

Stumpf

Regulates
Capital
costs

Wach

9/23/10

Stumpf - Chair + CEO
Stratner -

Time

+2 Stumpf - 11 children MN - all school in
12 yrs ago Northwest - line roles
CEO - 3 yrs ago Chairman - year ago
President - 4 yrs ago

2-12 Tom - Reg. pushing Wells - more into satisfactions

Stratner "Take that"

~ 2004 - bank reg concerns 2 think BSA +
AMP

prog "not robust enough for company of size"
→ Compliance RM + operating RM

3:20 "back then... other risk... regulators
were quite satisfied

- letter of agreement SEC + Fed

4:28 "Always strong performer

Stumpf

9:01 "Best managed or close to customer"
"Comm real for years"

5:30 "Prices became crazy... time 03-04
new products popular
→ Gain up market share
- audit is outside

7:40 Tom - Comp + Volume

Some where paid for production
- not involved in approval
underwriting is closer to salary

8:40 - Knock-out exclusions

9:15 starts with board, Human resource of
Board - Filters down - lets say

No one got a bonus in Molt company
2006-2007 in 07 for
2006 production

11:22 - Wa Mu of Colville more info
in mortgage company - talked to
CRO, put customers first

"Hard decisions to make"

12:53 - overlending

Stampf - Vision + Values, sign on code
of ethics

"Pigment is different"

15:35 - Culture + RM

run very differently, on type of credit
Commissioned sales person we have very
robust procedure - decision is very separate
from that activity

Stacy F

17:30 - Never used loan committee
↳ not a decision making process

"Put our credit people
90% of what they do is going to
be approved"

"Worried about Basel II - separate credit
from collateral - intro done foreign concept"

19:30 Tom - CR independence

↳ "Have a dotted line to audit
line"

21 Me - how Δ?

→ Industries would have problems, more
around type of credit

21 - At what point in time do not
follow the herd - General Growth -
crossed milk

↳ Baseball - Fed & state reg. - business
play infield or outfield

Constructive opportunities

24 ~

Culture of long-term activity
But only talk about long-term

Start w/ customer & add value

27. Economists about housing

"When you've been around skeptical
of good news or bad news
Didn't see downturn, do what was
right for customers. things will work
out."

28. Meet each week - CEO is there

"Disagree who disagrees
"on paper but also how you behave"

29 - Capital - caution

29.45 Diff go-go transition - resources
"always want justified balance"

Wash, only company that could
have bought them
always held in common equity

31 EPS - firm engineering to improve earnings

"Sure who cares"
"But it doesn't care"

32 "attitude of our people - is about
running company for long T benefit"

33 [= Forced to pick SR-LR, easy decision go]
SR LR

33⁵⁷ - Tom ~ Board

"Not as a rubber asking big hard questions"
area today

- Corporate Social Responsibility

36 - Tom - Inside Directors

I'm on a few boards - Target & Chevron

38 - own expertise, superb and add value
"Management does attend our meetings"

40 Tom ~ How you make sure you get feedback you need

"CEO's diff decibels of volumes"

"My relationship, convo before this call, email between meeting, conversation between meeting, humbled by experience"

"Shared skin in game"

"Big complex jobs"

Culture leads

Culture beats
strategy for breakfast
each time

43 - Culture (me)

"Made some poor decisions"

"Their directors came to company"

"end of day, so much common"

"More time at Wall Drug"

45 Tom-Integration

More about board function
- succession, nothing in place at many
companies

→ we do a plan each year
57-out by 65

→ names + SR, SR plan

one big challenge was everyone on
same operating system

Strother - not a single NPL committee

↳ Dodd-Frank may force consolidation

49 Type of Risk

CRO can go & do what they
need to do. Shore up board hard
to do it at one place.

50 CRO - # of people

5,000 - 6,000 RM + mitigation

51 Dotted line

52 Stumpf - "If there is a creative tension, to
creative, we go after it"
Credit is decisions as responsible
equal alliance

"I'm ultimate arbiter"

- "Disagree who disagreeable"

56. Lines of credit - cap allocation

"We think about customers & stand alone if one business doesn't do well may drop a customer"

58 Spend a lot of time on where is capital employed or liquidity use

Derivatives

1. Farmer end user hedger - Interest rate
2. Debt of our own - Swap rates
3. Service 1/6 mortgages -

102 - "critical"

"Hard thing about derivative desk... we take credit risk, exchanges do it protect that well."

1-04 First realize problems told by (?) others that 2006 area on consumer side new products introduced. You

2005-2006 dep on bus

West most overheated CA, NV, AZ

105 "Told about what FF was doing. Absolutely a disaster waiting to happen."

107 - How do you de-risk?
on commercial real estate

"No whole sale shifts of strategy"

Pull back LTV

Service book is higher, fore closer
lower

108 - Tom areas where you did it do
enough

Regret - one purchased from other originators
* "It's been a difficult portfolio" *

110 - How'd you pick, em

"You learn on these things"

One tenant has to be originator
has to see it has a good loan
for the whole life of loan
Sep of Risk & reward

112 - How to make skin in game work.

"Not enough liquidity"

113 - Tom - counterparty management

Tolerance ↑ + ↓

See auto business

114 -