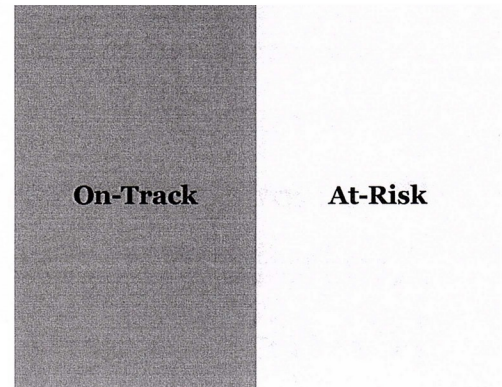


Overall ICAAP Workstream Rating

the ICAAP Workstream as “At-Risk”. The rating is attributable to the lack of a clear, comprehensive plan that has undergone significant change. The workstream project plans continue to be reshaped as the regulatory demands continue to evolve. As a result of the recent Comprehensive Capital Analysis and Review (CCAR) regulator feedback, numerous new executive level milestones have been added to projects and project plans have been pushed back to accommodate the incremental work. Additionally, a 6th project has been added to the implementation plan. The workstream is in the process of updating their implementation plan with narratives for all executive milestones added since November 2010 as well as modify its gap assessment



Executive Summary

For the ICAAP assessment, the workstream reviewed the guidance paragraphs in the Federal Register Pillar II Guidance, and identified all project gaps, and have documented them in this gap assessment. Based on this gap assessment, as well a Matter Requiring Attention (MRA) and letter issued jointly by the FRB and OCC in June/July, 2010, the Implementation Plan was updated in November 2010 to address all gaps. Five project plans were established to close these gaps (Stress Testing, Economic Capital, Setting and Assessing Capital Adequacy, Multi Factor Model and Loss Data Management). These project plans address the outstanding material gaps that were identified for ICAAP, and provide the long-term roadmap for continuing to improve the internal capital adequacy assessment process.

The projects plans recently underwent significant modifications, including the addition of a 6th project, added to track the redevelopment and revalidation of ICAAP models that either fail validation or pass conditionally. Additionally, the workstream added 16 project milestones in response to the FRB Comprehensive Capital Analysis and Review (CCAR) letter . There continues to be regulatory feedback in this area that has necessitated additional project plan work and work is underway by the Workstream to prepare for the 2012 CCAR. The Supervisory Stress Scenario to be used for the second CCAR submission is expected . Two letters were received from the regulators from recent review, one providing feedback of The Financial Planning & Analysis (FP&A) review, and the other on the capital policy. The Workstream also received the closure of the capital policy outstanding MRA. A joint regulator Economic Capital review was held on the week of September 26th and follow-up meetings will be scheduled in the month of October

The additions to the plan have been made very timely by the workstream and have necessitated an update to their implementation plan and gap assessment, as well as led to revisions in project plan dates to accommodate incremental work. Further milestone additions to projects are likely as regulator reviews and feedback occur as a result of evolving expectations in the ICAAP arena. Further milestones can be expected as the wind down of tactical or methodology driven work, is supplemented with specific, executable work. Four Executive Milestones are currently off-track or at-risk of meeting their due date. Ten Executive Milestones due were complete or near completion and will be evaluated in next month's status summary.

- Approximately 70 corporate wide models used in the ICAAP process have been identified to date with milestones incorporated into the Stress Testing and Economic Capital projects. Two separate model inventories were performed to come up with the current inventories for these projects that included coordination with LOB and subject matter experts. Additionally, the inventory will be supplemented as the process for identification of models, including those retired, replaced, or merged through legacy banks continues to unfold. a methodology that starts with the Corporate Model Inventory for Basel use models will enhance the current process in ensuring completeness of the inventory.

Workstream Status

HLR Number	Original HLR End Date	Revised HLR End Date	CRD Due Date	CRD Revised Due Date	Comments
HLR110 (ICAAP Risks)					CRD date was extended due to the revised project end dates. The most current date extension stems from additional milestones added to the Stress Testing project as a result of the CCAR letter.
HLR111 (ICAAP Capital)					CRD date was extended due to the revised project end dates. The most current date extension stems from additional milestones added to the Stress Testing project as a result of the CCAR letter.
HLR112 (ICAAP Governance)					CRD date was extended due to the revised project end dates. The most current date extension stems from additional milestones added to the Stress Testing project as a result of the CCAR letter.

