**HEARING BEFORE THE UNITED STATES SENATE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS**

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**Chief Executive Officer and President, Wells Fargo & Company**

December 6, 2023

Chairman Brown, Ranking Member Scott, Members of the Committee: thank you for the opportunity to be here today on behalf of Wells Fargo & Company. I look forward to today's discussion with you and my peers about the work we are doing to manage strong, resilient organizations that help to promote the long-term vitality of our financial system.

In March of this year, we all saw how market events rapidly impacted the banking sector. In response to this crisis, Wells Fargo and many of the other institutions represented here today served as a source of strength and stability against a backdrop of volatility and uncertainty. I am proud that Wells Fargo was able to lend support to our economy during that difficult period, and I believe our steadiness in the face of such unease is a testament to our company's soundness.

As we look forward, we continue to build out a risk and control framework that is appropriate for our company's size and complexity. I am pleased to report that we are continuing to make significant progress and that we remain committed to providing all resources necessary to meet our risk and control obligations.

In addition to this important work, we continue to invest in our customers, our employees, and the communities we serve. Among other things, we are offering new products to help customers meet short-term cash needs; providing enhanced benefits to our employees more than ever before, including increased wages for many; and partnering with local nonprofits and other groups to drive economic vitality and inclusivity in communities across America.

I am excited about Wells Fargo's future, and I appreciate the chance to discuss with you today the numerous important initiatives underway at our company.

## Our Strengthened and Simplified Organization

Since 1852, Wells Fargo has dedicated itself to helping customers build businesses and manage money in a rapidly changing world. Today, we are a leading financial services company with approximately $1.9 trillion in assets, and we remain in a strong capital position for continuing to meet the needs of our customers, reflecting the value of our franchise and the benefits of our operating model.[1] [2]

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1 Wells Fargo Issues Statement Regarding the Federal Reserve's Stress Test Results, Wells Fargo (June 30, 2023), https://newsroom.wf.com/English/news-releases/news-release-details/2023/Wells-Fargo-Issues-Statement-Regarding-the-Federal-Reserves-Stress-Test-Results/default.aspx.

2 Information regarding Wells Fargo's 2022 year-end and 2023 third quarter capital and leverage ratios, net income, and value of dividends and stock buybacks can be found in Appendix A.

In the United States, we proudly serve one in three households and more than 10% of small businesses, and we are also a leading middle-market banking provider. We have approximately 227,000 employees, who work hard every day to serve our more than 69 million customers. We provide a diversified set of banking, investment, and mortgage products and services, as well as consumer and commercial finance services, through our four reportable operating segments: Consumer Banking and Lending, Commercial Banking, Corporate and Investment Banking, and Wealth and Investment Management.[3]

We maintain one of the largest branch networks in the nation, with locations in 24 of the 30 largest markets, and we cover more rural markets than many large banks. At the close of the third quarter of this year, we had 4,355 branches, of which nearly 30% are in low- or moderate-income ("LMI") census tracts.

Our physical branches are bolstered by our growing digital presence throughout the country. As of the end of October 2023, we had more than 34.6 million digital active customers and 29.75 million mobile active users, up 3.4% and 5.0% from last year, respectively.

We continue to focus on providing first-rate products and services core to our business, while taking a closer look at areas that may not fit well within our model. In 2020, we completed a strategic review of our businesses that resulted in the sale or reduction of several of them, including institutional retirement and trust, student lending, asset management, corporate trust services, and a real estate brokerage and advisory. Our simplification efforts also included cutting certain product offerings and investments that were not core to our business model.

Additionally, at the beginning of this year, we announced plans to simplify our home lending business and will primarily serve bank customers and borrowers in underserved communities. As part of this shift, we announced our plans to exit the correspondent business, reduce the size of our servicing portfolio, and optimize our retail team so that it aligns with our narrower customer focus. These actions will allow us to reduce risk in the home lending business while continuing to make homeownership possible to thousands of Americans. As a result of all of these and other changes, we are a simpler organization today than we were when I became CEO four years ago, and our risk profile is lower.

We are primarily a U.S. domestic bank, and we do not have the many complexities that running large-scale international businesses brings. Our legal entity structure, extent of international regulatory oversight, and physical footprint are far simpler than many of our competitors. Approximately 90% of our revenues come from U.S. clients or activities of non-U.S. clients in the U.S. Our businesses outside the U.S. primarily support our U.S. customer base. We are very happy with our existing footprint and are not looking beyond for growth opportunities.

