



# Risk Management

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**Mike Loughlin**, Senior EVP, Chief Risk Officer

May 24, 2016

# Every team member is responsible for managing risk

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Effective Risk Management enables us to:

- Better serve and retain our customers
- Maintain and improve our position in the market
- Protect the long-term safety, soundness and reputation of Wells Fargo

# Wells Fargo's statement of risk appetite

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## Relationship Focus

We take only as much risk as is appropriate to efficiently, effectively, and prudently serve our customers

## Understanding Risk

We are willing to take risks when we understand them, and avoid or minimize risks when we have no competitive advantage or limited experience

## Reputation

Our reputation is paramount. We will not engage in activities or business practices that could cause damage to our reputation

## Price for Risk

We price our business to cover risk to capital and will retain risk only if priced for a sufficient risk-adjusted return

## Conservatism

We have a significant bias for conservatism

## Operational Excellence

Our customers expect that we will be a reliable provider of services

## Clear Accountability

Business decision makers have primary accountability for risk, while the corporate risk function sets limits, provides oversight, an enterprise-wide view and credible challenge to both strategy and performance of all risk taking activities

# Corporate Risk leadership team

**Michael Loughlin**  
 Senior EVP, Chief Risk Officer  
*36 years at Wells Fargo*

**Rich Baich**  
 Chief Information Security Officer  
*4 years at WFC*

**Keb Byers**  
 Head of Enterprise Risk  
*25 years at WFC*

**Lisa Finer**  
 Head of Corporate Risk Program  
*26 years at WFC*

**Derek Flowers**  
 Chief Credit Officer  
*18 years at WFC*

**Kerri Grosslight**  
 GRO Technology, Data & Operations  
*27 years at WFC*

**Yvette Hollingsworth Clark**  
 Chief Compliance Officer  
*4 years at WFC*

**Zac Maufe**  
 Head of Cyber Defense Program  
*15 years at WFC*

**Kevin Oden**  
 Chief Market & Institutional Risk Officer  
*10 years at WFC*

**Joseph Rice**  
 Chief Operational Risk Officer  
*24 years at WFC*

**Jim Richards**  
 BSA Officer, Head of Financial Crimes  
*11 years at WFC*

**Line of Business Risk**

**Vic Albrecht**  
 Wealth & Investment Management  
*35 years at WFC*

**Teddy DeRivera**  
 Corporate Staff Groups  
*17 years at WFC*

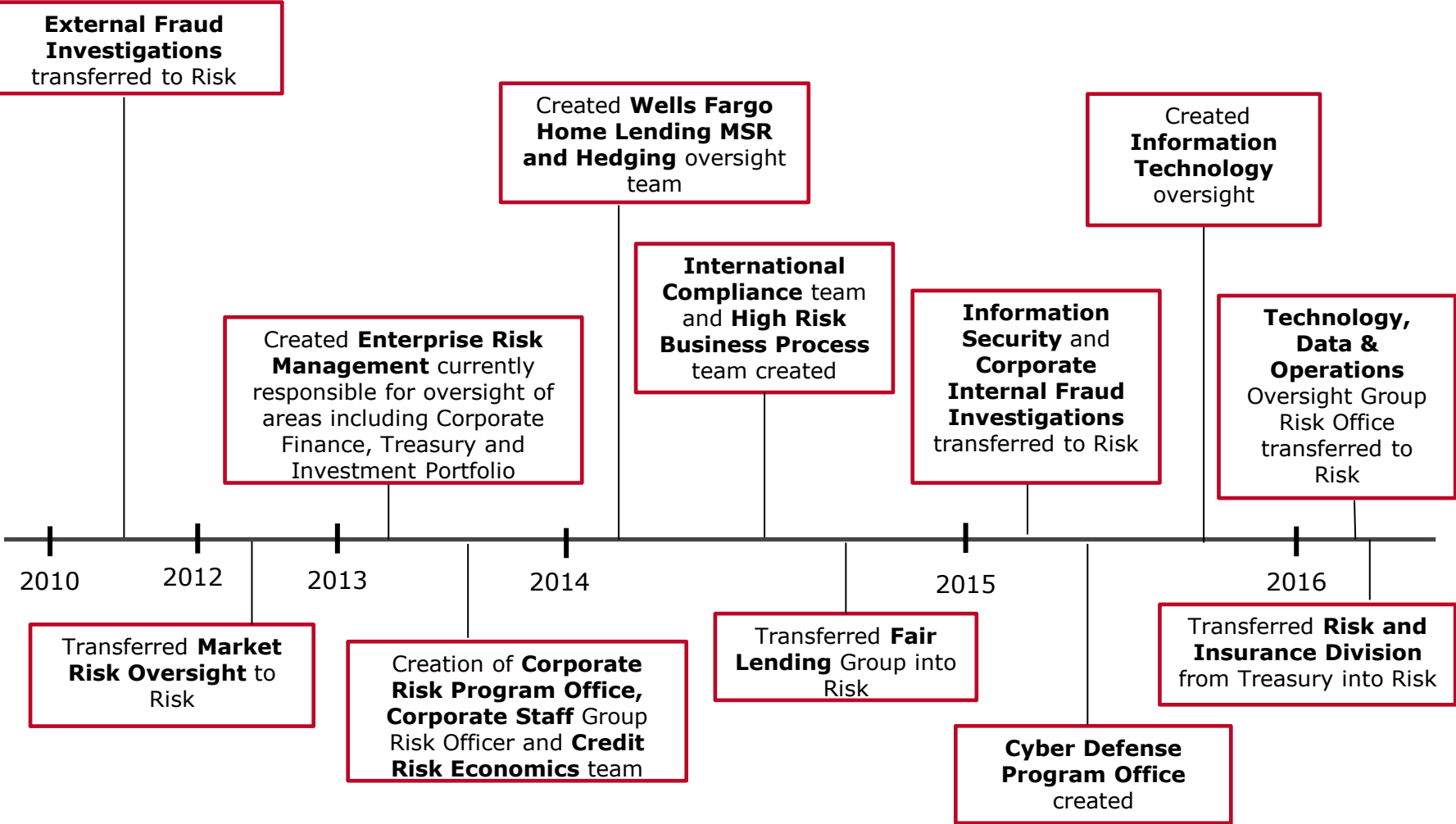
**David Marks**  
 Consumer Lending  
*29 years at WFC*

**Claudia Russ Anderson**  
 Community Banking  
*36 years at WFC*

**Dave Weber**  
 Wholesale Banking  
*31 years at WFC*

# Evolution of Corporate Risk

We've consolidated areas of risk into Corporate Risk and enhanced risk oversight across all areas of risk management



# Significant investment in Corporate Risk

We've continued to invest and currently expect to increase team members by ~20% in 2016



