

## FEDERAL RESERVE SYSTEM

Wachovia Corporation  
Charlotte, North Carolina

### Order Approving Acquisition of Savings Associations and Other Nonbanking Companies

Wachovia Corporation (“Wachovia”), a financial holding company within the meaning of the Bank Holding Company Act (“BHC Act”), has requested the Board’s approval under sections 4(c)(8) and 4(j) of the BHC Act<sup>1</sup> and section 225.24 of the Board’s Regulation Y<sup>2</sup> to acquire Golden West Financial Corporation (“Golden West”), Oakland, California, and its subsidiary savings associations, World Savings Bank, FSB (“World Savings”), Oakland, California, and World Savings Bank, FSB (Texas) (“World Savings-TX”), Houston, Texas.<sup>3</sup> In addition, Wachovia has requested the Board’s approval to acquire indirectly certain nonbanking subsidiaries of Golden West and World Savings and thereby engage in credit extension, trust company, investment advisory, and securities brokerage activities in accordance with section 4(c)(8) of the BHC Act and section 225.28(b) of the Board’s Regulation Y.<sup>4</sup>

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<sup>1</sup> 12 U.S.C. §§ 1843(c)(8) and 1843(j).

<sup>2</sup> 12 CFR 225.24.

<sup>3</sup> Wachovia plans to merge Golden West into Wachovia, with World Savings and World Savings-TX each becoming a subsidiary savings association of Wachovia. World Savings-TX is currently a wholly owned subsidiary of World Savings, and Wachovia has committed to revise that structure so that World Savings-TX will not be a subsidiary of any insured depository institution.

<sup>4</sup> See Appendix A for a listing of these subsidiaries and their activities. Wachovia also proposes to acquire Golden West’s subsidiary, World Savings Insurance Agency, Inc., San Leandro, California, in accordance with section 4(k) of the BHC Act (12 U.S.C. § 1843(k)).

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in the Federal Register (71 Federal Register 40,122 (2006)). The time for filing comments has expired, and the Board has considered the notice and all comments received in light of the factors set forth in section 4 of the BHC Act.

Wachovia, with total consolidated assets of approximately \$553.6 billion, is the third largest depository organization in the United States, controlling deposits of approximately \$308.7 billion, which represent approximately 4.8 percent of the total amount of deposits of insured depository institutions in the United States.<sup>5</sup> Wachovia operates two insured subsidiary depository institutions, Wachovia Bank, National Association (“Wachovia Bank”), Charlotte, North Carolina, and Wachovia Bank of Delaware, National Association (“Wachovia Bank-DE”), Wilmington, Delaware, in 16 states and the District of Columbia.<sup>6</sup>

Golden West, with total consolidated assets of approximately \$128.8 billion, is the tenth largest depository organization in the United States, controlling deposits of approximately \$62.6 billion, which represent approximately 1 percent of the total amount of deposits of insured depository institutions in the

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<sup>5</sup> Nationwide asset data are as of June 30, 2006. Nationwide deposit and ranking data are as of June 30, 2005, and reflect merger activity through August 9, 2006. In this context, insured depository institutions include commercial banks, savings banks, and savings associations.

<sup>6</sup> Wachovia’s subsidiary banks operate in Alabama, California, Connecticut, Delaware, Florida, Georgia, Maryland, Mississippi, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas, and Virginia.

United States. Golden West operates World Savings and World Savings-TX in ten states.<sup>7</sup>

On consummation of this proposal, Wachovia would remain the third largest depository organization in the United States, with total consolidated assets of approximately \$682.4 billion. Wachovia would control deposits of approximately \$371 billion, which represent approximately 5.8 percent of the total amount of deposits of insured depository institutions in the United States.

The Board previously has determined by regulation that the operation of a savings association by a bank holding company and the other nonbanking activities for which Wachovia has requested approval are closely related to banking for purposes of section 4(c)(8) of the BHC Act.<sup>8</sup> The Board requires that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4(c)(8) of the BHC Act.<sup>9</sup> Wachovia has represented that Golden West already conducts its activities in accordance with the limitations set forth in Regulation Y and the Board's orders governing the conduct of these activities by bank holding companies. Wachovia has committed that the activities of World Savings, World Savings-TX, and the other nonbanking subsidiaries that it proposes to acquire will be limited to those activities that are permissible for bank holding companies under section 4(c)(8).

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<sup>7</sup> Golden West's subsidiary savings associations operate in Arizona, California, Colorado, Florida, Illinois, Kansas, Nevada, New Jersey, New York, and Texas.

<sup>8</sup> 12 CFR 225.28(b)(1), (2), 4(ii), (5), (6), and (7)(i).

<sup>9</sup> 12 CFR 225.28(b)(4)(ii). See, e.g., Citigroup Inc., 88 Federal Reserve Bulletin 485, 486 (2002); The Banc Corporation, 85 Federal Reserve Bulletin 269, 270 (1999).

Section 4(j)(2)(A) of the BHC Act requires the Board to determine that the proposed acquisition of World Savings, World Savings-TX, and the other nonbanking subsidiaries “can reasonably be expected to produce benefits to the public that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.”<sup>10</sup> As part of its evaluation under these public interest factors, the Board reviews the financial and managerial resources of the companies involved, the effect of the proposal on competition in the relevant markets, and the public benefits of the proposal.<sup>11</sup> In acting on notices to acquire savings associations, the Board also reviews the records of performance of the relevant insured depository institutions under the Community Reinvestment Act (“CRA”).<sup>12</sup>

The Board has considered these factors in light of all the facts of record, including confidential supervisory and examination information, publicly reported financial information, and public comments submitted on the proposal.<sup>13</sup> The Board also has consulted with, and considered information provided by, the Office of the Comptroller of the Currency (“OCC”), the primary federal supervisor of Wachovia’s subsidiary depository institutions, and the Office of Thrift Supervision (“OTS”), the primary federal supervisor of Golden West and its subsidiary savings associations.

