent’s subsidiaries arising by virtue of Parent guarantee arrangements.
- **Eliminated Redundant, Dormant, or Inactive Subsidiaries:** The Company continues to eliminate redundant, dormant, or inactive subsidiaries within a reasonable period of time following their becoming redundant, dormant, or inactive. The Company has eliminated over 1,200 legal entities since the Company acquired Wachovia Corporation on December 31, 2008. The Company will continue to look to simplify its legal entity structure based on revised LER criteria developed by the Company in response to the 2015 Plan Feedback Letter. Eliminating redundant, dormant, or inactive subsidiaries helps reduce complexity and thereby improves both the ongoing operation and the resolvability of the Company.
- **Reduced Non-Core Businesses:** While the Company has continued to grow its balance sheet through organic growth and acquisitions, the Company has executed a number of divestitures since the 2015 Submission, which serve to improve resolvability by reducing certain complexities. These have included the sale of its Warranty Solutions business, its market leading crop insurance business, and its Health Care Benefits business line. The Company also recently announced the sale of its global fund administration business.
- **Developed Playbooks:** The Company has developed a number of operational and execution playbooks, including with respect to financial market utilities (“FMUs”) and strategic sales transactions contemplated in connection with the Bridge Strategy for WFBNA. The Company also has developed and is enhancing its governance playbooks for the Parent Board and for the board of directors of WFBNA (the “WFBNA Board”), and is developing new governance playbooks for the boards of directors of the Company’s other material entities, consistent with the 2017 Guidance, in



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order to inform directors of their fiduciary duties and the actions they may be asked to take in a resolution scenario.

- **Adhered to the ISDA Protocol:** The Parent, WFBNA and WFS LLC have agreed to adhere to the 2015 International Swaps and Derivatives Association Universal Resolution Stay Protocol (the “ISDA Protocol”), which helps address the issue of default termination rights in qualified financial contracts (“QFCs”). The ISDA Protocol was developed by the International Swaps and Derivatives Association (“ISDA”), in coordination with the Financial Stability Board and international regulators, to reduce systemic risk by staying the early termination of QFCs upon the commencement of resolution proceedings by an affiliate of a QFC party. Adherence to the ISDA Protocol enhances the Company’s resolvability by preventing the termination of QFCs covered by the protocol, and liquidity outflows associated with such terminations, upon the entry of adhering Company entities into resolution proceedings.

## Enhancements Applicable to the SR 14-1 Guidance and 2017 Guidance

The Company implemented a firm-wide accountability model to support compliance with regulatory requirements and to increase the involvement of resolution planning participants across the Company. Senior executives leading a number of the Company’s departments (including finance, treasury, operations, corporate development, strategic planning, capital markets, and information technology) oversee projects designed to address regulatory guidance, including the SR 14-1 Guidance<sup>3</sup> and the 2017 Guidance, as well as supporting preparation of the 2017 Submission.

These senior executives also have responsibility for enhancing the Company’s resolution preparedness capabilities, and managing ongoing remediation efforts with respect to the development and enhancement of these capabilities. The Company performed an updated gap assessment against the SR 14-1 Guidance and a gap assessment against the 2017 Guidance and summarized these results as part of the 2016 Submission. These assessments were performed under a governance framework that included the Company’s risk management and audit functions, which provide an additional layer of independent review and challenge. Through this effort, the Company identified areas where progress has been made towards meeting the SR 14-1 Guidance and the 2017 Guidance, as well as areas where capabilities need to be further enhanced prior to the 2017 Submission. For more details on the Company’s capability focus areas for the 2017 Submission, please refer to Section E, Resolvability Enhancements Related to the SR 14-1 Guidance and 2017 Guidance.

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<sup>3</sup> On January 24, 2014, the FRB issued Principles and Practices for Recovery and Resolution Preparedness attachment to Supervisory Letter 14-1 (Heightened Supervisory Expectations for Recovery and Resolution Preparedness for Certain Large Bank Holding Companies – Supplemental Guidance on Consolidated Supervision Framework for Large Financial Institutions (SR Letter 12-17/CA Letter 12-14)) setting forth heightened regulatory expectations regarding recovery and resolution preparedness for large bank holding companies.

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## B. Actions Taken to Address the Governance Deficiency

### Deficiency Description

The Agencies identified a deficiency regarding the Company's resolution planning governance in the 2015 Plan Feedback Letter. The Agencies raised concerns regarding the Company's quality control, senior management oversight and resolution planning staffing, as well as the extent of appropriate internal review and coordination of the 2015 Submission.

To address the Governance Deficiency, the Agencies, in the 2015 Plan Feedback Letter, stated that the Company must "demonstrate in its 2016 Submission that it has implemented a robust process to ensure quality control and accuracy regarding its resolution plan submissions and the consistency of financial and other information reported for material legal entities and other elements of its resolution plan. To demonstrate that the firm has addressed these issues, including quality control and the accuracy of information, the firm must set forth the specific processes it has implemented regarding the preparation of resolution plans, including the mechanisms for independently verifying internal coordination and review and active oversight by senior management."

### Remediation Efforts

To address the deficiency, the Company implemented the following:

- Enhanced the executive and senior management oversight of resolution planning. The Company's President has taken a more prominent role as the executive sponsor of all recovery and resolution planning ("RRP") initiatives at the Company. Its Chief Financial Officer ("CFO") now leads the formal management governance committee for RRP, and the committee membership has been expanded to include senior executives from key support groups, including the Company's Controller, Head of Corporate Enterprise Risk, and the Chief Technology Officer.
- Strengthened the governance structure over resolution planning activities at the Company. The Company has elevated the oversight committee for RRP to a formal governance committee, supported by clear issue escalation paths to the Parent Board. The Company revised and enhanced its Resolution Planning Policy and better documented its resolution plan procedures.
- Increased personnel in the Recovery and Resolution Planning Office ("RRP Office") which functions as the central management organization responsible for overseeing execution of RRP activities across the Company. In addition, additional personnel have been aligned in related control functions to enable independent review, challenge, and an assessment of the end-to-end resolution planning processes. The Company elevated the RRP Office to report directly to the Chief Financial Officer, and assigned a Company leader with 24 years of experience and a background in senior risk management to lead it. The RRP Office was re-organized along functional lines to better address the needs of RRP and began executing a staffing plan that is expected to double the RRP Office staff over the next six to 12 months. This is in addition to more than doubling the size of the RRP Office since the time the 2015 Submission was filed.