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[3] In February 2021, we announced the sale of Wells Fargo Asset Management ("WFAM"). The sale, which was completed in November 2021, included our business of acting as trustee to collective investment trusts and all related WFAM legal entities. *See* Wells Fargo Enters Agreement with GTCR and Reverence Capital Partners to Sell Wells Fargo Asset Management, Wells Fargo (Feb. 23, 2021), https://newsroom.wf.com/English/news-releases/news-release-details/2021/Wells-Fargo-Enters-Agreement-with-GTCR-and-Reverence-Capital-Partners-to-Sell-Wells-Fargo-Asset-Management/default.aspx. Custody management services are not a significant part of our business.

Similarly, our products are not complex compared with those offered by other banks and are similar to those offered by smaller institutions. We take deposits, provide financing, move money, and provide financial advice for our customers. Our trading activities and the size of our market risk are relatively small compared to other large banks.[4]

**Our Risk, Control, and Regulatory Agenda**

We continue to pursue and execute on our risk, control, and regulatory agenda with a sense of urgency. This multiyear journey continues to be about setting clear priorities, cultural change, and operational execution. I have been clear and consistently reinforce that this foundational work is our top priority.

Last year, we spoke about the tremendous amount of change we are implementing, and I am glad to report that we continue to make progress simplifying and strengthening our organization while also working to meet the high expectations of our regulators, customers, and employees. Since I became CEO, our regulators have closed out five consent orders, and we have provided billions of dollars in relief to customers impacted by practices that largely predated my tenure. We are executing on our plans to resolve outstanding matters as expeditiously as possible.

The reality is that, while I wish the task before us were merely to complete work that was well underway when I joined the company, that is unfortunately not the case. Simply said, the work to build the appropriate risk and control infrastructure and close consent orders takes years when managed effectively, and the company was not as far along as I had expected when I arrived. Our historical practices were inadequate, and it has taken time to build what is necessary to address those inadequacies. Much work was needed to develop the required tools to properly accomplish the work. When I arrived, we did not have the culture, effective processes, or appropriate management oversight in place to remediate weaknesses on a timely basis. Today, we approach these issues very differently.

I am very confident that our new management team has the skills and experience necessary to address all of our risk, control, and regulatory issues, including what is necessary for our regulators to consider closing our open consent orders. The specifics of our regulatory remediation plans are confidential, but I can tell you that, while we are not where we need to be, I strongly believe that our position is significantly improved since I arrived four years ago and even since I appeared before you last year, and I am confident that we will reach our goals.

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4 Publicly available aggregate data about other aspects of our business can be found in our regulatory filings. *See, e.g.*, Wells Fargo 2022 SEC Form 10-K (Feb. 21, 2023), https://www.wellsfargo.com/assets/pdf/about/investor-relations/sec-filings/2022/10k.pdf (Table 18a: Financials Except Banks Industry Category (disclosures of lending to funds); p. 47 (discussion of derivatives used for hedging of residential mortgage servicing rights); Table 36: Short-Term Borrowings (includes balances for repo transactions); pp. 93, 167-168 (includes information related to repo); pp. 98-100 (includes information on derivatives and hedging activities); Note 14: Derivatives (includes information on derivatives)).

We have changed and implemented much to put ourselves in this position. To name just a few examples:

- We have refreshed our teams at the highest levels of the company. Since I joined the company in 2019, all of our Operating Committee members are new to their roles, and 12 of 16 of them are new to Wells Fargo.
  - We further continue to refresh our management ranks more broadly. As of year-end 2022, over 80% of our senior executive leaders—a group of approximately 150 people, most of whom report to Operating Committee members—are new to their roles since 2019, and nearly 60% are new to the company over the same period.
  - Our current Board of Directors represents many fresh perspectives, with six of our 12 current independent directors joining during my tenure. All these new leaders who have joined over the past several years bring important experience that is necessary for our success.
- We have added close to 10,000 people across numerous risk- and control-related groups, in 2022, we spent approximately $2 billion more than in 2018 in these areas, as of year-end.
- Our Operating Committee reviews risk and regulatory progress and escalations on a weekly basis. We provide detailed reporting to our Board of Directors and appropriate Board committees. These reviews are systematic and detailed, and they are helping us enable the appropriate oversight and involvement to accomplish the work.
- As described above, we have taken numerous steps to simplify our business.
- We have been putting as many legacy issues as we can behind us. Late last year, we entered into a broad agreement with the Consumer Financial Protection Bureau, bringing closure to multiple matters, the majority of which had been outstanding for several years. The required actions related to many matters in the agreement are already substantially complete.