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<sup>10</sup> See 12 U.S.C. § 1843(j)(2)(A).

<sup>11</sup> 12 CFR 225.26; see, e.g., BancOne Corporation, 83 Federal Reserve Bulletin 602 (1997).

<sup>12</sup> 12 U.S.C. § 2901 et seq.

<sup>13</sup> The Board received more than 200 comments supporting the transaction and approximately 10 comments expressing concern about various aspects of the proposal.

## Competitive Considerations

The Board has considered carefully the competitive effects of Wachovia's acquisition of Golden West, including the acquisition of World Savings and World Savings-TX, and of the other Golden West nonbanking subsidiaries in light of all of the facts of record.

### A. Acquisition of Savings Associations

Wachovia and Golden West have subsidiary depository institutions that compete directly in 26 banking markets in California, Florida, New Jersey, New York, and Texas.<sup>14</sup> The Board has reviewed carefully the competitive effects of the proposal in each of these relevant banking markets in light of all the facts of record, including public comment on the proposal. In particular, the Board has considered the number of competitors that would remain in the markets, the relative shares of total deposits in depository institutions in each market ("market deposits") controlled by Wachovia and Golden West,<sup>15</sup> the concentration levels of market deposits and the increase in this level as measured by the Herfindahl-Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines"),<sup>16</sup> and other characteristics of the markets.

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<sup>14</sup> These banking markets are described in Appendix B.

<sup>15</sup> State deposit and market share data are as of June 30, 2005, adjusted to reflect subsequent mergers and acquisitions through August 9, 2006, and are based on calculations in which the deposits of thrift institutions, including World Savings and World Savings-TX, are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386, 387 (1989); National City Corporation, 70 Federal Reserve Bulletin 743, 744 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52, 55 (1991).

<sup>16</sup> Under the DOJ Guidelines, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger

1. Banking Markets within Established Guidelines

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Guidelines in 24 of the 26 banking markets.<sup>17</sup> Of these 24 banking markets, 3 banking markets would remain unconcentrated; 20 markets would remain moderately concentrated; and 1 market would remain highly concentrated, without an increase in market concentration as measured by the HHI.<sup>18</sup> Numerous competitors would remain in each of the 24 banking markets.

2. Two Banking Markets in Warranting Special Scrutiny

Wachovia and Golden West compete directly in two banking markets that warrant a detailed review: Punta Gorda Area and Indian River County, both in Florida. In these markets, the concentration levels on consummation would exceed the DOJ Guidelines or the resulting market share would be significant.

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HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice (“DOJ”) has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The DOJ has stated that the higher-than-normal HHI thresholds for screening bank mergers and acquisitions for anticompetitive effects implicitly recognize the competitive effects of limited-purpose and other nondepository financial entities.

<sup>17</sup> The effect of the proposal on the concentration of banking resources in these 24 markets is described in Appendix B. One commenter alleged that the proposal exceeded DOJ Guidelines in 3 of the 26 banking markets, including the 2 markets discussed in the order and the West Palm Beach Area, Florida banking market. As described in Appendix B, the competitive impact of the proposal in the West Palm Beach Area market is within the DOJ Guidelines.

<sup>18</sup> In making these calculations, the Board weighted the current market deposits of savings associations, including World Savings and World Savings-TX, at 50 percent. In the post-consummation calculations, the market deposits of World Savings and World Savings-TX are weighted at 100 percent because they would be controlled by a commercial banking organization.

For these markets, the Board has considered whether other factors either mitigate the competitive effects of the proposal or indicate that the proposal would have a significantly adverse effect on competition in the market. The number and strength of factors necessary to mitigate the competitive effects of a proposal depend on the size of the increase and the resulting level of concentration in a banking market.<sup>19</sup> The Board has identified factors that indicate the proposal would not have a significantly adverse impact on competition, despite the post-consummation increases in the HHIs and market shares in both markets.

Punta Gorda Area. In the Punta Gorda Area banking market,<sup>20</sup> the HHI would slightly exceed the DOJ Guidelines on consummation. Wachovia is the largest depository institution in the market, controlling deposits of approximately \$780.5 million, which represent 25.5 percent of market deposits. Golden West is the eighth largest depository institution in the market, controlling deposits of approximately \$183.9 million, which on a 50 percent weighted basis represent 3 percent of market deposits. On consummation of the proposal, Wachovia would remain the largest depository organization in the market, controlling deposits of approximately \$964.4 million, which represent approximately 30.6 percent of market deposits. The HHI would increase 222 points to 1836.

Several factors indicate that the increase in concentration in the Punta Gorda Area banking market, as measured by the HHI, overstates the

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<sup>19</sup> See NationsBank Corporation, 84 Federal Reserve Bulletin 129 (1998).

<sup>20</sup> The Punta Gorda Area banking market is defined as the portion of Charlotte County that is east of the harbor at the Myakka River and the portion of Sarasota County that is both east of the Myakka River and south of Interstate 75 (currently the towns of Northport and Port Charlotte), all in Florida.

potential anticompetitive effect of the proposal in the market. After consummation of the proposal, 14 other depository institution competitors would remain in the market. In addition, the second and third largest bank competitors in the market would control approximately 21 percent and 16 percent, respectively, of market deposits.