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- Designed and adopted an enhanced process to help ensure quality control and accuracy of resolution plan submissions, including the consistency of financial information. The Company designed an enhanced and expanded process for producing reliable and internally consistent resolution plan pro forma financial statements, leveraging established approaches used by the Company for other corporate-wide exercises requiring financial projections, such as the Comprehensive Capital Analysis and Review (“CCAR”) and the annual budget/financial plan. The Company created a plan execution team within the RRP Office with the primary responsibility of producing accurate and complete resolution plans, including associated financial projections. The Company also added additional staffing capacity to the RRP Office to support quality control initiatives.
- Established the Recovery and Resolution Planning Core Group, a working group of senior leaders representing lines of business and corporate functions, which serves as the production link to executive management at the Company. This Core Group reflects the Company’s approach to embedding resolution planning activities into the daily management routines of the lines of business and corporate functions.
- Enhanced awareness and understanding of the importance of resolution planning at the Company. The Company created and began implementation of a multi-phase RRP education plan for the Parent Board, the Company’s management committee and firm-wide teams involved in resolution planning.
- Reorganized the Company’s resolution planning approach and implemented an integrated workstream model in order to increase the accountability and involvement of resolution planning participants and stakeholders across the Company. The integrated workstream model is detailed below in Section E, Resolvability Enhancements Related to the SR 14-1 Guidance and 2017 Guidance.
- Strengthened risk oversight of resolution planning activities. Resolvability risk has been designated as a risk category to be managed with a higher degree of formalized governance. The Company’s “second line of defense” is comprised of both the Corporate Enterprise Risk Group (“CERG”) and Enterprise Controls & Oversight (“EC&O”), who together provide independent assessment, monitoring, and oversight of resolution planning activities. CERG, which reports to the Company’s Chief Risk Officer, provides an independent assessment and challenge of the Company’s resolvability assumptions and mitigating actions to help ensure that they are reasonable. CERG established an RRP oversight strategy and created an oversight target staffing model to increase the size of its team, including support from multiple subject matter experts in existing risk oversight areas such as capital, liquidity, and strategic planning. EC&O, which reports to the Company’s Corporate Controller, has an established quality assurance testing team which will test for the completeness and accuracy of data and the effectiveness of key financial projections controls.
- Expanded the independent review of resolution planning activities by Wells Fargo Audit Services (“WFAS”). WFAS created a dedicated RRP audit team and significantly increased its target staffing model dedicated to ongoing audit activities over RRP. This includes an enhanced audit approach and detailed audit testing through the development of an RRP audit framework that includes robust RRP risk assessments and detailed audit testing playbooks. The approach includes annual execution of a risk based, end-to-end enterprise audit performed by the RRP audit team. The expansion of the

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WFAS coverage strategy over the RRP program serves as a mechanism for independently assessing and testing the end-to-end internal control environment for the program and its adherence to regulatory guidance.

## Conclusion

As a result of the efforts described above, the Company believes it has enhanced the governance of its resolution planning processes and overall resolvability efforts and has addressed and remediated the Governance Deficiency.

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## C. Actions Taken to Address the Operational Deficiency

### Deficiency Description

In the 2015 Plan Feedback Letter, the Agencies identified an Operational Deficiency consisting of two components: (1) Shared Services and (2) Bridge Strategy. The Agencies also included a strategy-related item in their discussion of the LER Deficiency. Given that the resolution strategy-related item in the LER Deficiency focuses on the Company's ability to execute its Bridge Strategy for WFBNA, the Company elected to address this item in the 2016 Submission as part of the Bridge Strategy component of the Operational Deficiency.

With respect to Shared Services, the Agencies noted the importance of identifying the shared services that support critical operations ("Critical Services") and noted that identifying those Critical Services related to each WFBNA regional portfolio<sup>4</sup> was crucial to the execution of the Bridge Strategy. The Agencies determined that in order to sufficiently address the Shared Services component of the Operational Deficiency, the Company "must identify all Critical Services necessary to support its material entities and regional units identified for disposition; map how and where these services support the firm's core business lines, critical operations, and regional units that the firm plans to dispose of as part of its resolution strategy; and incorporate such mapping into its legal entity rationalization criteria and implementation efforts."

With respect to Bridge Strategy, the Agencies stated that the Company must show that the Bridge Strategy could be executed as described in the 2015 Submission. The Bridge Strategy relies on a bridge bank completing the sales of a number of regional portfolios to reduce the size of the Company's banking franchise. In the 2015 Plan Feedback Letter, the Agencies require the Company to "show that its strategy could be executed as described in the 2015 Submission by demonstrating that the separation and sales are sufficiently actionable," by "providing detailed information for each regional unit regarding (A) Critical Services, (B) key personnel, (C) use and access to technology, and (D) other elements required to effectuate the sale of the regional units as provided for in the strategy."

### Remediation Efforts

To remediate the Shared Services component of the Operational Deficiency, the Company identified all Critical Services necessary to support its critical operations, core business lines, material entities and proposed regional portfolios and incorporated the connectivity of Critical Services into the Company's revised LER criteria and associated implementation plans.

- The Company refined existing service taxonomies to better define and identify services provided within the Company or by external parties. The resulting service taxonomy includes a list of all identified services, definitions, and descriptions of each service and the components that make up the

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<sup>4</sup> "Regional portfolios" are part of the Bridge Strategy for resolving WFBNA. They consist of customer accounts comprised of certain consumer and commercial loan products (primarily real estate secured, middle-market commercial, and credit card accounts) extended to customers residing in a defined geographic area, as well as the consumer deposits and associated retail branch distribution network in the area.

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service. The service taxonomy consists of 19 categories, including finance, human resources, legal, operations and information technology and serves as the foundation for the subsequent identification of services provided or received by different areas of the Company. Refinement of the service taxonomy incorporated the sourcing and integration of data from a number of existing internal systems of record, as well as leveraging standard industry taxonomy catalogs.

- The Company further enhanced the service taxonomy by identifying and documenting those services considered Critical Services, based on determining whether (1) the sudden discontinuation of the service would result in a serious disruption or collapse of a critical operation or (2) the service was necessary to execute an orderly resolution. These determinations were made with the involvement of subject matter experts across the Company. Each Critical Service was also assessed for ease of substitution based on the presence of regulatory or other legal restrictions on the use of non-affiliate service providers and the ease of transitioning the service to a comparably priced service provider without disrupting the relevant critical operation.
- A legal entity provider was identified for each service, including Critical Services. The Company also identified the critical operation, core business line, and material entity recipients of Critical Services by referring to financial data, consulting with line of business subject matter experts and using business judgment. The Company also identified regional portfolios in the Bridge Strategy that are recipients of Critical Services, determined which Critical Services support those regional portfolios and whether the surviving bank could provide such Critical Services to the regional portfolios following their sale.
- Using the information gathered through the processes described above, the Company developed a service catalog, which contains the full service taxonomy and a mapping of (1) the legal entity provider of each service in the service taxonomy, including Critical Services, (2) the critical operation, core business line, material entity and regional portfolio recipients of each Critical Service and (3) personnel, facilities, applications, third parties and intellectual property associated with each Critical Service. The Company developed a plan to govern and maintain the service catalog and its mapping tables, and embed it into the Company's routine management processes.
- The Company also incorporated its understanding of Critical Services into the revised LER criteria by utilizing the service catalog and mapping, which is further discussed in Section D, Actions to Address the Legal Entity Rationalization Deficiency.