These are examples, not an exhaustive catalogue, of the work we are doing to strengthen our risk and control infrastructure. We take this responsibility incredibly seriously and will continue to devote whatever is needed to achieve full compliance with our regulatory obligations, meet our regulators' and our own high expectations, and strengthen our risk and control frameworks to be and remain appropriate for our company's size and scale now and in the future.

**Our Dedication to Our Customers**

Each of our businesses is working to transform how we serve Wells Fargo's customers by offering focused, innovative products and solutions.

Since 2019, we have taken numerous steps to reduce and simplify our fees, which, as of year-end 2022, have resulted in the average deposit account paying approximately 25% less in fees per year. In particular, last year we announced a number of changes designed to help millions of customers avoid overdraft fees and meet short-term cash needs. These include elimination of non-sufficient funds and transfer fees for customers enrolled in overdraft protection; Early Pay Day, making eligible direct deposits available up to two days early; and Extra Day Grace, giving eligible customers an extra business day to make deposits to avoid overdraft fees. And we launched Flex Loan, a new digital-only small-dollar loan that provides eligible customers convenient and affordable access to funds.

These new initiatives are showing great signs of success. For example, more than 5.6 million customers have benefited from Extra Day Grace since its launch, avoiding more than $875 million in overdraft fees. Similarly, we are seeing growing adoption of Clear Access Banking, our consumer banking account with no overdraft fees. We now have over three million of these accounts.

Homeownership is another area of focus. We are supporting our customers through our mortgage lending and continued investment in providing easier access to homeownership. We launched a special purpose credit program ("SPCP") in 2022, committing $150 million to advance racial equity in homeownership, with an additional $100 million investment toward racial equity efforts announced this year. Through this SPCP, eligible customers can refinance into below-market rate loans with reduced closing costs. In 2023, we also launched a second SPCP, offering down payment grants to help bridge the homeownership gap. This program, called the Homebuyer Access Grant, provides $10,000 to be applied toward the down payment for eligible homebuyers who currently live, or are purchasing homes in, select areas within certain metropolitan areas. Through the end of October 2023, more than 5,100 customers have taken advantage of these offers, representing $120 million of the $150 million commitment made in 2022.

We continue to address issues around rental housing and housing affordability as well. We have provided over $21 billion in capital for the development and rehabilitation of more than 72,000 quality, affordable rental apartments over the last five years. And we awarded $15 million to six innovative and scalable solutions to increase housing affordability.

Additional information regarding our housing business, including details on our residential mortgage loan portfolio, can be found in our annual reports.[5]

We are also committed to providing the benefits and protections required by the Servicemembers Civil Relief Act ("SCRA") and providing other support for current and former servicemembers and their families. We appreciate and applaud the service of America's military personnel, and we have dedicated teams to assist them with the many benefits and types of support we provide. For example, we offer our servicemembers:

- A 4% interest rate cap on first mortgage consumer real estate loans owned by Wells Fargo that qualify for an interest rate reduction;

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[5] *See, e.g.*, 2022 Annual Report, Wells Fargo (Mar. 3, 2023), https://www.wellsfargo.com/assets/pdf/about/investor-relations/annual-reports/2022-annual-report.pdf.

- A 367-day grace period following a servicemember's return from active duty during which the interest rate cap will continue to apply to a servicemember's obligations;

- A 367-day grace period for repossession protections for personal-property-secured loans eligible for SCRA protections;

- Extension of interest rate benefits and foreclosure and repossession protections to obligations of an eligible servicemember's spouse, civil union partner, or registered domestic partner, where recognized by state law;

- Protection from repossession/foreclosure of property securing an obligation (regardless of whether the obligation is eligible for SCRA protections) while the servicemember is deployed internationally in readiness for military action or to a location eligible for Hostile Fire Pay and Imminent Danger Pay;

And we have provided significant support for active, former, or retired servicemembers in other ways. Over the past five years (2018-2022), Wells Fargo and the Wells Fargo Foundation have awarded over $145 million in grants to nonprofit organizations serving servicemembers or veterans, which support housing, career transition, financial health, and small business. Over the past 10 years, Wells Fargo has donated more than 400 homes worth $60 million to servicemembers in all 50 states. We have also sponsored the donation of over 95 vehicles, as well as financial mentoring valued at over $3 million, for nonprofit organizations, veterans, and Gold Star families, who have made the ultimate sacrifice for our country. And we are proud to support Warrior Rising, including by recently collaborating with them on a small business event with women veteran entrepreneurs.