In addition, significant recent entries in the Punta Gorda Area banking market evidence the market's attractiveness for entry. The Board notes that two depository institutions have entered the market de novo since June 2005.<sup>21</sup> Other factors indicate that the market remains attractive for entry. From 2002 to 2005, the annualized percentage increase in total deposits in the market exceeded both the annualized average percentage increase in total deposits statewide and the average annualized percentage deposit increase for all Florida metropolitan areas. Furthermore, during that time period, the annualized percentage increase in population in the market exceeded that of the state and its metropolitan areas.

Indian River County. In the Indian River County banking market,<sup>22</sup> the HHI would also exceed the DOJ Guidelines on consummation. Wachovia is the largest depository institution in the market, controlling deposits of approximately \$1 billion, which represent 30.5 percent of market deposits. Golden West is the seventh largest depository institution in the market, controlling deposits of approximately \$367.6 million, which on a 50 percent weighted basis represent 5.6 percent of market deposits. On consummation of the proposal, Wachovia would remain the largest depository organization in the market,

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<sup>21</sup> The deposit data used to calculate market deposits are as of June 30, 2005, and accordingly do not include these institutions.

<sup>22</sup> The Indian River County banking market is defined as Indian River County, Florida.

controlling deposits of approximately \$1.4 billion, which represent approximately 39.4 percent of market deposits. The HHI would increase 538 points to 2041.

A number of factors indicate that the increase in concentration in the Indian River banking market, as measured by the HHI, overstates the potential anticompetitive effects in the market. After consummation of the proposal, 14 other depository institution competitors would remain in the market. In addition, the second and third largest bank competitors in the market would each control approximately 12 percent of market deposits.

The Board also has considered the competitive influence of an active community credit union that offers a wide range of consumer banking products. The Indian River Federal Credit Union (“Indian River FCU”) controls approximately \$57 million in deposits in the Indian River County banking market. Almost all residents in the banking market are eligible for membership in this credit union, which operates street-level branches with drive-up service lanes.<sup>23</sup> The Board concludes that this credit union exerts a competitive influence that mitigates, in part, the potential anticompetitive effects of the proposal.

In addition, the record of significant recent entry into the Indian River County banking market evidences the market’s attractiveness for entry. In particular, the Board notes that two depository institutions have entered the market

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<sup>23</sup> The Board previously has considered the competitive influence of certain active credit unions as a mitigating factor. See F.N.B. Corporation, 90 Federal Reserve Bulletin 481 (2004); Gateway Bank & Trust Co., 90 Federal Reserve Bulletin 547 (2004). If the deposits of the Indian River FCU are weighted at 50 percent, Wachovia would be the largest of 17 depository institutions in the market, with approximately 30.2 percent of market deposits, and Golden West would be the seventh largest depository institution in the market, controlling approximately 5.5 percent of market deposits. On consummation of the proposal, Wachovia would remain the largest depository institution in the market with deposits of approximately \$1.4 billion or approximately 39.1 percent of market deposits. The HHI would increase 530 points to 2009.

de novo since June 2005.<sup>24</sup> Other factors indicate that the Indian River County banking market remains attractive for entry. For example, from 2002 to 2005, the annualized percentage increase in total market deposits in the Indian River County banking market exceeded the annualized average percentage increase in total deposits for Florida metropolitan markets and the annualized percentage increase in total deposits nationwide and for Florida statewide during that time period. The market's annualized percentage increase in population and per capita income exceeded the annualized percentage increase in population and the per capita income nationwide and for Florida statewide.

#### B. Other Nonbanking Activities

The Board also has carefully considered the competitive effects of Wachovia's proposed acquisition of Golden West's other nonbanking subsidiaries in light of all the facts of record. Wachovia and Golden West both engage in credit extension, trust company, investment advisory, and securities brokerage activities. The markets for these activities are regional or national in scope and unconcentrated, and there are numerous providers of these services. Accordingly, the Board concludes that Wachovia's acquisition of Golden West's other

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<sup>24</sup> For the reasons noted above, the deposits of these institutions have not been included in calculating market deposits.

The Board also notes that National City Corporation ("National City"), Cleveland, Ohio, is seeking Board approval to acquire Harbor Florida Bancshares Inc. and its subsidiary thrift, Harbor Federal Savings Bank ("Harbor FSB"), both of Fort Pierce, Florida. This transaction, if approved and consummated, would significantly reduce any potential anticompetitive effects of the transaction in the market. Harbor FSB controls \$352.9 million of deposits in the market, representing 5.3 percent of 50 percent weighted market deposits, making it the eighth largest depository institution in the market. If National City were to consummate its proposed acquisition of Harbor FSB before Wachovia acquires Golden West, the HHI in the market would increase by 480 points to 1890 as a result of the Golden West acquisition.

nonbanking subsidiaries would not have a significantly adverse effect on competition in any relevant market.

C. Views of Other Agencies/Conclusion on Competitive Considerations

The DOJ also reviewed the probable competitive effects of the proposal, including the acquisition of World Savings, World Savings-TX, and the other nonbanking subsidiaries of Golden West and has advised the Board that consummation of the transaction would not likely have a significantly adverse effect on competition in any relevant banking market, including the Punta Gorda Area and Indian River County banking markets, or in any relevant market for the other proposed banking activities. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all the facts of record, the Board concludes that consummation of the proposed transaction, including the acquisition of World Savings, World Savings-TX, and the other nonbanking subsidiaries of the Golden West organization, would not have a significantly adverse effect on competition or on the concentration of resources in the Punta Gorda Area or Indian River County banking markets, in any other relevant banking market, or in any relevant market for the other proposed nonbanking activities. Accordingly, the Board has determined that competitive considerations are consistent with approval.