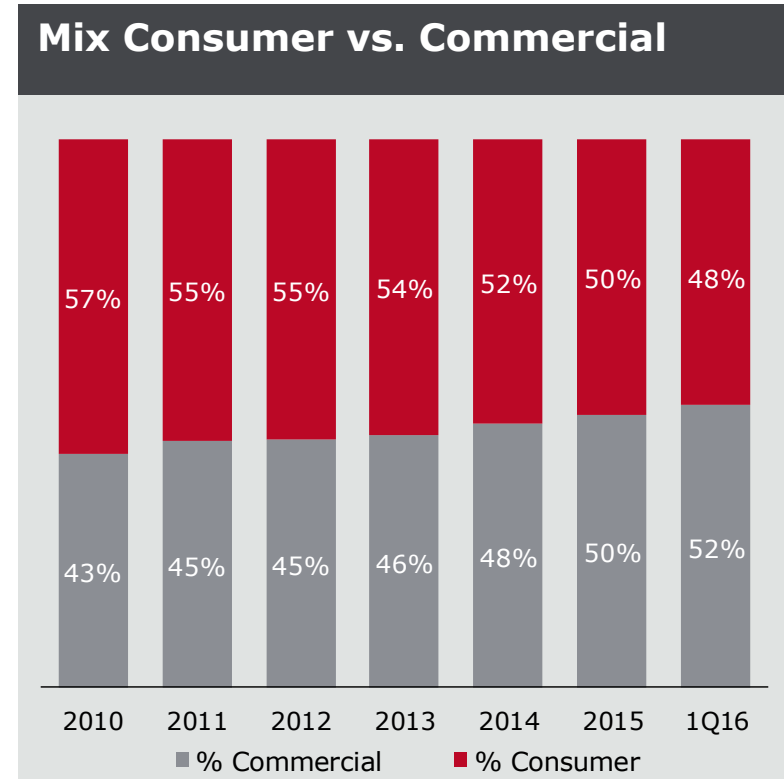
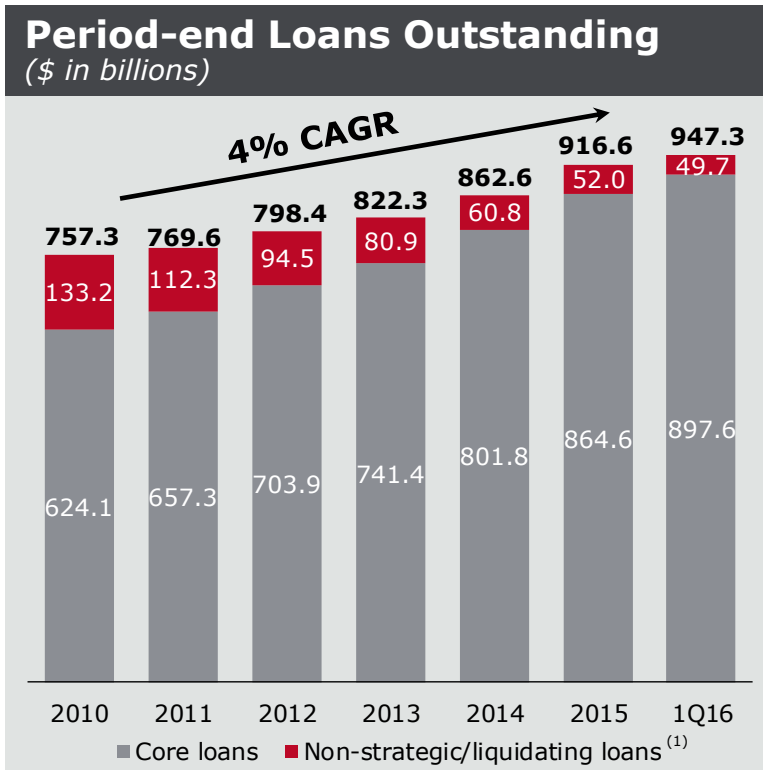
Significant investments include oversight of:

- Model Risk
- Cyber Security
- Compliance
- Data Analytics
- Financial Crimes
- Risk Aggregation
- Operational Risk

*Prior periods have been adjusted for teams that have transferred into Risk Management.*