For our approximately 3.3 million small business customers located throughout the country, we offer easy-to-use products, tools, and resources to help simplify their financial lives. These include including checking, savings, credit card, line of credit, merchant services, treasury management, and commercial real estate financing solutions. We also lend to small businesses through the U.S. Small Business Administration's 7(a) and 504 lending programs.

The vast majority of our small business customers have annual sales of less than $500,000. Nearly 40% are in majority-minority census tracts, and approximately 22% are in LMI census tracts. We provide these small business owners with personalized options by working with them to develop deep, long-term understanding of their businesses. We also support them in other ways; for example, our Open for Business fund is a national small business recovery effort with a focus on racially and ethnically diverse small business owners, who were disproportionately affected by the pandemic. Through this effort, Wells Fargo has donated roughly $420 million to enable nonprofits to deliver urgent capital and expertise to entrepreneurs, helping thousands of local businesses stay open, maintain jobs, and plan for the future.

**Our Investments in Our Employees**

Our employees are our greatest asset, and we value their contributions to our company and our customers. I am thankful for their dedication, talent, and all that they do to move our company forward.

In 2022, we raised our minimum hourly pay to $18-22 depending on role, location, and market condition.[6] As part of the process, over 40,000 employees received base pay increases, representing an investment of $180 million beyond the annual merit increases.

We provide eligible regular and part-time U.S. employees (and their eligible dependents, as applicable) with benefits designed to protect their physical and financial health and to help them make the most of their financial future. We also provide U.S. employees with a variety of competitive employer-paid financial protection benefits, including life insurance, critical illness insurance, short-term and long-term disability coverage, and business travel accident insurance. Noted below are a few examples of the key benefits programs we offer to our employees:

- Up to 87% medical insurance subsidy depending on compensation levels. We continue to increase the company subsidy for branch-based employees;

- Up to $1,000 in contributions annually to assist with out-of-pocket medical costs for employees earning up to $100,000 and enrolled in a health savings account plan;

- Concierge service and expert opinion services to help employees better navigate the healthcare system;

- Up to $1,200 annually for wellness activities for employees and covered spouses or domestic partners;

- $1 billion in annual 401(k) contributions, including an automatic contribution of 1% of pay for those earning less than $75,000, in addition to a 6% match for all eligible participants;

- Flexible time off work for volunteering in the community, personal matters (e.g., religious, cultural, patriotic, community, or diversity observances), caring for loved ones, bereavement, and military service; and

- Support for family life, including fertility services, surrogacy and adoption, gender-neutral parental leave for birth and adoption of children, maternity access to experts and resources, breast milk shipment for traveling mothers, and backup care for children.

In addition to compensation and benefits, we also provide employees with skill and capability development and career growth opportunities.

- We invest approximately $200 million annually in employee development, including skill training, regulatory compliance, leadership and manager development, and early talent development programs.

- In 2022, we launched our career development framework, which provides a holistic experience that enables our employees to better manage their careers within our company. We are proud of the many programs that the company offers, for example:

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[6] As reported in Wells Fargo's 2023 proxy statement, for 2022, the ratio of CEO annualized total compensation to median employee estimated annual total compensation was approximately 324 to 1.

- 110 structured new-hire learning programs supporting approximately 28,000 new-to-role employees last year;

- $11 million in annual tuition reimbursement providing up to $5,000 annually for employees to pursue higher education;

- Training curriculums, including, but not limited to, critical skill and capability areas such as digital, technology, data, risk management, project management, credit, sales, customer support, etc.;

- A global mentoring program that has enrolled approximately 15,000 employees;

- In 2023, we launched the Manager Essentials program to support managers in their first few years of managing employees. The key focus of this program is to build the foundational skills of our managers; and

- A dedicated manager advisory support function supporting front line leaders and managers.