To remediate the Bridge Strategy component of the Operational Deficiency, including the strategy-related item identified by the Agencies in the LER Deficiency, the Company sought to demonstrate that its proposed regional separation strategy is actionable by compiling detailed information for the proposed sale of each regional portfolio. Specifically:

- The Company analyzed each regional portfolio contemplated in the Bridge Strategy in order to better define the assets, liabilities, properties, technology, and personnel to be included in each regional portfolio sale. Based on the information collected from this process, the Company developed the capability to confirm that no Critical Services would be transferred from the bridge bank as part of any regional portfolio sale. Importantly, the regional portfolio sales would consist of sales of assets

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and deposits, while any operations centers and technology assets that may physically reside within a geographic region would generally not be sold through the divestiture of the corresponding regional portfolio.

- The Company identified key personnel for the regional portfolio sales and organized them into three categories: (1) personnel connected to a particular regional portfolio who would likely be transferred to a potential buyer; (2) personnel who support Critical Services and would not be transferred; and (3) personnel who would provide expertise to complete the divestitures but would not be transferred. This identification and categorization was important to help demonstrate that the divestiture of a regional portfolio would not adversely impact the Company's ability to maintain critical operations and Critical Services in resolution.
- The Company identified the technology applications required to maintain Critical Services to execute regional portfolio sales and to ensure that customers continue to receive products and services, based on the regional portfolios. As part of this identification process, customers were classified into categories based on products and accounts likely being divested as part of regional portfolio sales, remaining in the Surviving Bank,<sup>5</sup> or both. Upon divestiture, changes would be made to customer access channels, applications, data segregation protocols, and supporting business processes to deliver services to customers, based on prospective buyer capabilities and preferences.
- The Company's Corporate Development group, which is responsible for managing strategic transactions including acquisitions and divestitures, conducted an assessment of the viability of the regional portfolio sales contemplated in the Bridge Strategy. This assessment was focused on development of the information likely to be required by potential buyers of the regional portfolios.

## Conclusion

Through the actions and initiatives described above, the Company believes it has addressed and remediated the Operational Deficiency and the strategy-related item identified by the Agencies in the LER Deficiency. The Company believes that the mapping and analyses performed in response to both the Shared Services and Bridge Strategy components of the Operational Deficiency have further enhanced the Company's resolution capabilities and also has helped demonstrate that the processes, expertise and data collection capabilities are in place to allow the FDIC as receiver for WFBNA to effect the regional portfolio sales.

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<sup>5</sup> The Surviving Bank is the banking franchise that would emerge from the resolution of WFBNA and be returned to private ownership through the initial public offering described in the 2015 Submission. All core, enterprise-wide infrastructure of WFBNA prior to its failure that would be required to support critical operations and core business lines during its receivership would be part of the Surviving Bank.



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## D. Actions Taken to Address the Legal Entity Rationalization Deficiency

### Deficiency Description

The Agencies identified a deficiency regarding the Company's LER criteria included as part of the 2015 Submission (the "2015 LER Criteria"). In the 2015 Plan Feedback Letter, the Agencies noted that the 2015 LER Criteria lacked the specificity that would clearly lead to actions or arrangements that promote the best alignment of legal entities and business lines to improve the Company's resolvability. In addition, the Agencies indicated that the 2015 LER Criteria did not provide adequate controls for future strategic changes. The Agencies also noted that the Bridge Strategy for WFBNA requires the Company to address a range of operational issues, which are addressed above within Section C, Actions Taken to Address the Operational Deficiency.

The Agencies determined that, in order to address the LER Deficiency, the 2016 Submission must "establish legal entity rationalization criteria that (A) are clear, actionable and promote the best alignment of legal entities and business lines to improve the firm's resolvability and (B) govern the firm's corporate structure and arrangements between legal entities in a way that facilitates the firm's resolvability as its activities, technology, business models or geographic footprint change over time." The 2016 Submission must also reflect that the Company has "established governance procedures to ensure its revised criteria are applied on an ongoing basis."

### Remediation Efforts

To remediate the LER Deficiency, the Company took the following actions:

- The Company established a working group to oversee the day-to-day execution of LER-related remediation efforts. The working group is a cross-functional group of key leaders from Corporate Risk, the Law Department and the RRP Office. To augment remediation efforts, the working group is supported by external advisors who provide additional insight. The Company also has a legal entity governance committee ("LEGC") that oversees the management of the Company's risks related to legal entities. The LEGC's charter has been amended to expand its role, authority and membership in response to the 2015 Plan Feedback Letter. The LEGC was actively involved in the efforts to address the LER Deficiency.
- The Company created revised legal entity rationalization criteria and developed related rationale and application protocols. The Company believes that these revised LER criteria, rationale, and application protocols meet the requirements of the 2015 Plan Feedback Letter. The revised LER criteria were informed by a number of considerations, including Agency feedback, guidance from internal subject matter experts, and third-party perspective on industry practices. The LEGC reviewed and approved several of the LER-related deliverables, including the revised LER criteria. The revised LER criteria are intended to serve as protocols to focus on the construction of, and promote a more resolvable, legal entity organizational structure; align with the Company's operating model and resolution strategy; provide sufficient flexibility to accommodate changes in the



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Company's business model and the regulatory / legal environment in which the Company operates; and assist in making management decisions in light of competing priorities. The criteria were designed to be used by the Company on both an event-driven and periodic basis.

- Each of the elements of the revised LER criteria consists of individual rationalization criterion, the rationale for each criterion and guidance to help management implement the criterion. The rationales focus on streamlining the Company's structure, both in terms of the Company's legal entity organizational structure and the alignment of Critical Services, critical operations and core business lines to legal entities, in order to enhance resolvability. The guidance provides examples and the additional detail necessary to make the criteria clear and actionable.
- The Company developed comprehensive and methodical resolvability assessment approaches, utilizing a variety of analytical techniques to assess the extent of alignment between its legal entity organizational structure and the revised LER criteria and to determine whether changes to the legal entity organizational structure are required. The resolvability assessment approaches can be used by management on both a periodic and event-driven (e.g., in response to a proposed acquisition, new product launch or re-organization) basis. These approaches will be applied to the legal entity organizational structure prior to the 2017 Submission.
- The Company conducted a resolvability assessment pilot. The pilot was conducted with senior representatives from a number of areas within the Company, including CERG, the Law Department, and the RRP Office. The objectives of the pilot were to test the revised LER criteria against the Company's legal entity organizational structure to determine if the criteria were clear and actionable. The Company believes the results of the pilot helped demonstrate that the revised LER criteria are clear and actionable, and it also helped inform longer-term initiatives. Additional resolvability assessments will be conducted in the future using various resolvability assessment approaches.
- To help embed the use of the revised LER criteria into routine management processes, the Company mandated specific application procedures that will require the Company to routinely monitor the size, growth, risk profile, and geographic footprint of its key businesses and legal entities. These procedures will require formal re-evaluations of the material entity designations on an annual basis (or more frequently as necessary), including a review of foreign resolution jurisdictions and the degree of Critical Services provided to critical operations.
- The Company developed an event-driven legal entity assessment decision tree, which describes the process to assess proposed business events that could potentially modify the Company's existing legal entity organizational structure. The Company also prepared an initial list of key business decisions or events that could potentially trigger the need to conduct an event-driven resolvability assessment, including a merger or acquisition, the launch of a new product, the entry into a new geographic region or customer segment, the adoption of a new technology or new distribution channel, or a re-organization.

