

Wells Fargo's transformation

Fall 2016 – present

Wells Fargo continues to transform as we work to become the most customer-focused, efficient, and innovative Wells Fargo ever.

We are committed to transparency as we examine our company, fix the issues we find, and make things right. We have made significant strides: We are simpler and less complex, and we have made fundamental changes to the way we approach risk management.

Although there is more work to do, our progress is real and continuing. Examples:

- **New organizational structure.** Centralized our historically decentralized operating structure, added new leaders in key positions (many from outside the company).
- **Reduced risk.** Enhanced risk management framework, worked to improve risk culture, reduced high-risk asset categories, divested non-core businesses.
- **Revised incentives.** Eliminated product sales goals for retail bankers in bank branches and call centers, created a new compensation and performance management plan focused on the customer experience and team performance, instituted stronger oversight and controls.
- **Improved customer experience.** In the Community Bank, instituted Change for the Better to focus on conversations aimed at helping Wells Fargo better understand customers' financial needs; emphasis on new systems, processes, and tools so team members can better serve customers.
- **Customer-focused innovations.** Introduced product and service innovations such as real-time balance alerts, *Overdraft Rewind*SM, financial education tools, fee-saving features, a digital offering for those new to investing, an improved online mortgage application.
- **Team member retention.** In 2018, reduced voluntary team member attrition to its lowest level in six years, increased minimum base pay in the U.S., granted restricted stock rights to approximately 250,000 team members. Annually invest approximately \$13,000 per U.S. team member to provide affordable health care options and other benefits.
- **Strengthened culture.** Created and disseminated a simplified Vision, Values & Goals team member booklet. In 2018, introduced a clear set of behavioral expectations for team members; enhanced accountability through a single leadership objective that is part of every team member's annual performance plan.
- **Community support.** Increased our commitment to philanthropy (\$444 million in 2018, up from \$286.5 million in 2017), again making Wells Fargo one of the top corporate givers in the U.S.; continued our historical focus on team member giving and volunteerism.
- **Financial performance.** Generated solid financial results and strong capital returns.

As part of our commitment to transparency, in January 2019 we issued a 103-page Business Standards Report detailing what we've learned and how we've changed as we work to make things right and transform Wells Fargo. We created the report following a request from a group of shareholders led by the Interfaith Center on Corporate Responsibility.

The report, [Learning from the past, transforming for the future](#), discusses actions we have taken — and continue to take — to improve our culture, make things right for customers, revamp our organizational structure, and strengthen risk management and controls.

Advancing Wells Fargo's six goals

Wells Fargo has made significant progress on the six goals CEO Tim Sloan set for the company: becoming the financial services leader in customer service and advice, team member engagement, innovation, risk management, corporate citizenship, and shareholder value.

Customer service and advice

- Increased focus on conversations aimed at helping Wells Fargo better understand customers' financial needs.
- Introduced transformational changes in bank branches and call centers: empowered team members; simplified policies, processes, and tools; improved alignment and collaboration; developed tools and strategies to better serve customers.
- Ranked third in customer satisfaction in the J.D. Power 2019 U.S. Retail Banking Advice Study.
- Created a customer excellence team in Wholesale Banking to help ensure consistency in client management and outcomes.
- Introduced "predictive banking," an in-app feature that gives consumer and small business banking deposit and credit card customers personalized insights into their spending and opportunities to save.
- Provided more than 70 million customers free access to their FICO® Credit Score to improve credit transparency.
- Reached 24-month highs (December 2018) in "Customer Loyalty" and "Overall Satisfaction with Most Recent Visit" branch survey scores.
- Expanded offerings for small business customers.