Open Audit Issues	Date Identified	Expected Close Date	Observation Summary	LLR(s) Impacted
None				
Independent Reviewer Significant Issues (MRAs/CMGV/RAR)	Date Identified	Expected Close Date	Observation Summary	LLR(s) Impacted
MRA & Letter - ICAAP (FRB/OCC)			Detailed within the Executive Summary and incorporated into the ICAAP Implementation Plan.	
MRA & Letter – CCAR (FRB)			Detailed within the Executive Summary and added to the various existing projects.	

Key observations and risks

The following outlines our key observations and risks:

- The workstream project plan continues to undergo modifications/additions in response to regulatory feedback and the result of the internal development of methodologies and approach. A revised gap assessment will be completed by the end of 2020 to accommodate these plan modifications/additions. Specifically, areas of concern regarding plan activity include:
 - Date extensions were made to three of the five original projects under the plan. One of these (The Stress Testing project) has undergone two plan date extensions with the most recent set for Q3 2020. Another of the original projects (Multi-Factor Model) was recently completed in Q2 2020, however the project will remain open and additional assessments are underway, and most likely will lead to additional steps that are not mapped to the project plan.
 - A sixth project has been added to track the redevelopment and revalidation of ICAAP models that either fail validation or pass conditionally. Only one model currently has met this criteria and has been included as the lone milestone. Although a model inventory and validation schedule has been established, it is unknown as to the number of milestones that will need to be added or to forecast and evaluate time needed to enhance these models prior to going parallel.
 - 20 milestones have been added, 3 removed, and 5 updated with date extensions from the original plan. 16 of the 20 milestones added
 - Additional milestones are expected to be added to the Capital Adequacy and Stress Testing projects as a result of the capital plan policy and FP&A feedback letters from recently received from the agencies.
 - A methodology has not been established to distinguish between “required” milestones to be completed before going parallel and non-required enhancements. The need for such a methodology is heightened in lieu of the aforementioned state of flux of the plan and plan dates as well as to support that the workstream is “On-Track” to go parallel by the established date.

AS watch items

- Overall project resources for ICAAP will need close monitoring and attention as a result of the additional milestones added, dependencies on work from LOB resources, and the impact of project date extensions, change management and project slippage. The risk is most prevalent for the CMGV group who was provided ownership of three additional executive milestones in addition to their current deliverables including tight timelines for model validation work. Validation of market risk models in accordance with Basel 2.5 (Market Risk Rule) will be a high priority of this group in the 4th quarter

Audit work in-progress or planned

The following table identifies audit activities that the WFAS is performing or will be performing in the next 90 days.

Audit Activity	Start Date	Estimated Completion	Audit Comments
Setting and Assessing Capital Adequacy			All milestones but one (sensitivity analysis) to be completed by end of August; Scope will include evaluating the governance, policies and procedures for establishing capital risk tolerance, contingency capital plan, and ICAAP principles and methodologies. Regulator reviews of the capital plan and related documentation will be leveraged and followed-up on.
Multi-Factor Model			Scope will include evaluation of the design of multi-factor model approach including best practices, staffing, IT and data infrastructure; as well, as reviewing next steps and timelines for model development.

Status rating definitions

On-Track	The workstream plan is on schedule. The workstream plan has no significant issues which would require significant corrective action in order to meet plan objectives by the plan date.
At-Risk	The workstream plan is at risk of missing milestones or has issues requiring corrective action which may result in plan objectives not being met by the plan date.
Off-Track	The workstream plan requires significant attention and remediation to meet milestones. Key milestone/deliverable deadlines have been missed. The workstream plan has issues requiring significant corrective action, which jeopardize the workstream's ability to meet its objectives by the plan date. Additionally, these issues may place the overall Implementation Plan target date at-risk.
Complete	Objective has been met, and all work is completed.