Financial, Managerial, and Other Supervisory Factors

In reviewing the proposal under section 4 of the BHC Act, the Board has carefully considered the financial and managerial resources of Wachovia, Golden West, and their subsidiaries. The Board also has reviewed the effect that the transaction would have on those resources in light of all facts of record, including confidential reports of examination, other supervisory

information from the primary federal and state supervisors of the organizations involved in the proposal, publicly reported and other financial information, information provided by Wachovia and Golden West, and public comments received on the proposal.

In evaluating financial resources in expansion proposals by banking organizations, the Board reviews the financial condition of the organizations involved on both a parent-only and consolidated basis, as well as the financial condition of the subsidiary insured depository institutions and the organizations' nonbanking operations. In this evaluation, the Board considers a variety of information, including capital adequacy, asset quality, and earnings performance. In assessing financial factors, the Board consistently has considered capital adequacy to be especially important. The Board also evaluates the financial condition of the combined organization at consummation, including its capital position, asset quality, and earnings prospects, and the impact of the proposed funding of the transaction.

The Board has carefully considered the financial factors of the proposal. Wachovia, Golden West, and their subsidiary depository institutions are well capitalized and would remain so on consummation of the proposal.<sup>25</sup> Based on its review of the record, the Board also finds that Wachovia has

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<sup>25</sup> Several commenters expressed concern about the financial impact of World Savings' adjustable-rate and nontraditional mortgage lending activities on the combined organization, asserting that interest rate increases and other economic uncertainties would increase the probability of borrower default. The Board has reviewed the anticipated capital levels, financial resources, and risk-management systems of the combined organization and World Savings' record of managing its mortgage portfolio in its consideration of the financial and managerial factors of this proposal. The Board also has consulted with the OTS about World Savings' lending products and activities, including the institution's risk-management programs.

sufficient financial resources to effect the proposal. The proposed acquisition is structured as a combined cash purchase and share exchange.

The Board also has considered the managerial resources of the organizations involved and the proposed combined organization. The Board has reviewed the examination records of Wachovia, Golden West, and their subsidiary depository institutions, including assessments of their management,<sup>26</sup> risk-management systems, and operations. In addition, the Board has considered its supervisory experiences and those of the other relevant banking supervisory agencies with the organizations and their records of compliance with applicable banking laws and with anti-money laundering laws.<sup>27</sup> Wachovia, Golden West, and their subsidiary depository institutions are considered to be well managed. The Board also has considered Wachovia's plans for implementing the proposal, including the proposed management after consummation.

Based on all the facts of record, the Board has concluded that considerations relating to the financial and managerial resources of the organizations involved in the proposal are consistent with approval under section 4 of the BHC Act.

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<sup>26</sup> A commenter alleged that Wachovia's board of directors and management officials lacked ethnic diversity. The Board notes that the racial, ethnic, or gender compositions of a banking organization's management are not factors that the Board is permitted to consider under the BHC Act. See Western Bancshares, Inc. v. Board of Governors, 480 F.2d 749 (10<sup>th</sup> Cir. 1973).

<sup>27</sup> A commenter expressed concern about Wachovia's relationships with unaffiliated pawn shops and other nontraditional providers of financial services. As a general matter, the activities of the consumer finance businesses identified by the commenter are permissible, and the businesses are licensed by the states in which they operate when so required. Wachovia stated that it makes loans to these types of nontraditional providers under terms, circumstances, and due-diligence procedures that are more stringent than those it applies to other borrowers.

### Records of Performance under the CRA

The Board reviews the records of performance under the CRA of the relevant insured depository institutions when acting on a proposed acquisition of any insured depository institution, including a savings association.<sup>28</sup> The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation, and requires the appropriate federal financial supervisory agency to take into account a relevant depository institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals.<sup>29</sup>

In response to the Board's request for public comment on this proposal, several comments were submitted expressing concern about Wachovia's and Golden West's records of lending to LMI or minority individuals and in LMI or predominantly minority communities.<sup>30</sup> Some commenters who opposed the proposal alleged that Wachovia has not provided adequate banking services

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<sup>28</sup> 12 CFR 228.11(a)(3)(iv).

<sup>29</sup> 12 U.S.C. § 2903.

<sup>30</sup> Commenters expressed concerns about the appropriateness of adjustable-rate and "non-traditional" mortgage products currently offered by World Savings for certain LMI and minority borrowers. The commenters stated that consumers in California may not fully understand the consequences of these mortgage products and that these mortgage products increase chances of default. The Board has consulted with the OTS about World Savings' mortgage products. Additionally, the Board and the other federal bank supervisors have issued final guidance on these mortgage products, including disclosure of relevant information to customers. Interagency Press Release, Federal Financial Regulatory Agencies Issue Final Guidance on Nontraditional Mortgage Product Risks (September 29, 2006), <http://www.federalreserve.gov/BoardDocs/Press/bcreg/2006/20060929/default.htm>. The Board expects Wachovia to offer its products in a manner consistent with this guidance and any future guidance on this issue.

or products to minorities and communities in California and other areas.<sup>31</sup> These commenters criticized Wachovia's proposed community development plan for California as too small relative to the size of similar commitments by other financial institutions.