Team member engagement

- Introduced a simpler, more focused Vision, Values & Goals booklet to make it easier for team members and customers to understand what guides Wells Fargo.
- Launched a program that articulates the Wells Fargo culture we want, covering the actions we take and the way we treat customers and each other.
- Raised the minimum hourly wage to \$15 for 36,000 U.S.-based team members in March 2018; for those already at or close to \$15, reviewed pay relative to minimum, resulting in approximately 50,000 pay adjustments in April 2018. Base pay has increased by 32 percent since 2013.
- In 2018, granted restricted stock rights to

approximately 250,000 team members; for full-timers, equivalent to 50 shares of Wells Fargo stock that vests in two years (for part-timers, 30 shares).

- For U.S. team members, increased the total number of holidays from eight to 12 — two additional national holidays plus two personal holidays team members can use for religious, family, cultural, patriotic, community, or diversity observances.
- Enhanced our EthicsLine to make it easier and safer for team members to report concerns.
- Expanded our Raise Your Hand program to encourage team members to speak up when they see something that may need additional review, attention, or expertise.
- Introduced a continuous listening program to assess team member engagement; includes collecting feedback from team members through surveys, focus groups, town hall meetings, online conversations, confidential exit interviews.

Innovation

- Rolled out card-free ATM access to 13,000+ ATMs and Near Field Communication access to 10,000+ ATMs.
- Launched new tools and functionality:
 - *Overdraft Rewind*SM service, which automatically "rewinds" any overdrafts that are covered by a direct deposit received by 9 a.m. local time the next day. In 2018, this helped more than 2.3 million customers avoid overdraft charges.
 - Automatic real-time alerts to notify online banking customers by email when their account balances drop to zero or are negative. In 2018, sent an average of more than 37 million zero-balance and customer-specific balance alerts a month.
 - Debit card on/off capability.
 - *Zelle*® P2P payments experience.
 - Intuitive Investor®, a digital brokerage advisory mobile offering for those who are new to investing or prefer a digital experience with access to financial advisors.
 - Improved online mortgage application.
 - *Control Tower*SM, a digital experience that allows customers to easily view, manage, and monitor their digital financial footprint from a single location.

- Expect to roll out GreenhouseSM, a standalone mobile banking app for customers who may be new to banking or who need help with personal finance management, in 2019.

Risk management

- Enhanced our risk management framework to strengthen the way we manage risk.
- Hired external talent to improve our risk management capabilities, including a new chief risk officer, chief compliance officer, and a head of regulatory relations (new position); added more than 3,200 risk team members from outside the company between 2016 and 2018.
- Created a conduct function to centralize the handling of internal investigations, EthicsLine, and other conduct-related activities.

Corporate citizenship

- Increased our commitment to philanthropy; donated \$444 million in 2018, up from \$286.5 million in 2017.
- Since 2012, supported nearly 20,000 homeowners with homebuyer education and down payment assistance through Wells Fargo NeighborhoodLIFT[®] program.
- Met 100 percent of electricity needs with renewable energy in 2017 and 2018.
- Assisted customers and communities impacted by natural disasters through dedicated customer support and targeted community donations.
- Announced a goal to provide \$200 billion in sustainable financing by 2030, with more than 50 percent focused on renewable energy and clean technology.
- Committed to invest more than \$1.6 billion in lending and philanthropy in Washington, D.C., to unlock more economic opportunity across the city.
- Named United Way Worldwide's largest workplace giving campaign for 2018 (10th consecutive year).
- Team members volunteered 2 million hours in their communities in 2018.
- Achieved fifth consecutive year of spending more than \$1 billion with diverse suppliers (\$1.36 billion in 2018).
- Continued enhancing our innovative Hands on Banking[®] program, which provides free financial education

through classes, workshops, webinars, and websites, with a focus on reaching underserved communities.

- Beginning in 2019, targeting 2 percent of after-tax profits for corporate philanthropy.

Shareholder value

- Returned a record \$25.8 billion to shareholders in 2018, up 78 percent from 2017.
- In the three-year period from 2016 to 2018, generated the highest average annual return on equity compared with all other U.S. global systemically important banks.
- Divested businesses that do not align to our strategy, resulting in a simplified business model with less risk.
- Continued focus on efficiency and reducing expenses.
- Maintained strong levels of capital and liquidity.
- In January 2019, increased quarterly common stock dividend to 45 cents per share.
- Reduced common shares outstanding by 6 percent in 2018, the sixth year in a row we have reduced our common share count.