Veteran inclusion is another strategic imperative at all levels of the company. As of October 2023, 6,839 employees have self-identified as veterans. Wells Fargo has hired more than 9,000 veterans since 2018, hiring 2,200 in 2022 alone. And we hired 787 military spouses in 2022. In May 2022, Wells Fargo announced its Homefront Heroes Hiring Program for military spouses, offering mid- to high-level remote, hybrid, and in-office career opportunities, with a focus on portability for spouses of those actively serving. This new program aims to onboard 500 military spouses through 2027.

As a result of the many investments that have been made over the years, our employees continue to develop their skills and capabilities, and grow their careers at Wells Fargo. In 2022, approximately 32,000 employees moved into new roles, representing 40.2% of our total hiring volume. In addition, over 15,000 employees were promoted due to their strong performance and commitment.

We will continue to make investments in our employees so that Wells Fargo is a preferred career destination.

**Our Commitment to Diversity, Equity, and Inclusion (“DE&I”)**

As a company, we know that achieving enduring results in DE&I requires a long-term commitment, and we are proud of the work we are doing to increase diverse representation and make our organization more inclusive. We are committed to creating a company that has diverse representation, perspectives, equity, and inclusion across the bank.

As described in our Diversity, Equity, and Inclusion Report,[7] we have set three strategic priorities to foster diversity, equity, and inclusion within our company and the communities in which we operate:

- **Increasing diverse representation at all levels of the company through an inclusive culture and workplace environment**. As indicated in our second DE&I report, as of December 2022, our overall workforce is 52% female and 48% male, with our U.S. workforce being 55% female and 45% male. In the U.S. 46% of our employees are racially or ethnically diverse. Our Board of Directors is 38% female and 23% racially or ethnically diverse. Our Operating Committee is 25% female and 31% racially or ethnically diverse.

  We believe it is important for our employees and leadership to reflect the communities we serve. We developed DE&I goals, which are informed by affirmative action and equal employment opportunity principles, for our Operating Committee members and other leaders to measure our progress in increasing gender, racial, and ethnic representation in our areas of business. Performance against these goals is factored into their performance evaluation and compensation. Additionally, leaders actively engage and champion DE&I through coaching, mentoring, developing people, and embedding DE&I into the business and our work in the community. Our Operating Committee members and/or executive delegates sponsor 18 DE&I Councils and 10 Employee Resource Networks across different business groups and regions. They are accountable for outcomes. This model ensures leader visibility and support for our DE&I efforts.

  We are continually working to develop new ways to source and hire talented candidates, including participating in national diversity events. We also host our own annual internal recruiting events and job forums to bring high-potential talent into our pipeline.

  In 2022, we recommitted to our diverse candidate slate guidelines with enhancements focusing on simplicity of process and improving the experience of all candidates, internal and external. We've provided updated training for recruiters and managers on the diverse candidate slate guidelines, including how they should be applied throughout the recruiting and hiring process. For most senior posted U.S.-based professional and manager job levels, Wells Fargo expects a 50% diverse candidate slate and at least one diverse interviewer on interview panels in first-round interviews.

  Also in 2022, we launched our Career Development Framework which provides a holistic framework for employees to manage their careers, including skills assessment, development action plans, training/skills development, and manager support. Additionally, we are providing manager development that includes resources for managers to support employee career development.

[7] Diversity, Equity, and Inclusion at Wells Fargo, Wells Fargo (Oct. 2023), https://www08.wellsfargomedia.com/assets/pdf/about/corporate/diversity-equity-inclusion-report.pdf.

- **Better serving and growing our diverse customer segments in each of our business groups**. Wells Fargo offers opportunities for customers from underserved communities to build financial health. For example, our Banking Inclusion Initiative, which launched in 2021, is a 10-year commitment to accelerate the access of unbanked communities to affordable mainstream accounts and to provide easier access to low-cost banking. The program focuses on reaching the unbanked, including Black, African American, Hispanic, Latino, American Indian, and Alaska Native individuals and families. Together, these groups make up more than half of the over 5.9 million unbanked households in the U.S.

  Similarly, we are committed to making homeownership possible in the diverse communities we serve. Last year, and over the last decade, we were the largest bank mortgage originator of home loans to people of color. Our commitment to increase the homeownership rate for Black/African American and Hispanic/Latino families and close the gap between these groups and white homeowners is long-standing.