The Board has considered carefully all the facts of record, including evaluations of the CRA performance records of Wachovia's and Golden West's subsidiary depository institutions, data reported under the Home Mortgage Disclosure Act ("HMDA")<sup>32</sup> by the subsidiaries of Wachovia and Golden West that engage in home mortgage lending, other information provided by Wachovia and Golden West, confidential supervisory information, and public comment received on the proposal.<sup>33</sup>

#### A. CRA Performance Evaluations

As provided in the CRA, the Board has reviewed the proposal in light of the evaluations by the appropriate federal supervisors of the CRA performance records of the relevant insured depository institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the

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<sup>31</sup> Wachovia began operations in California in March 2006, after its acquisition of Westcorp and its subsidiary savings association, Western Financial Bank, FSB, both of Irvine.

<sup>32</sup> 12 U.S.C. § 2801 *et seq.*

<sup>33</sup> The Board received more than 200 comments supporting the proposed transaction. These commenters stated that Wachovia and Golden West have been responsive to the needs of their communities through innovative mortgage products designed for LMI borrowers and have provided significant financial, technical, and personnel support for community development projects.

institution's overall record of performance under the CRA by its appropriate federal supervisor.<sup>34</sup>

Wachovia Bank, Wachovia's lead subsidiary bank, received an "outstanding" rating from the OCC at its most recent CRA performance evaluation, as of June 30, 2003.<sup>35</sup> World Savings also received an "outstanding" rating at its most recent CRA performance evaluation by the OTS, as of August 15, 2005.<sup>36</sup>

Wachovia has represented that it will generally continue the current CRA and consumer compliance programs of Wachovia's and Golden West's subsidiary depository institutions after consummation and will integrate successful programs and products from both organizations.

CRA Performance of Wachovia Bank. In addition to the overall "outstanding" rating that Wachovia Bank received at its most recent CRA performance evaluation,<sup>37</sup> the bank received separate overall "outstanding" or "satisfactory" ratings in all multistate metropolitan statistical areas ("MSAs")

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<sup>34</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 66 Federal Register 36,620 at 36,640 (2001).

<sup>35</sup> Wachovia's other subsidiary bank, Wachovia Bank-DE, also received an "outstanding" rating from the OCC at its most recent CRA evaluation, as of December 31, 2002.

<sup>36</sup> Golden West's other subsidiary thrift, World Savings-TX, also received an "outstanding" rating at its most recent CRA evaluation by the OTS, as of August 15, 2005.

<sup>37</sup> The evaluation period for home mortgage, small business, and small farm lending was January 1, 2001, through December 31, 2002. Community development activities were considered through June 30, 2003, and included community development lending from September 30, 2000, when Wachovia was doing business as First Union Corporation.

and states reviewed by the OCC.<sup>38</sup> The examiners reported that the bank had excellent levels of community development lending, investment, and services in most full-scope assessment areas and demonstrated creativity and innovation in its loan products, investments, and services.

Examiners rated Wachovia Bank “outstanding” or “high satisfactory” under the lending test in all MSAs and states reviewed, based on a review of the bank’s housing-related loans reported under HMDA, small loans to businesses and small loans to farms, and qualified community development loans.<sup>39</sup> Examiners stated that Wachovia Bank’s lending reflected adequate responsiveness to community credit needs and adequate distribution among different geographies and income levels throughout its assessment areas.<sup>40</sup> Examiners found that Wachovia

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<sup>38</sup> Full-scope evaluations were conducted in Wachovia Bank’s assessment areas in the Augusta-Aiken (GA-SC), Charlotte-Gastonia-Rock Hill (NC-SC), Newburgh (NY-PA), Philadelphia (PA-NJ), and Washington (DC-MD-VA-WV) MSAs. Full-scope evaluations were also conducted in other select MSAs in Connecticut, Florida, Georgia, Maryland, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, and Virginia. Limited-scope evaluations were conducted in other relevant MSAs in those states.

<sup>39</sup> “Small loans to businesses” are loans with original amounts of \$1 million or less that are either secured by nonfarm, nonresidential properties or classified as commercial and industrial loans. “Small loans to farms” are farm or agricultural loans with original amounts of \$500,000 or less that are secured by farmland or finance agricultural production, and other loans to farmers.

<sup>40</sup> One commenter specifically criticized Wachovia Bank’s amount of lending to LMI individuals in Philadelphia. Examiners stated that Wachovia Bank’s lending levels reflected adequate responsiveness to the credit needs of the Philadelphia MSA. During the evaluation period, the bank originated more than 34 percent of its total number of home purchase loans in the MSA to LMI individuals. In addition, the bank originated \$2 billion in home mortgage loans, with 19 percent of the total number of those loans in the MSA’s LMI geographies. The bank also made \$2 billion in small loans to businesses in the Philadelphia MSA, with 12.7 percent of the total number of those loans to businesses in the MSA’s LMI geographies. Examiners specifically

Bank offered a variety of flexible mortgage loan products that addressed the credit needs of LMI geographies and individuals. They noted that Wachovia Bank enhanced its flexible mortgage product program by partnering with approximately 170 not-for-profit community organizations throughout its various assessment areas to provide homebuyer counseling for LMI loan applicants.