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## Conclusion

Through the actions and initiatives described above, including developing the revised LER criteria and enhancing its legal entity governance, the Company believes it has addressed and remediated the LER Deficiency.

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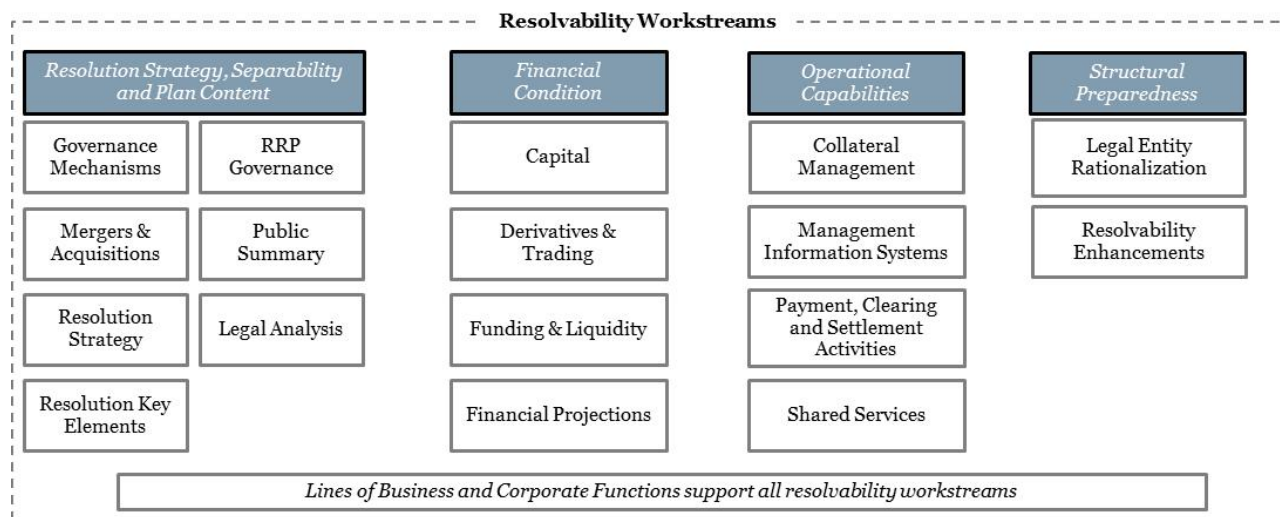
## E. Resolvability Enhancements Related to the SR 14-1 Guidance and 2017 Guidance

The Company continues to maintain and, where necessary, build operational capabilities to support the Company in the event of severe stress and failure. Certain resolvability capabilities are required in response to new and evolving regulatory guidance and standards, such as those described in the SR14-1 Guidance and the 2017 Guidance and represent foundational capabilities needed to support an enterprise through severe levels of stress and ultimately through resolution.

After receiving the 2015 Plan Feedback Letter, the Company reorganized its resolution planning approach and implemented an integrated workstream model in order to increase the accountability and involvement of resolution planning participants and stakeholders across the Company. The resolvability workstreams are led by senior leaders of key contributing business and corporate functions.

As shown below, the integrated workstream model includes 17 resolvability workstreams, organized to focus the Company on the following four core “themes”: (1) Resolution Strategy, Separability and Plan Content, (2) Financial Condition, including a dedicated financial projections team, (3) Operational Capabilities (i.e., areas related to the Company’s ability to maintain internal and external services to support daily operations in resolution), and (4) Structural Preparedness (i.e., areas related to the Company’s ability to maintain a sound, resolvable legal entity corporate structure). This integrated workstream model is designed to leverage the subject matter expertise within lines of business and corporate functions, which are responsible for information and internal controls over relevant resolution plan content, as well as establishing and maintaining resolution preparedness capabilities. Each of the workstreams is led by a senior executive with knowledge and expertise in the topic associated with the respective workstream.

**Figure E-1 Resolvability Workstreams**



Utilizing this revised workstream model, the Company performed an updated gap assessment against the SR 14-1 Guidance and a gap assessment against the 2017 Guidance. The gap assessments identified areas

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where the Company believes it has already made progress towards meeting the requirements as well as areas of needed enhancement. To address the needed enhancements, projects have been undertaken, including the following:

- **Funding and Liquidity:** The Company has undertaken a project to enhance its financial forecasting capabilities and liquidity risk framework to include additional analysis to support resolution planning. The Company is enhancing its technology and analytical capabilities in order to further evaluate and assess the liquidity and funding levels required to support the Company through periods of stress and resolution.
- **Capital:** The Company has undertaken a project to enhance its capital forecasting capabilities and framework to incorporate key metrics and analysis in support of the resolution planning process. The Company is further evaluating and assessing the capital levels necessary to support its material entities through periods of stress and resolution.
- **Governance Mechanisms:** As noted by the Agencies in the 2015 Plan Feedback Letter, the Company has continued to develop playbooks which provide information about the potential actions the Company could take during periods of extreme stress. The Company has undertaken a project to build upon this work and develop additional playbooks to describe potential considerations and actions that the Parent Board, other material entity boards, and management could take to support the Company during periods of financial stress.
- **Collateral Management:** The Company has undertaken a project to establish a firm-wide collateral management policy and to further enhance its reporting capabilities to provide a centralized, enterprise-wide data repository of sources and uses of collateral, as well as its financial contracts.
- **Payments, Clearing and Settlement Activities:** The Company has undertaken a project to develop an enhanced intra-day liquidity management system designed to expand its monitoring capabilities at the material entity, core business line, financial market utility (FMU), and material customer levels.

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## F. Company Overview

### Summary of Material Legal Entities

For purposes of the Title I Rule, the Parent is a covered company, and a material entity is defined as any subsidiary that is significant to the activities of a critical operation<sup>6</sup> or core business line (as defined below) of a covered company. In the 2015 Submission, the Company identified four material entities under the Title I Rule: (1) WFBNA; (2) WFS LLC; (3) WFA LLC; and (4) FC LLC.

Resolution planning addresses strategies that could be useful in ensuring the orderly resolution of a covered company and its material entities in the event of material financial distress or failure. The Parent and each of the Company's material entities under the Title I Rule identified in the 2015 Submission are described below.

### Wells Fargo & Company ("Parent")

The Parent is the ultimate parent in the Company's organizational structure. It is a Delaware corporation and a publicly traded company listed on the New York Stock Exchange ("NYSE") under the ticker symbol "WFC." The Parent is a financial holding company and a bank holding company under the Bank Holding Company Act.

The Parent's subsidiaries provide banking, insurance, investments, mortgage, and consumer and commercial finance through more than 8,600 locations, 13,000 ATMs, digital (online, mobile and social), and contact centers (phone, email and correspondence). The subsidiaries provide services to consumers and businesses in all 50 states, the District of Columbia ("D.C."), Puerto Rico and other jurisdictions outside of the United States, including through branches and representative offices of WFBNA. The Parent itself does not directly engage in activities designated as critical operations or core business lines under the Title I Rule. Rather, the Parent provides its direct and indirect subsidiaries with capital and funding, which in turn, enable those subsidiaries to engage in the Company's critical operations and core business lines.