  In addition, we established Wealth Opportunities Restored Through Homeownership, or WORTH, a $60 million national effort to address barriers to homeownership for people of color. We also announced an expansion of our Dream.Plan.Home$^{SM}$ closing cost credit, which provides eligible borrowers with an income at or below 80% of the area median income where the property is located with up to $5,000 to use toward closing costs. And we partnered with the National Urban League to fund a $5 million grant to create the Urban Appraiser Initiative, a new program that aims to increase diversity and reduce barriers to entry in the home appraisal industry.

- **Supporting and increasing our spend with diverse suppliers companywide**. We are establishing relationships with diverse suppliers who reflect our employees and the customers and communities we serve. Our supplier diversity strategy expands across regional and national organizations that share our commitment to support programs and services for diverse communities. We have increased our annual spending with diverse suppliers from $732 million in 2012 to $1.3 billion in 2022, representing 13% of our total controllable procurement spending.

Additionally, we commissioned a third-party racial equity assessment, which is well underway and includes input from both internal and external stakeholders. The assessment is focused on elements of the company's efforts to serve diverse communities and promote a diverse workforce. This assessment is a critical next step in understanding opportunities to improve as we advance our commitment to racial equity and work to close the wealth gap in the U.S. The assessment is being conducted by a nationally recognized law firm with deep experience leading civil rights and racial equity assessments across various industries. The assessment is nearing completion, and we intend to publish the results of the assessment by the end of the year.

We also recently provided a $50 million grant to the NAACP in support of its efforts to advance racial equity in America. Wells Fargo's grant will both strengthen the NAACP's local units and support the organization's plans to develop a new national headquarters. The grant will assist NAACP local units and branches across America by increasing essential staff to implement and sustain meaningful programming and will support their work to grow strategic partnerships with key businesses in communities across the country. In addition, at the national level, the grant will support the NAACP's work on policy solutions used to address the needs of the communities it serves.

**Our Support for the Communities We Serve**

Wells Fargo is committed to building an inclusive, sustainable future for all through a focus on opening pathways to economic advancement, championing quality, affordable homes, empowering small businesses to thrive, and driving an equity-focused transition to a low-carbon economy. We aspire to have a positive impact on the communities we serve by using our financial and volunteer resources and business expertise in collaboration with community organizations to help solve complex societal problems. We provide grants to nonprofit organizations working to strengthen the resiliency of our communities and our planet with a focus on supporting nonprofits that strategically align with our funding priorities: financial health, housing affordability, small business growth, and sustainability and environmental justice. We prioritize funding to activities and programs that have a broad reach and support the needs of underserved communities and advancing racial equity.

Earlier this year, we announced a strategic partnership with T.D. Jakes Group to drive economic vitality and inclusivity in communities across America. Over the next 10 years, the partnership could result in up to $1 billion in capital and financing from Wells Fargo, as well as grants from the Wells Fargo Foundation, with the goal of revitalizing neighborhoods, fostering economic opportunity, and creating long-term change in communities most in need.

We also continue to support our Native American communities. In January, we announced a $20 million commitment to advance economic opportunities in Native American communities working with Native-led organizations. The Invest Native initiative aims to address housing, small business, financial health, and sustainability in Native American communities. Additionally, just last month, we shared that we are working with Allspring Global Investments, a global asset management firm, to launch a Tribal Inclusion share class for the Allspring Government Money Market Fund, which will be offered exclusively to Wells Fargo corporate clients. The Tribal Inclusion share class is the first money market product with a charitable donation feature focused on benefiting tribal communities in the U. S.

In further support of building vibrant, successful communities, we have provided more than $50 million in grant funding to national nonprofit housing and legal assistance organizations in support of housing counseling, renter stabilization, and eviction avoidance, benefiting nearly 400,000 renters and homeowners through the effort since March 2020.

Additionally, we recognize that small businesses are the backbone of our communities, and we are committed to making meaningful investments to help them succeed. That is why we donated roughly $420 million through our Open for Business Fund, which has provided more than 200 Community Development Financial Institutions and other nonprofits with resources to help diverse small business owners thrive. Through June 2023, Open for Business Fund grant recipients have helped more than 203,000 small businesses and preserved or created nearly 254,000 jobs. Of these businesses served, 79% were owned by racially or ethnically diverse individuals, 72% of owners identified as being low- to moderate income, and 53% were women-owned.