Examiners generally characterized Wachovia Bank's distribution of small loans to businesses in each of its primary assessment areas as either excellent or good. In assessing the bank's small loans to businesses, examiners focused on the distribution of loans among geographies of differing income levels and, in particular, on loans to businesses in LMI areas. For example, the examiners favorably noted that Wachovia Bank made small loans to businesses totaling approximately \$709 million in the Charlotte-Gastonia-Rock Hill MSA, with 22.7 percent of the total number of those loans to businesses in LMI geographies, and \$907 million in that type of loan in the Washington, D.C. MSA, with 19.8 percent of the total number of those loans to businesses in LMI geographies.

Examiners also noted that Wachovia Bank's community development lending in its assessment areas often had a significant positive impact on its overall rating under the lending test in those areas. In commending the bank's level of community development lending, examiners specifically noted that the bank's community development loans during its evaluation period totaled \$27 million

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commended Wachovia Bank's community development lending in the Philadelphia MSA, which totaled \$154 million during the evaluation period.

Wachovia also represented that in 2005, it provided more than \$160 million in investments that supported affordable housing and city schools and made \$6.4 million in community grants to nonprofit organizations in the Philadelphia MSA. The bank also originated \$193 million in home mortgage loans to LMI borrowers in the Philadelphia MSA.

in the Augusta-Aiken MSA, \$181 million in the Charlotte-Gastonia-Rock Hill MSA, and \$114 million in the Washington, D.C. MSA.

Examiners rated Wachovia Bank “outstanding” or “high satisfactory” under the investment test in all but one of the MSAs and states reviewed in the performance evaluation. Examiners noted, for example, that Wachovia’s total qualified investments included \$46 million in North Carolina, \$114 million in Florida, and \$116 million in the Washington, D.C. MSA during the evaluation period. Examiners found that Low Income Housing Tax Credits (“LIHTCs”) were an integral part of the bank’s investment program in most of its assessment areas.

Examiners rated Wachovia Bank “outstanding” or “high satisfactory” under the service test in all MSAs and states reviewed. Examiners concluded that the bank’s distribution of branch offices and ATMs was satisfactory and easily accessible to geographies and individuals of different income levels. In addition, examiners noted several financial literacy programs that Wachovia offers customers, many of which were focused on LMI communities and individuals.

Wachovia represented that it has maintained a high level of community reinvestment activity since its last CRA performance evaluation. For example, Wachovia stated that, in its assessment areas in 2005, it provided approximately \$12 million in small loans to businesses, more than \$25 billion in community development loans and investments, and training for more than 22,000 low-income families and individuals in money-management and computer skills. Wachovia has actively participated in the New Market Tax Credit (“NMTC”) and LIHTC programs, receiving \$383 million in NMTC allocations since 2003 and investing \$3 billion in LIHTCs, as of May 2006. It also stated that it has made \$55 million in various direct investments in community and economic development partnerships and financial institutions in 2005.

CRA Performance of World Savings. As noted above, World Savings received an overall “outstanding” rating from the OTS at its last performance evaluation.<sup>41</sup> Examiners stated that World Savings had an excellent record of meeting the credit and deposit needs of its assessment areas.<sup>42</sup> The institution’s overall CRA rating was primarily based on its performance in California where the majority of deposit operations and lending activity were conducted during the evaluation period.<sup>43</sup>

World Savings received an overall “outstanding” rating for its lending performance, and “outstanding” or “high satisfactory” ratings for lending in six of nine states reviewed, as well as in the NYC MSA.<sup>44</sup> It originated approximately \$99 billion in mortgage loans in its assessment areas during the evaluation period. Examiners noted that World Savings’ lending record reflected excellent geographic distribution throughout its assessment areas, particularly in California, and good distribution among borrowers of different income levels. World Savings originated approximately \$15 billion in mortgage loans in LMI geographies

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<sup>41</sup> The evaluation period was from July 1, 2001, through December 31, 2004.

<sup>42</sup> Ratings were based on full-scope evaluations conducted in 41 assessment areas in California, Florida, Colorado, Texas, Arizona, New Jersey, Kansas, Illinois, and Nevada, and in the New York-Northern New Jersey-Long Island (NY-NJ-PA) MSA (“NYC MSA”), and on limited-scope evaluations of other assessment areas in the relevant states.

<sup>43</sup> World Savings specializes in adjustable-rate, single-family residential mortgage originations, which are held in portfolio or securitized. Examiners based their review on World Savings’ 1-4 family residential and multifamily residential loan products.

<sup>44</sup> World Savings received a “low satisfactory” rating for lending performance in Kansas, Nevada, and New Jersey, based on low levels of community development lending and the bank’s level of loan originations in LMI geographies in its assessment areas.

in its assessment areas. Examiners particularly commended the institution's loan distribution to LMI areas in California, Colorado, Illinois, and Texas.

Examiners concluded that World Savings was a leader in making community development loans in California and Colorado. They noted that World Savings made significant contributions to the advancement of affordable housing through its direct multifamily lending as well as through its lending to affordable housing consortia. Examiners also stated that World Savings made extensive use of innovative loan programs and flexible lending practices to serve the credit needs of its assessment area. In addition to offering special loan programs and alternative underwriting guidelines tailored to LMI applicants, World Savings provided approximately \$25 million in interest-rate concessions and fee waivers to borrowers during the evaluation period.

Under the investment test, World Savings received an overall "outstanding" rating. At year-end 2004, World Savings held qualifying investments totaling more than \$400 million, primarily in mortgage-backed securities secured by loans to LMI borrowers.