The Company's consolidated net income was \$11.0 billion for the first half of 2016, with diluted earnings per common share of \$2.00. Consolidated revenue for the same period was \$44.4 billion.

As of June 30, 2016, the Company's consolidated assets were approximately \$1.9 trillion, total liabilities were approximately \$1.7 trillion, assets on a stand-alone basis for the Parent were approximately \$367 billion, and total liabilities on a stand-alone basis for the Parent were approximately \$165 billion. Loans to and investments in its subsidiaries and cash represented approximately 97% of the Parent's total assets as of June 30, 2016.

See Figure F-1 below for a consolidated balance sheet of the Company as of June 30, 2016. Additional information with respect to the Parent is provided in other portions of this Public Section. Please also refer to the Company's reports filed with the Securities and Exchange Commission ("SEC") and available

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<sup>6</sup> Under the Title I Rule, "critical operations" are those operations, including associated services, functions and support, the failure or discontinuance of which, in the view of the covered company or as jointly directed by the Agencies, would pose a threat to the financial stability of the United States.

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on the SEC's website at [www.sec.gov](http://www.sec.gov), including the Company's Annual Report on Form 10-K for the year ended December 31, 2015 and the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016.

**Figure F-1 Balance Sheet for the Company (June 30, 2016)**

(\$ Millions)	<b>Wells Fargo &amp; Company Consolidated Balance Sheet</b>	
<b>Assets</b>		
Cash and due from banks	\$	20,407
Federal funds sold, securities purchased under resale agreements and other short-term investments		295,521
Trading assets		80,093
Investment Securities:		
Available-for-sale		253,006
Held-to-maturity, at cost		100,420
Mortgages/loans held for sale		24,150
Loans		957,157
Allowance for loan losses		(11,664)
Net loans		945,493
Mortgage servicing rights		11,749
Premises and equipment, net		8,289
Goodwill		26,963
Other assets		123,144
<b>Total assets</b>	<b>\$</b>	<b>1,889,235</b>
<b>Liabilities</b>		
Noninterest-bearing deposits		361,934
Interest-bearing deposits		883,539
Total deposits		1,245,473
Short-term borrowings		120,258
Accrued expenses and other liabilities		76,916
Long-term debt		243,927
Total liabilities		1,686,574
<b>Total equity</b>		<b>202,661</b>
<b>Total liabilities and equity</b>	<b>\$</b>	<b>1,889,235</b>

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

WFBNA is a national banking association that, with its subsidiaries, represents approximately 90% of the Company’s consolidated assets and contributes the majority of the Company’s consolidated revenue and net income. WFBNA is involved with all of the Company’s critical operations and the majority of the Company’s core business lines described below.

WFBNA engages in retail, commercial, and corporate banking, real estate lending and trust and investment services. WFBNA operates its banking business through more than 6,000 retail banking branches and 13,000 ATMs throughout the United States. In 2016, an insignificant amount of WFBNA’s revenue and net income was generated by its branches and overseas subsidiaries.<sup>7</sup>

WFBNA’s net income for the six months ended June 30, 2016 was approximately \$9.8 billion.

As of June 30, 2016, WFBNA’s assets totaled approximately \$1.7 trillion, with approximately \$921 billion of loans and leases, which represented the largest percentage of WFBNA’s assets. Total liabilities of WFBNA as of June 30, 2016 were approximately \$1.5 trillion, which consisted of domestic and foreign deposits, secured and unsecured long-term debt, subordinated debt and short-term debt.

For further information with respect to WFBNA, please refer to WFBNA’s Consolidated Report of Financial Condition and Income on FFIEC Form 031 for the six months ended June 30, 2016, as filed with the FDIC and available on its website at [www.fdic.gov](http://www.fdic.gov).

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

WFS LLC is a Delaware limited liability company and is registered with the SEC as a broker-dealer and with the U.S. Commodity Futures Trading Commission as a futures commission merchant (“FCM”). WFS LLC engages in certain aspects of the Company’s Wholesale Banking core business line described below.

WFS LLC’s products and services include fixed-income and equity securities underwriting, sales and trading, derivatives trading (credit, interest rate and equity), mergers and acquisitions advisory services, investment banking and product origination, private placements, securities research (equity, fixed-income and mortgage- and asset-backed), loan syndications, prime brokerage, and FCM activities. WFS LLC provides securities, investment banking and capital markets products and services to mid-market, large and Fortune 500 companies and investment products to institutional investors in all 50 states, and D.C.

WFS LLC’s revenue is largely driven by investment banking-related fees, securities market making, and trading activities engaged in primarily on behalf of its institutional customers, and interest and dividends. Investment banking-related fees include fees for services provided to clients in assisting them with their capital markets activities. Securities market making and trading activities generate revenue comprised of mark-ups/mark-downs respectively on securities sold to or purchased from customers or commissions earned in connection with trades executed on their behalf. Interest and dividends is a measure of the

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<sup>7</sup> WFBNA conducts business outside of the United States through bank branches in 10 jurisdictions and representative offices in 21 jurisdictions, its international banking subsidiary, Wells Fargo Bank International (“WFBI”), and subsidiaries of its Edge Act corporation, Wells Fargo International Banking Corporation (“WFIBC”), a holding corporation for certain international subsidiaries. Subsidiaries of WFIBC conduct securities, investment advisory, and other businesses in foreign jurisdictions, most notably Canada, Japan, and the United Kingdom.

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interest or dividends generated by trading positions and financing transactions and the associated yield of those underlying positions. WFS LLC trading positions are held at fair market value. Changes in the value of these positions while held, and any related purchases and sales, generates a trading profit or loss that will affect revenue. WFS LLC's primary expenses consist of employee compensation and benefits.

As of June 30, 2016, WFS LLC's assets totaled approximately \$114.7 billion. Trading assets represented the largest asset class on the balance sheet. Reverse repurchase transactions and securities borrowed comprised the largest portion of the remaining assets. Liabilities as of June 30, 2016 were approximately \$107.7 billion.

Further information with respect to WFS LLC is provided in other portions of this Public Section. Please also refer to WFS LLC's Statement of Financial Condition for the six months ended June 30, 2016, which is available on the WFS LLC website at [www.wellsfargo.com/com/securities](http://www.wellsfargo.com/com/securities).

## Wells Fargo Advisors, LLC ("WFA LLC")

WFA LLC is a Delaware limited liability company registered with the SEC as both a broker-dealer and an investment advisor. WFA LLC holds all the issued and outstanding membership interests of FC LLC, which is discussed below. WFA LLC and FC LLC are the legal entities at the Company that are primarily engaged in the Wealth and Investment Management ("WIM") core business line described below.<sup>8</sup>

WFA LLC provides a full range of investing services and products, primarily to retail customers and small businesses in all 50 states and D.C. WFA LLC is one of the largest full-service retail broker-dealers in the United States, based on both the number of FAs and the amount of assets under management. On a combined basis with FC LLC and Wells Fargo Financial Network, LLC ("FiNet"),<sup>9</sup> as of June 30, 2016, WFA LLC had more than 15,000 full-service financial advisors and administered \$1.5 trillion in client assets. WFA LLC's revenue is largely driven by brokerage advisory fees and commissions. Expenses primarily consist of employee compensation and benefits.