Addressing past issues

Wells Fargo has taken a series of steps to address past issues. Although there is still work to do, and historical matters to resolve, here are some actions Wells Fargo has already taken:

Leadership

- Elected Betsy Duke chair of the Board of Directors, effective Jan. 1, 2018.
- Significant board refreshment, with a majority of independent directors having joined the board since January 2017.
- Reviewed board committee structure and leadership and amended committee charters to enhance and reduce duplication in risk oversight.
- Launched an external Stakeholder Advisory Council to provide insight and feedback to the board and senior management; includes experts and thought leaders of external stakeholder groups focused on consumer rights, fair lending, the environment, human rights, civil rights, and governance.

- Released findings from the Board of Directors' independent investigation of retail banking sales practices and related matters; included additional compensation actions that in total have exceeded \$180 million after board-mandated forfeitures and clawbacks.
- Announced new leaders and organizational structure in Community Banking, creating a more efficient organization.
- Hired external talent including new general counsel, new chief risk officer, new chief auditor, and new head of Technology.
- Entered into and received final court approval of a settlement agreement to pay \$480 million to resolve a consolidated securities class action alleging certain misstatements and omissions in disclosures related to sales practices matters.
- Reached an agreement with all 50 state Attorneys General and the District of Columbia to resolve an investigation into the company's previously disclosed retail sales practices, automobile collateral protection insurance, Guaranteed Asset/Auto Protection, mortgage interest rate-lock matters.

Customers

- Remediated customers in connection with the retail sales practices matter, including under the agreement with the Los Angeles City Attorney and the consent orders with the Consumer Financial Protection Bureau and the Office of the Comptroller of the Currency, as well as by working with customers directly and offering free mediation services.
- Entered into and received final court approval for a class-action settlement agreement concerning retail sales practices, setting aside \$142 million for remediation and settlement expenses to cover customers and former customers with claims of unauthorized accounts since 2002.
- Committed to making things right for any customer who was financially harmed by unacceptable sales practices, regardless of the time frame.
- Expanded our customer complaint servicing and resolution process, reached out to 40 million retail and 3 million small business customers asking them to contact us with any concerns about their accounts.
- Established a dedicated 24/7 toll-free number for customers with concerns about their accounts, or any aspect of their relationship with Wells Fargo. Customer service representatives are available at 877-924-8697.
- Created a Customer Remediation Center of Excellence, responsible for governance and improved consistency, timeliness, and quality of remediation efforts across Wells Fargo.
- Improved controls by sending automatic notifications to customers after a personal or small business checking account, savings account, or credit card is opened.

In progress

- Committed to satisfying the requirements of a consent order with the Board of Governors of the Federal Reserve System regarding our board's governance and oversight and the company's compliance and operational risk management.
- Entered into consent orders with the Office of the Comptroller of the Currency and the Consumer Financial Protection Bureau regarding our compliance risk management program and past practices involving certain automobile collateral protection insurance policies and certain mortgage interest rate-lock extensions.

Looking ahead

Wells Fargo is transforming to become more focused on customers than ever before — with strengthened risk management and controls, streamlined processes, an enhanced team member experience, and a simplified organization.

We will continue to look for ways to get better; that's what great companies do. We are committed to building a better, stronger Wells Fargo for all of our stakeholders.

Additional resources

- [Learning from the past, transforming for the future](#) — 103-page Business Standards Report issued Jan. 30, 2019, summarizing what we've done to address past issues and providing updates on our businesses, practices, and progress on our six goals.
- [Wells Fargo Stories](#) — the company's external storytelling site.
- [Wells Fargo Newsroom](#) — news releases, media contacts, multimedia resources, and more.