# More balanced loan portfolio

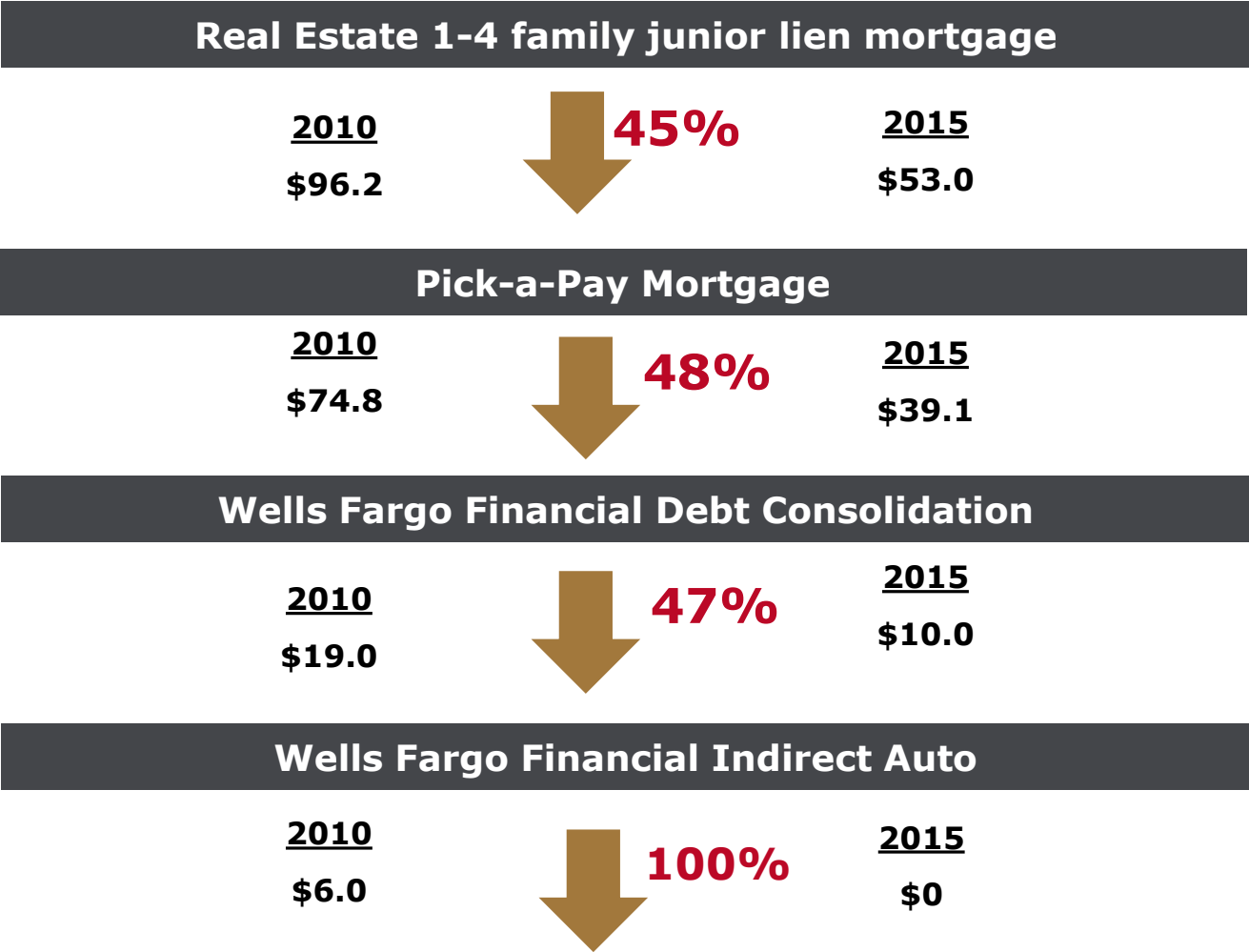
We've grown our total loan portfolio while reducing our non-strategic/liquidating loans <sup>(1)</sup> while becoming more balanced between consumer and commercial loans



<sup>(1)</sup> See page 25 of our 1Q16 Quarterly Supplement and pages 63-64 in our 2015 Annual Report for additional information regarding the non-strategic/liquidating portfolio, which consists of Pick-a-Pay, liquidating home equity, legacy Wells Fargo Financial debt consolidation, and certain other legacy Wachovia portfolios.