WFA LLC provides its customers with a sweep product, whereby cash pending reinvestment in WFA LLC brokerage accounts is swept through FC LLC, as the clearing broker for WFA LLC, into deposit accounts maintained by WFBNA and other Insured Depository Institution ("IDI") subsidiaries of the Company. WFA LLC also provides a money-market mutual fund sweep product whereby non-invested cash is swept into money-market mutual funds, some of which are advised by affiliates of WFA LLC.

As of December 31, 2015, WFA LLC's consolidated assets totaled approximately \$17.7 billion, which included its investment in the equity of FC LLC. Liabilities as of December 31, 2015 were approximately \$9.5 billion.

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<sup>8</sup> The 2015 Submission refers to the WIM core business line as the "Wealth, Brokerage and Retirement" core business line. The name of this core business line was changed in connection with business reorganizations executed by the Company since the time of the 2015 Submission. As part of these reorganizations, the Wells Fargo Asset Management business line was moved from the Wholesale Banking core business line to the WIM core business line.

<sup>9</sup> FiNet is a retail broker-dealer subsidiary of the Company. Its alternative financial advisor model enables FAs to maintain independence as contractors (not employees) while benefitting from WFA LLC's brand, scale and services. FiNet is not a material entity under the Title I Rule.



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Further information with respect to WFA LLC is provided in other portions of this Public Section. Please also refer to WFA LLC's Consolidated Statement of Financial Condition for the year ended December 31, 2015, which is available on the WFA LLC website at <https://www.wellsfargoadvisors.com/about-wells-fargo-advisors/company-highlights.htm>.

## First Clearing, LLC ("FC LLC")

FC LLC is a Delaware limited liability company and a wholly-owned subsidiary of WFA LLC. Registered as a broker-dealer with the SEC, FC LLC is engaged in the Company's WIM core business line described below.

FC LLC provides securities-execution and brokerage-clearance services to WFS LLC, WFA LLC, FiNet, and unaffiliated correspondent broker-dealers throughout the United States. As a clearing broker, FC LLC carries the accounts of WFA LLC's customers, as well as those of other broker-dealers. FC LLC sweeps non-invested cash in customer accounts it holds for its broker-dealer clients, including WFA LLC, into deposit accounts maintained for the benefit of customers by WFBNA and other IDI subsidiaries of the Company. FC LLC also facilitates the WFA LLC money-market mutual fund sweep product, where non-invested cash is swept into money-market mutual funds, some of which are advised by affiliates.

FC LLC's revenue is largely driven by fees generated in connection with its securities clearing businesses. Like WFA LLC, expenses are largely made up of employee compensation and benefits. As of June 30, 2016, FC LLC's assets totaled approximately \$10.5 billion, which primarily consisted of loans to customers arising from margin and non-purpose lending that is fully collateralized. Liabilities as of June 30, 2016 were approximately \$7.9 billion.

Further information with respect to FC LLC is provided in other portions of this Public Section. Please also refer to FC LLC's Statement of Financial Condition for the six months ended June 30, 2016 which is available on the FC LLC website at <https://www.firstclearingllc.com/disclosures/financial-condition.htm>.

## Summary of Core Business Lines

As described in the Title I Rule, "core business lines" are those business lines of the covered company, including associated operations, services, functions and support that upon failure would result in a material loss of revenue, profit or franchise value. In the 2015 Submission, the Company identified five core business lines:<sup>10</sup> (1) Community Banking, (2) Consumer Credit Solutions ("CCS"), (3) Wells Fargo Home Lending ("WFHL"), (4) Wholesale Banking and (5) Wealth, Brokerage and Retirement (now known as Wealth and Investment Management ("WIM")).

## Operating Segments

For purposes of financial reporting, the Company is divided into three operating segments: Community Banking, Wholesale Banking, and WIM. These operating segments are defined by product type and customer segment. For purposes of resolution planning, the following table maps the Company's operating segments to the core business lines identified in the 2015 Submission under the Title I Rule and

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<sup>10</sup> Core business lines have been identified solely for resolution planning purposes and may differ from the operating segments that the Company uses for management reporting in its periodic reports filed with the SEC.

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provides an overview of their respective products and services. The Company has executed certain business reorganizations since the time of the 2015 Submission. The products and services described in the following table for the Company’s core business lines take into account those business reorganizations, as well as the change in the name of the Wealth, Brokerage and Retirement core business line to “Wealth and Investment Management.”

**Figure F-2 Core Business Lines**

Operating Segment	Core Business Line	Products and Services
Community Banking	Community Banking	Community Banking offers a diverse range of financial products and services to consumer and small business customers, including transaction banking facilities (retail checking and savings accounts, deposits) and payment services (digital payments and transfers, payroll services for small business customers and merchant payment services for small business customers).
	Consumer Credit Solutions (“CCS”)	CCS offers a number of credit products to retail customers, including loans secured by non-real estate collateral, credit cards, retail loans, and lines of credit. For purposes of resolution planning, Wells Fargo Dealer Services is also included as a part of CCS. Wells Fargo Dealer Services offers a range of financing services to automobile dealerships, primarily consumer auto purchase loan financing.
	Wells Fargo Home Lending (“WFHL”)	WFHL provides real estate secured lending products to personal and small business customers. Specific activities include the origination of first lien mortgages, purchase of first lien mortgage products through correspondent channels, the origination of second lien home equity products, the sale/distribution of mortgage products, and the servicing of residential mortgages.
Wholesale Banking	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

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Operating Segment	Core Business Line	Products and Services
		products, including treasury management, asset-based lending, insurance brokerage, foreign exchange, correspondent banking, trade services, specialized lending, equipment finance, corporate trust, investment banking, and capital markets.
Wealth and Investment Management (“WIM”)	WIM	WIM provides a full range of personalized wealth management, investment and retirement products and services to clients across U.S.- based businesses including Wells Fargo Advisors, The Private Bank, Abbot Downing and Wells Fargo Institutional Retirement and Trust. WIM delivers financial planning, private banking, credit, investment management, and fiduciary services to high-net worth and ultra-high-net worth individuals and families. It also serves clients’ brokerage needs, supplies retirement and trust services to institutional clients and provides investment management capabilities delivered to global institutional clients through separate accounts and the Wells Fargo Funds.