World Savings received an overall "outstanding" rating under the service test. Examiners found that World Savings provided services that were tailored to the convenience and needs of its assessment areas, particularly LMI geographies and individuals. Examiners also noted that World Savings was a leader in providing community development services in its California assessment areas. These services include its participation in the Federal Home Loan Bank's Affordable Housing Program Direct Subsidy grant program and the provision of technical, financial, and managerial expertise to housing and other organizations that are related to community development.

## B. Community Development Plans

As part of the proposed merger, Wachovia announced a \$150 billion community development plan for California. Several commenters expressed concerns about the community development plan, arguing that the size of the plan is too small relative to the size of similar commitments made by other financial organizations, and recommended approval only if the plan was subject to conditions suggested by the commenters. Some commenters who opposed the proposal also alleged that Wachovia's plan did not address the diversity and community reinvestment needs of California communities.<sup>45</sup>

The Board views the enforceability of pledges, initiatives, and agreements with third parties as matters outside the scope of the CRA.<sup>46</sup> As the Board previously has explained, an applicant must demonstrate a satisfactory record of performance under the CRA without reliance on plans or commitments for future action.<sup>47</sup> Moreover, the Board has consistently found that neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to make pledges or enter into commitments or agreements with any organization.<sup>48</sup>

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<sup>45</sup> Commenters also alleged that Wachovia has not been responsive to California community groups and has failed to work with local government in addressing California's needs.

<sup>46</sup> See, e.g., Bank of America Corporation, 90 Federal Reserve Bulletin 217, 233 (2004); Citigroup Inc., 88 Federal Reserve Bulletin 485, 488 n.18 (2002).

<sup>47</sup> See Wachovia Corporation, 91 Federal Reserve Bulletin 77 (2005); J.P. Morgan Chase & Co., 90 Federal Reserve Bulletin 352 (2004); Bank of America Corporation, *supra.*; NationsBank Corporation, 84 Federal Reserve Bulletin 858 (1998).

<sup>48</sup> See, e.g., Fleet Financial Group, Inc., 85 Federal Reserve Bulletin 747 (1999).

In this case, as in past cases, the Board instead has focused on the demonstrated CRA performance record of the applicant and the programs that the applicant has in place to serve the credit needs of its CRA assessment areas. In reviewing future applications by Wachovia under this factor, the Board similarly will review Wachovia's actual CRA performance record and the programs it has in place to meet the credit needs of its communities at the time of such review.

### C. Conclusion on CRA Performance Records

The Board has considered carefully all the facts of record, including reports of examination of the CRA records of the institutions involved, information provided by Wachovia, comments received on the proposal, and confidential supervisory information. Based on a review of the entire record and for the reasons discussed above, the Board has concluded that considerations relating to the CRA performance records of the relevant depository institutions are consistent with approval.

### Other Considerations

In light of public comments received on the proposal, the Board has carefully considered the fair lending records and HMDA data of Wachovia Bank and World Savings in its evaluation of the public interest factors. Commenters alleged, based on 2005 HMDA data, that Wachovia Bank and World Savings denied the home mortgage loan applications of African-American, Hispanic, and other minority borrowers more frequently than those of nonminority applicants in various states. A commenter also alleged that Wachovia Bank and World Savings made higher-cost loans<sup>49</sup> more frequently to African-American and Hispanic

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<sup>49</sup> Beginning January 1, 2004, the HMDA data required to be reported by lenders were expanded to include pricing information for loans on which the annual percentage rate exceeds the yield for U.S. Treasury securities of

borrowers than to nonminority borrowers.<sup>50</sup> The Board reviewed the 2004 and 2005 HMDA data reported by Wachovia Bank and World Savings.<sup>51</sup>

Although the HMDA data might reflect certain disparities in the rates of loan applications, originations, denials, or pricing among members of different racial or ethnic groups in certain local areas, they provide an insufficient basis by themselves on which to conclude whether or not Wachovia Bank or World Savings is excluding or imposing higher costs on any racial or ethnic group on a prohibited basis. The Board recognizes that HMDA data alone, even with the recent addition of pricing information, provide only limited information about the covered loans.<sup>52</sup>

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comparable maturity by 3 or more percentage points for first-lien mortgages and by 5 or more percentage points for second-lien mortgages. 12 CFR 203.4.

<sup>50</sup> One commenter also alleged that World Savings directs customers to low- or no-documentation loan products as a means to exaggerate the customer's income and places the customers in loan products that exceed their ability to repay, which ultimately results in foreclosures. According to information provided by Wachovia and Golden West, World Savings requires low- or no-documentation on 90 percent of the loan applications it processes and uses the same underwriting standards for all applications. As of June 30, 2006, publicly available data indicate that World Savings' nonperforming assets represented only 0.37 percent of its total assets, which compares favorably to the aggregate percentage of nonperforming assets to total assets of all savings institutions.

<sup>51</sup> The Board reviewed the 2004 HMDA data reported by Wachovia Bank, Wachovia-DE; Wachovia Mortgage Company; and Wachovia's subsidiaries, SouthTrust Bank and SouthTrust Mortgage Company (acquired by Wachovia in January 2005), in their statewide assessment areas in California, Delaware, New Jersey, New York, North Carolina, Pennsylvania, and Texas. HMDA data reported by Wachovia Bank, Wachovia-DE, Wachovia Mortgage Company, and SouthTrust Mortgage Company in 2005 were reviewed for the same areas. In addition, the Board reviewed the 2004 and 2005 HMDA data reported by World Savings in its statewide assessment areas in New York and California.

<sup>52</sup> The data, for example, do not account for the possibility that an institution's outreach efforts may attract a larger proportion of marginally qualified applicants than other institutions attract and do not provide a basis for an independent

HMDA data, therefore, have limitations that make them an inadequate basis, absent other information, for concluding that an institution has engaged in illegal lending discrimination.