We also collaborated with Community Reinvestment Fund, USA in 2022 to launch the Small Business Resource Navigator, an online portal helping connect small business owners to potential financing options and technical assistance through CDFIs across the U.S. In 2022, the SBRN introduced nearly 1,200 small business owners, a majority of which self-identified as diverse, to potential credit opportunities and technical assistance services provided by CDFIs.

**Our Approach to Risk Management and Environmental Sustainability**

Our top priority is to strengthen our company by building an appropriate risk and control infrastructure. Wells Fargo manages a variety of risks that can significantly affect our financial performance and our ability to meet the expectations of our customers, shareholders, regulators, and other stakeholders. Our risk management framework sets forth the company's core principles for managing and governing its risk. It is approved by the Board's Risk Committee and reviewed and updated annually. Senior management sets the tone at the top by supporting a strong culture that guides how employees conduct themselves and make decisions. The Board holds senior management accountable for establishing and maintaining this culture and for effectively managing risk. Oversight of management's approach to climate-related risks and opportunities is part of the Board's role. Our governance structure also allows for robust Board oversight and senior management leadership over environmental sustainability. The Board carries out its sustainability oversight responsibilities directly and through the work of its standing Committees.

A detailed discussion of our approach to managing various types of risk can be found in our annual report.[8]

As a large financial institution serving commercial clients in many sectors, including some that may be associated with elevated environmental and/or social impacts, we recognize the importance of understanding the environmental and social implications of our business decisions. Our Risk Management Framework sets forth Wells Fargo's core principles for managing and governing risk. Our approach recognizes that environmental and social issues have the potential to impact various risk types covered by our Risk Management Framework, including reputation risk, credit risk, and strategic risk.

We expect that climate change will increasingly impact the risk types we manage and are continuing to integrate climate considerations into our risk management framework as our understanding of climate change and risks driven by climate change evolve. We maintain six initiatives designed to identify and incorporate climate-related risks into routine risk management activities: risk identification and assessment, risk appetite and measurement, climate scenario analysis, risk reporting, policies, framework and governance and risk data and technology.

[8] *See* 2022 Annual Report, Wells Fargo (Feb. 21, 2023), https://www08.wellsfargomedia.com/assets/pdf/about/investor-relations/annual-reports/2022-annual-report.pdf.

More broadly, we understand that climate change is one of the most urgent environmental and social issues of our time, and we recognize the important role that we play in addressing it. We support the goals of the Paris Agreement and a transition to a net-zero carbon economy. By 2050, our goal is to achieve net-zero greenhouse gas emissions, including our financed emissions. To meet our net zero goal, we are taking a comprehensive view of how to address climate change, looking across our business and financial portfolios and reducing the impact of our operations. As we do so, we know we cannot do this alone. The path to net-zero emissions is complex and will require action from governments, businesses, communities, and individuals; it will also require policy measures, technological advancements, and behavioral changes. We also understand that the transition to a low-carbon economy must be balanced with current energy needs, which represents a business opportunity for both clients and the company.

We are helping power the energy needs of today and the transition to the energy sources of tomorrow. As a bank, we are focused on working with clients in a broad range of sectors of the U.S. economy, including the Oil & Gas sector, to provide the financial services needed to support an orderly energy transition.

At the same time, we are a leading capital provider for the clean energy economy, supporting manufacturing and deployment of key technologies like solar and wind power. Our finance and tax equity teams support projects ranging from residential rooftop solar to community projects to large utility-scale developments. In 2022, our Renewable Energy & Environmental Finance team had its largest year ever, investing $2.7 billion of tax equity in renewable energy and battery storage projects, bringing its total lifetime investment to $15.9 billion.

Relatedly, our goal to deploy $500 billion in sustainable finance by 2030 is well underway. In the first two years of tracking, we have originated, committed, advised, or facilitated approximately $129 billion, funding a growing demand for products and services that are building the low-carbon economy and strengthening community resilience. In 2022, we published our first sustainable finance progress report to track our efforts against our $500 billion goal, and that report is available on our website.[9]

In August of last year, we issued our second Inclusive Communities and Climate Bond, a $2 billion bond that will finance projects and programs supporting housing affordability, economic opportunity, renewable energy, and clean transportation.