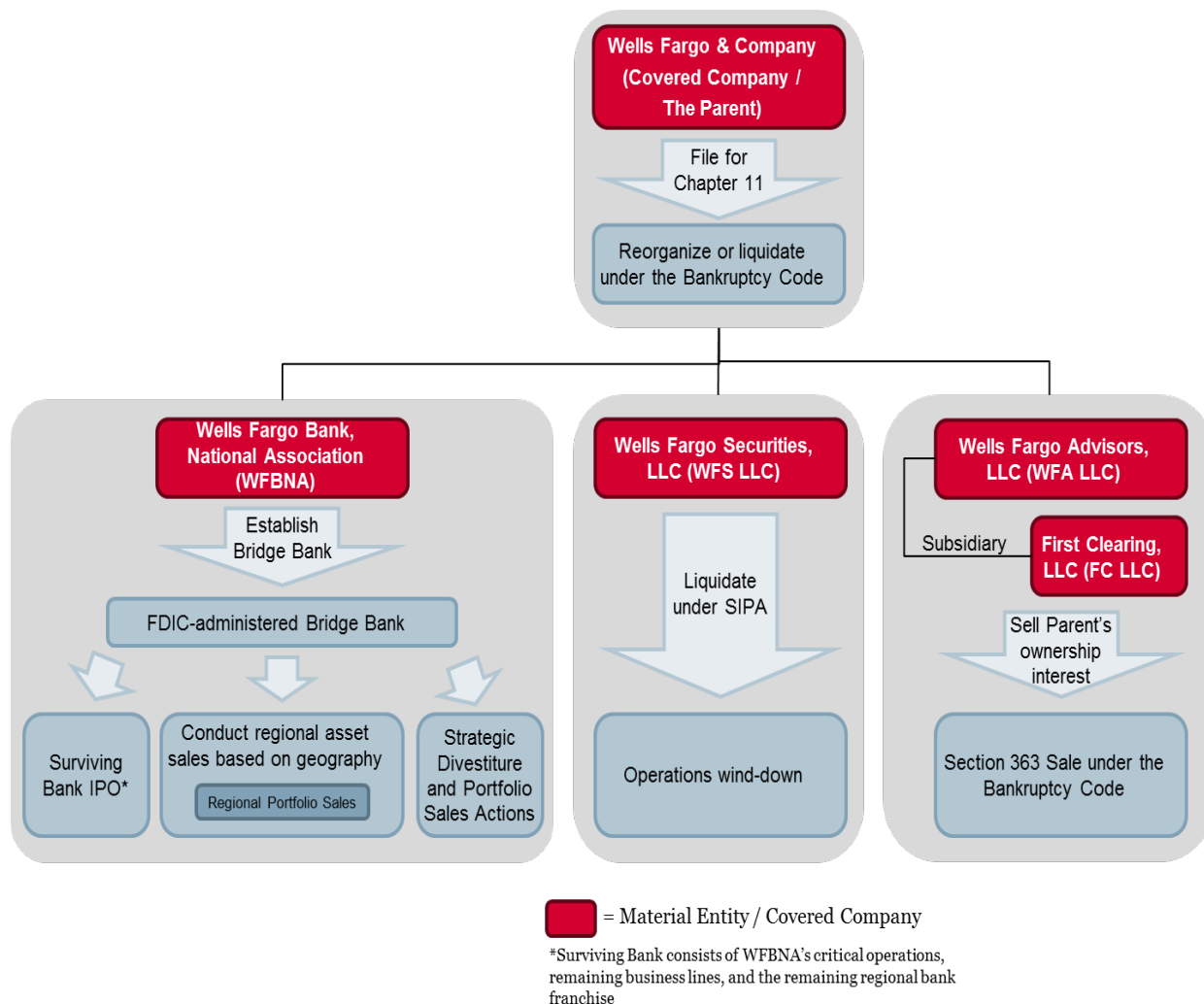
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## G. High-level Description of Resolution Strategies

The Company’s 2015 Submission describes a multiple point of entry resolution strategy, which contemplates separate insolvency proceedings for WFBNA, the Parent, and WFS LLC. The Company believes that this strategy provides for the resolution of the Company in a rapid and orderly manner without posing systemic risk to the larger financial system and by ensuring key components of the Company’s business, including critical operations, would be able to continue following resolution.

The following figure illustrates, at a high level, the resolution strategies for the Parent and each of the Company’s material entities described in the 2015 Submission. This organizational view shows the Parent and the Company’s material entities (in red) and does not represent the Company’s full legal structure.

**Figure G-1 Overview of Resolution Strategies** <sup>11</sup>



<sup>11</sup> Note that the Parent and the Company’s material entities may take various courses of action during resolution. The strategies reflect what the Company has described in the 2015 Submission, including what it expects to occur based on timing and other assumptions.

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The Company developed its resolution strategies in its 2015 Submission under the assumption that a series of events causes the failure of WFBNA and the Parent. Given that the majority of the Company's revenues and profits are generated by, and nearly all of the Company's assets and liabilities are held by, WFBNA, the resolution strategy focuses on the resolution of WFBNA in a FDIC receivership.

None of the resolution strategies described herein or in the 2015 Submission are binding on a bankruptcy court, the FDIC or any other resolution authority, and in the event of the resolution of the Company, the strategies implemented by the Company, the FDIC or any other resolution authority could differ, possibly materially, from the strategies the Company has described. The proposed failure scenarios and assumptions described herein and in the 2015 Submission are hypothetical and do not necessarily reflect an event or events to which the Company is or may become subject.

High-level summaries for each material entity's resolution strategy under the 2015 Submission are included in the following subsections. The Company will be reassessing its resolution strategies in connection with the preparation of its 2017 Submission.

## WFBNA Bridge Strategy

The Company's resolution strategy for WFBNA as described in the 2015 Submission is based on an FDIC receivership process under the Federal Deposit Insurance Act ("FDIA"). The FDIC would consider a number of options for resolving WFBNA with the goal of achieving maximum value for the receivership, incurring the least cost to the FDIC's deposit insurance fund, ensuring access to WFBNA's insured deposits within one business day and limiting the contagion and loss of franchise value that might result from a lengthy resolution process. In addition, the options considered would be intended to ensure that the Company's critical operations, all of which primarily reside in or are conducted by WFBNA, continue to operate through resolution. None of the Company's critical operations are conducted in a significant way by any of the Company's other entities. In the 2015 Submission, the Company described a single resolution strategy, the Bridge Strategy, that the Company believes is the most effective method of resolving WFBNA following its failure.

Under the FDIA, the FDIC can form a bridge bank in connection with the failure of a bank to provide, maintain, and operate some or all of the business of the bank during the time between its failure and the time when the FDIC can implement a resolution strategy and return the bank to private ownership. The establishment of a bridge bank can stabilize a bank and continue a bank's day-to-day operations, while the FDIC determines an appropriate resolution strategy.

The Bridge Strategy contemplates the establishment of a bridge bank for WFBNA and the movement to the bridge bank of the majority of WFBNA's assets and liabilities, including critical operations and Critical Services, consistent with the rights accorded to the FDIC as receiver under the FDIA. The Bridge Strategy is designed to avoid the need for any extraordinary government or taxpayer support.

