

# FRB Consent Order Implementation Report

12/5/11

## Section 3 – Enterprise Risk Management

### Consent Order Requirement – 3b

**3 (b) The plan shall, at a minimum, be designed to: ensure that the risk management program complies with supervisory guidance of the Board of Governors, including, but not limited to, the guidance entitled, "Compliance Risk Management Programs and Oversight at Large Banking Organizations with Complex Compliance Profiles," dated October 16, 2008 (SR 08-08/CA 08-11);**

Status: Complete

### Requirements Summary

Wells Fargo's risk management function includes a Compliance Risk Management program that is primarily responsible for fulfilling the requirements of SR08-8. We have analyzed our compliance program against SR08-8: that analysis is included as a supporting artifact for requirement 4(b) of this Consent Order as well as here.

As detailed in our response to item 4(b) of the consent order, the program framework and processes are sufficient to meet the requirements of the Consent Order, but the application of those needed to be expanded to include the risks identified under the consent order, and to view the mortgage servicing portions of our pertinent businesses as if they were independent businesses.

Wells Fargo's risk management function includes a number formal programs that are subject to Federal Reserve supervisory guidance, such as the management of 3<sup>rd</sup> party service providers ("Vendor Management Program") and information security. We performed a preliminary analysis of the Consent Order, which indicated that the programs that were affected were: Compliance, Vendor Management, and Fair and Responsible Lending. For those programs we performed a formal analysis of the programs against the requirements of the consent order. The determination was that the Compliance program required expansion (as already noted – see item 4b), the Vendor Management Program required changes, which are separately covered by item 2(b) of this Consent Order, and the Fair & Responsible Lending program required minor changes, which are treated separately under 3(a). Please see the response and supporting documentation for items 2(b), 3(a) and 4(b).

For the other programs in our enterprise risk management function (such as Information Security, Privacy, and Business Continuity), we required the central program offices to analyze the consent order for applicability, in order to confirm or modify the preliminary analysis. This effort confirmed the preliminary analysis. These other programs in the risk management function are themselves subject to various supervisory requirements and guidance, and are designed to meet this guidance, including that of the Federal Reserve. They are regularly audited and examined against those requirements. Accordingly, for the purpose of our response to the Consent Order, we confined our analysis of these other programs to the Consent Orders.

Wells Fargo has a formal process to identify, review, and incorporate revised guidance from the Federal Reserve (as well as other agencies). This will enable Wells Fargo to stay current with future Federal Reserve regulations, requirements and guidance: see our response to item 4(c) of this Consent Order.

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Supporting Artifacts

Wells Fargo's Risk Management Framework	 16. 2011 10 25 OR RM Executive Summa
Analyses of the other CRMPs against the Consent Orders	 CRMP CO Analysis Updated 09.30.11 v2
SR08-8 analysis	 SR8-08-Requirement s-Analysis2011 updat