Additionally, we are working to minimize our own use of energy, water, and other resources, and reduce greenhouse gas emissions across our operations. We have achieved more than a 20% reduction in our own emissions over the last three years, and this year we updated our operational sustainability goals to try to make that a 70% reduction of our Scope 1 and 2 greenhouse gas emission by 2030 compared to a 2019 baseline. We also updated our operational sustainability goals for 2030 for energy, waste, and water reduction and for renewable energy use to meet purchased electricity needs.

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[9] *See* Wells Fargo's Sustainable Finance Progress: 2021, Wells Fargo (Sept. 2022), https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/sustainable-finance-progress.pdf.

Finally, when we announced our net-zero goal in March 2021, we committed to measuring and disclosing financed emissions for select carbon-intensive portfolios and to setting and disclosing interim, emission-based portfolio targets. In May 2022, we published CO2eMission[10], our methodology for aligning our financial portfolios with pathways to net-zero by 2050 and for setting interim emissions-based targets to track that alignment. CO2eMission also included our 2030 portfolio targets for the Oil & Gas and Power sectors. We reported in our July 2023 TCFD report that, from the 2019 baseline year through December 31, 2021, the attributable emissions of our Oil & Gas portfolio decreased by 17%. More information about our targets and our target-setting methodology is available on Wells Fargo's website.[11]

**Our Views on Data Privacy and Emerging Technologies**

We prioritize personal data privacy and support transparency in our information collection and use practices. We have safeguards in place to protect the information that customers share with us. We clearly disclose how we use customer information in our U.S. Consumer Privacy Notice,[12] and we offer a Security Center[13] on our website that allows customers to explore security options, view information on spotting common scams, and report fraud.

We also encourage customers to protect their accounts and information by offering security options like two-factor authentication and biometrics. We provide educational materials that encourage customers to create strong passwords, avoid suspicious links, keep their software updated, limit the personal information they share online, and use a screen lock on mobile devices. Our Wells Fargo online security center provides customers with resources to explore security options, spot scams, report fraud, and more to help keep their accounts and information secure.

With respect to emerging technologies, we believe that, when thoughtfully and responsibly designed and used, tools like artificial intelligence have the potential to offer deep insight into our customers' financial needs and goals, which could help an organization like ours to personalize services to customers and increase digital engagement at scale, ultimately providing more customers with the tools for financial success. We are carefully exploring opportunities in this space. Overall, our initiatives aim to reliably enhance customer experiences, accelerate the efficiency of our operations, make banking more secure, and streamline services, while guarding against biased and discriminatory decisions.

Thank you, and I welcome your questions.

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10 CO2eMission, Wells Fargo (May 2022), https://sites.wf.com/co2emission/CO2eMission_Methodology.pdf.

11 *See* Advancing Environmental Sustainability, Wells Fargo, https://www.wellsfargo.com/about/corporate-responsibility/environment/.

12 U.S. Consumer Privacy Notice, Wells Fargo (Rev. Oct. 2022), https://www.wellsfargo.com/assets/pdf/personal/privacy-security/us_consumer_privacy_notice_english.pdf.,

13 *See* Security Center, Wells Fargo, https://www.wellsfargo.com/privacy-security/fraud/.

## Appendix A
## Wells Fargo Capital & Leverage Ratio, Net Income, Dividend, and Stock Repurchase Data 2022 & Q3 2023

| | Q3 2023 | 2022 |
|---|---|---|
| **Common Equity Tier 1 Capital Ratio** | 11.0% | 10.6% |
| **Tier 1 Capital Ratio** | 12.6% | 12.11% |
| **Total Capital Ratio** | 15.3% | 14.82% |
| **Tier 1 Leverage Ratio** | 8.3% | 8.26% |
| **Supplementary Leverage Ratio**[14] | 6.9% | 6.85% |
| **Common Stock Dividends** | $0.35 / share | $4.3 b |
| **Common Stock Repurchased** | $1.5 b | $6.0 b |
| **Net Income** | $5.77 b | $13.2 b |

[14] In April 2014, federal banking regulators finalized a rule that enhances the supplemental leverage ratio requirements for bank holding companies, like Wells Fargo, and their insured depository institutions. Wells Fargo began reporting its SLR calculations in its 2015 annual report.