The 2015 Submission contemplates that the establishment by the FDIC of a bridge bank for WFBNA is followed by the divestiture of certain loan portfolios, business lines, and other assets that the Company believes would be desirable to purchasers on a stand-alone basis. These divestitures would be consummated to liquify and reduce the size of WFBNA's balance sheet to facilitate its resolution. Following and during the consummation of these divestitures, the FDIC would create salable regional

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portfolios, all but one of which would be sold to purchasers interested in entering a particular region or growing its existing banking capabilities in such region. Each regional portfolio divestiture would be structured as an asset sale with the assets and associated customer accounts being integrated into its purchaser's platform in a manner to be determined by such purchaser. Customers associated with such regional portfolio would become customers of its purchaser. The remaining region and the business lines of WFBNA that would not be sold to interested purchasers on a stand-alone basis would together constitute the "Surviving Bank." The Surviving Bank would include core, enterprise-wide infrastructure of WFBNA prior to its failure that would be required to support critical operations and core business lines during the receivership.

To return the Surviving Bank to private ownership, the 2015 Submission contemplates the Surviving Bank commencing a modest initial public offering of common stock, which will help establish a valuation. Once valued, interests in the Surviving Bank could be distributed to creditors and / or additional securities offerings could be executed to complete the return to private ownership. These distributions to creditors or follow-on securities offerings may not be limited to common stock and could include other security types as the FDIC deems appropriate, including debt securities, warrants, and / or preferred stock. The bridge bank would continue all WFBNA core business lines, critical operations, and Critical Services until the sale of each of the regional portfolios to new purchasers and the transition of the Surviving Bank to private ownership are complete. After resolution is completed, the Bridge Strategy contemplates that critical operations and core business lines would be continued by the Surviving Bank and by the purchasers of regional portfolios, business lines, and / or assets.

The Surviving Bank would emerge from receivership as a large regional bank and offer many of the same products and services that WFBNA would have prior to resolution. The products and services offered by the Surviving Bank would include retail checking and savings accounts, payment services, credit cards, residential mortgage lending and servicing and commercial lending and real estate products. Notably, the Surviving Bank would retain the requisite WFBNA infrastructure and support, including relevant Critical Services, to operate on a stand-alone basis after the resolution is complete. The 2015 Submission provides that the Surviving Bank would not offer retail brokerage products and services, as WFA LLC and FC LLC are expected to be sold by the Parent in a sale under section 363 of the Bankruptcy Code (a "363 Sale"), as discussed below.

## Resolution of the Parent

Upon a failure, the 2015 Submission contemplates that the Parent would be resolved under Chapter 11 of the Bankruptcy Code ("Chapter 11") and would exit bankruptcy by means of a plan of reorganization under Chapter 11. Once a Chapter 11 proceeding is commenced, the Parent would sell certain businesses, including WFA LLC and FC LLC, in a 363 Sale and seek to reorganize around any remaining businesses. Any residual value or assets remaining with respect to the resolution of WFBNA and the Company's other material entities after the payment of resolution expenses, creditors and other senior claims would become part of the Parent's bankruptcy estate.

If there is no set of businesses around which to reorganize as a long-term going concern, the 2015 Submission provides that the Parent would be liquidated by selling (or otherwise disposing of) any

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remaining assets and arranging for the payment of creditors pursuant to the priorities set forth in the Bankruptcy Code. Once the liquidation is complete, the Parent's existence would be terminated. The 2015 Submission does not contemplate that the Parent would elect to immediately commence a liquidation under Chapter 7 of the Bankruptcy Code (as opposed to a Chapter 11 proceeding) even though such an approach would be possible. The 2015 Submission notes that a Chapter 11 proceeding is preferred because it would provide the Parent greater flexibility to evaluate strategic alternatives and typically more time to execute a plan than would a liquidation under Chapter 7. Reorganization under Chapter 11 also would likely provide a better opportunity for the Parent to take full advantage of any tax benefits associated with net operating losses that may be available, even if the Parent subsequently liquidates. The 2015 Submission contemplates that the potential Chapter 11 proceeding would be completed before or at approximately the same time as the completion of WFBNA's receivership.

## Resolution of WFS LLC

The 2015 Submission provides that in a resolution scenario, it is most likely that WFS LLC would be liquidated under the Securities Investor Protection Act of 1970 ("SIPA"). Under SIPA, the Bankruptcy Court would appoint a trustee, requested by the Securities Investor Protection Corporation ("SIPC"), to marshal WFS LLC's assets and make distributions to customers and general creditors. If there were no shortfalls in WFS LLC's customer assets, the SIPA trustee would seek to transfer all of WFS LLC's customer accounts as quickly as possible to one or more established broker-dealers. If there was a shortfall in the securities held by WFS LLC for any customer, SIPA requires that all customers share proportionally in any shortfalls. Accordingly, to the extent there were shortfalls, the SIPA trustee would liquidate customer assets and distribute the proceeds of liquidation to the customers. Certain sales and trading operations within the Company's Wholesale Banking core business line would also be wound down in WFS LLC's SIPA proceeding. In the 2015 Submission, WFS LLC would no longer exist once the liquidation of WFS LLC under SIPA was complete.

Substantive and procedural protections contained in SIPA would help ensure that customers have access to their accounts or otherwise would receive the value of their accounts as quickly as possible after the commencement of the proceeding. The 2015 Submission contemplates that the distribution of customer funds would occur within three months of the SIPA trustee selecting the appropriate course of action and that the liquidation of all trading assets would occur within six months of WFS LLC's failure.

## Resolution of WFA LLC and FC LLC

The 2015 Submission assumes that no insolvency proceeding would be commenced for WFA LLC or FC LLC due to the nature of the retail brokerage and securities clearing businesses conducted by the firms. Instead, the 2015 Submission contemplates that WFA LLC and FC LLC would be sold in a 363 Sale as part of the Parent's Chapter 11 proceeding for the benefit of the Parent's bankruptcy estate.<sup>12</sup> The operations of WFA LLC and FC LLC would be integrated into the operations of the purchaser and their customers would become customers of the purchaser. The 2015 Submission notes that it is likely that the purchaser would, as promptly as practical after (or concurrently with) the consummation of the 363 Sale,

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<sup>12</sup> The 2015 Submission also addresses the possibility that WFA LLC and FC LLC could be liquidated under SIPA. That liquidation may take the form of a simple transfer or liquidation of customer accounts or a sale of assets on a piecemeal basis by a SIPA trustee.

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cause deposits that are currently swept to WFBNA from WFA LLC client accounts through FC LLC to be swept to customer bank accounts maintained by the purchaser for its own deposit sweep products. The 363 Sale would be expected to generate significant value for the Parent's bankruptcy estate and substantially preserve the WIM core business line conducted within WFA LLC and FC LLC.



# Resolution Plan Public Section

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## H. Conclusion

In the 2016 Submission, the Company believes it has remediated the deficiencies identified by the Agencies in the 2015 Plan Feedback Letter. By addressing these deficiencies and developing plans to meet the capabilities outlined in the SR 14-1 Guidance and 2017 Guidance, the Company continued its commitment to preparing a sound resolution plan and to enhance its resolvability. The Company plans to continue to enhance its capabilities and improve upon the key resolution planning areas outlined in the 2017 Guidance. The Company believes that its operating model and organizational structure support resolvability and lend themselves to the development of plans providing for the rapid and orderly resolution of the Company in the unlikely event of failure.