# Reduction in higher risk portfolios

We've significantly reduced our higher risk portfolios

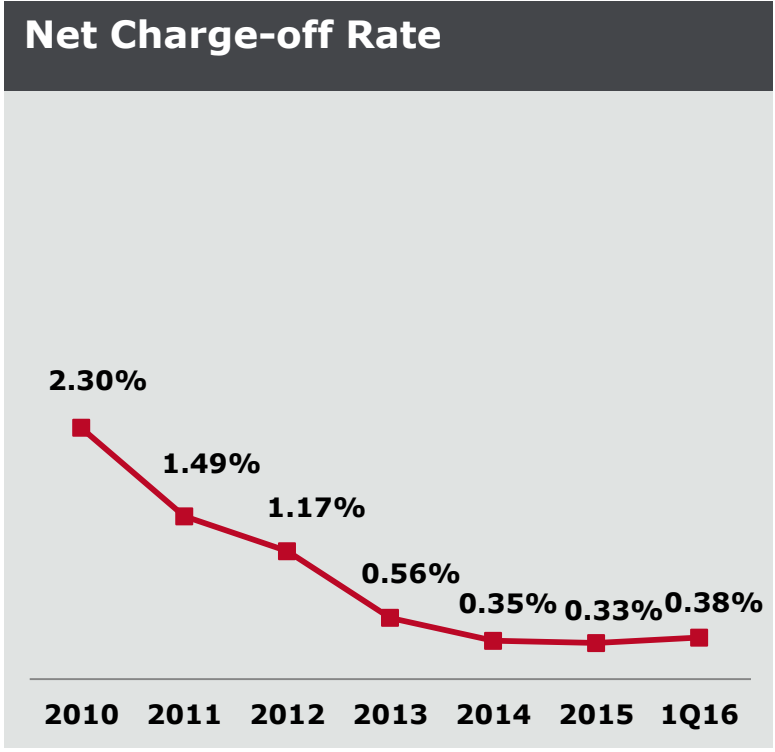
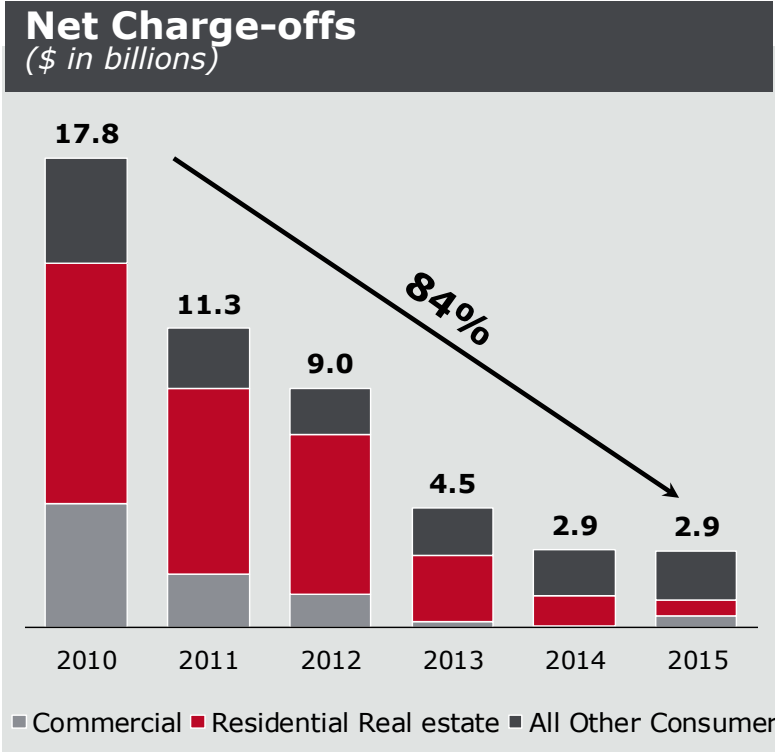


*\$ in billions, period end loans outstanding*



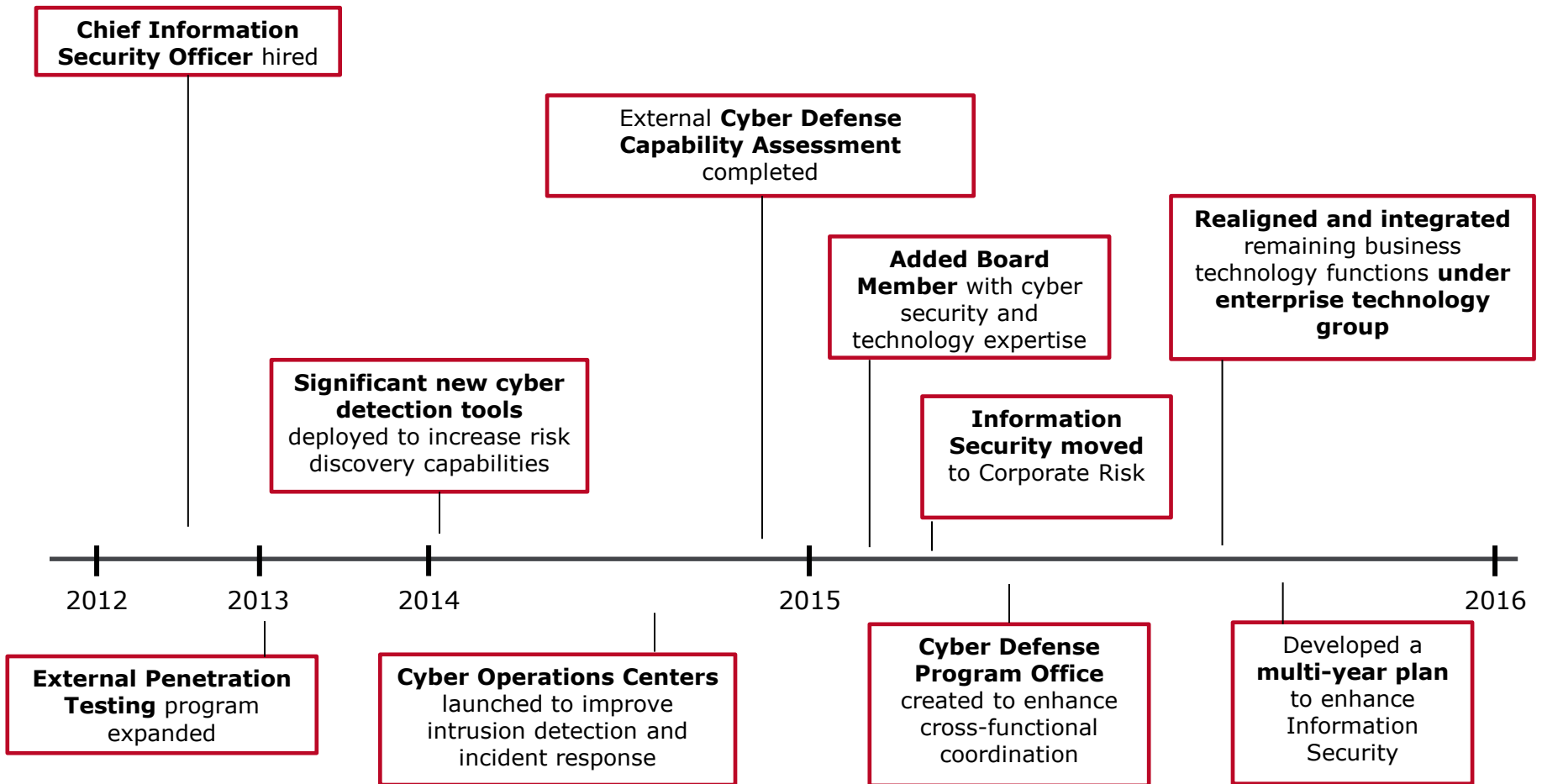
# Improved credit quality

Credit quality has improved across our portfolios, driven primarily by residential real estate



# Actively managing risk – cyber security

Efforts since 2012 have laid the foundation to improve our cyber security capabilities



The background of the slide features a silhouette of a horse-drawn carriage and two horses, set against a solid brown background. The carriage is on the left, and the horses are on the right, facing right. The text is overlaid on the left side of the image.

Strong risk management is  
the cornerstone of our  
long-term success

# Biography





## Mike Loughlin

### Senior Executive Vice President, Chief Risk Officer

- Michael (Mike) J. Loughlin, Senior Executive Vice President and Chief Risk Officer, assumed his role in 2006. He oversees all risk-taking activities at Wells Fargo, including credit, market, operational, compliance, information security, and financial crimes risk management. He is also involved in a broad range of enterprise matters including liquidity, capital, profit planning, and compensation.
- He was previously responsible for credit approval, policy and reporting for Wholesale Banking. A banking professional with 36 years of experience, he joined the company in 1986 after Wells Fargo acquired Crocker Bank.
- Before serving as head of credit for Wholesale Banking, he was responsible for the private banking business of Private Client Services, headed systems and operations for the Wholesale Banking unit, and held other positions within Commercial and Corporate Banking including head of U.S. Corporate Banking and Regional Vice President in the Santa Clara Valley Regional Commercial Banking Office.
- He received his bachelor's degree from the University of California at Berkeley.