The Board is nevertheless concerned when HMDA data for an institution indicate disparities in lending and believes that all lending institutions are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound lending but also equal access to credit by creditworthy applicants regardless of their race or ethnicity. Because of the limitations of HMDA data, the Board has considered these data carefully and taken into account other information, including examination reports that provide on-site evaluations of compliance by Wachovia Bank and World Savings with fair lending laws.

Examiners found no substantive violations of applicable fair lending laws during the fair lending reviews they conducted in conjunction with the most recent CRA performance evaluations of Wachovia Bank and World Savings. In addition, the record indicates that both institutions have taken steps to ensure compliance with fair lending and other consumer protection laws. Wachovia Bank monitors its compliance with fair lending laws through file reviews, mystery shopping programs, and call-monitoring activities. Wachovia Bank also employs an internal second-review process for home loan applications that would otherwise be denied and reviews its fair lending program quarterly to ensure effectiveness. World Savings employs similar compliance techniques, such as internal audits, file reviews, and statistical analyses of its lending activities.

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assessment of whether an applicant who was denied credit was, in fact, creditworthy. In addition, credit history problems, excessive debt levels relative to income, and high loan amounts relative to the value of the real estate collateral (reasons most frequently cited for a credit denial or higher credit cost) are not available from HMDA data.

Based on all the facts of record, the Board has concluded that considerations relating to the fair lending records and HMDA data of Wachovia and World Savings are consistent with approval under section 4 of the BHC Act.

#### Public Benefits

As part of its evaluation of the public interest factors under section 4 of the BHC Act, the Board has reviewed carefully the public benefits and possible adverse effects of the proposal. The record indicates that consummation of the proposal would result in benefits to consumers currently served by Golden West. Wachovia's proposed acquisition of Golden West would allow Wachovia to offer a wider array of mortgage and other banking products to the existing customers of Golden West, including LMI borrowers who currently have access only to the limited scope of World Savings' mortgage products. World Savings' customers who currently have limited ATM access will benefit from the combined organization's extensive network of over 5,200 ATMs. Customers will also benefit from Wachovia's online banking functionalities not previously available to them, including bill payment, Spanish language capabilities, and online functions for loans and deposit accounts. Further, customers of Golden West's other nonbanking subsidiaries will benefit from the expanded range of products and services offered through Wachovia's nonbanking subsidiaries, such as trust services, securities brokerage, investment banking, and asset-management services, as well as a broad array of lending and credit instruments available to individual and corporate customers.

The Board has determined that the conduct of the proposed nonbanking activities within the framework of Regulation Y and Board precedent is not likely to result in adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices. Based on all the facts of record, the Board has concluded that consummation of

the proposal can reasonably be expected to produce public benefits that would outweigh any likely adverse effects. Accordingly, the Board has determined that the balance of the public benefits under section 4(j)(2) of the BHC Act is consistent with approval.

### Conclusion

Based on the foregoing and all facts of record, the Board has determined that the notice should be, and hereby is, approved.<sup>53</sup> In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act. The Board's approval is specifically conditioned on compliance by Wachovia with the conditions imposed in this order and the commitments made to the Board in connection with the notice. The Board's approval of the nonbanking aspects of the proposal is also subject to all the conditions set forth in Regulation Y, including those in

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<sup>53</sup> Several commenters requested that the Board hold a public hearing or meeting on the proposal. The Board's regulations provide for a hearing on a notice filed under section 4 of the BHC Act if there are disputed issues of material fact that cannot be resolved in some other manner. 12 CFR 225.25(a)(2). Under its rules, the Board also may, in its discretion, hold a public hearing or meeting if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately present their views. The Board has considered carefully the commenters' requests in light of all the facts of record. In the Board's view, the commenters have had ample opportunity to submit comments on the proposal and, in fact, submitted written comments that the Board has considered carefully in acting on the proposal. The commenters' requests fail to identify disputed issues of fact that are material to the Board's decision and would be clarified by a public hearing or meeting. In addition, the requests fail to demonstrate why the written comments do not present the commenters' views adequately or why a hearing or meeting otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing or meeting is not required or warranted in this case. Accordingly, the request for a public hearing or meeting on the proposal is denied.

sections 225.7 and 225.25(c),<sup>54</sup> and to the Board's authority to require such modification or termination of the activities of Wachovia or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

This transaction shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors,<sup>55</sup> effective September 29, 2006.

*(signed)*

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Robert deV. Frierson  
Deputy Secretary of the Board

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<sup>54</sup> 12 CFR 225.7 and 225.25(c).

<sup>55</sup> Voting for this action: Chairman Bernanke, Vice Chairman Kohn, and Governors Bies, Warsh, Kroszner, and Mishkin.

## Appendix A

### Other Nonbanking Subsidiaries of Golden West to be Acquired under Section 4 of the BHC Act

- (1) World Mortgage Investors, Inc., Rockville, Maryland; World Mortgage Company, WLC Company, and GWFC, LP, all of Oakland, California; and World Loan Company, San Antonio, Texas; and thereby engage in extending credit and in activities usual in connection with making, acquiring, brokering, or servicing loans or other extensions of credit, in accordance with sections 225.28(b)(1) and (2) of Regulation Y (12 CFR 225.28(b)(1) and (2));
- (2) Golden West Savings Association Service Company, Oakland, California, and thereby engage in activities performed by a trust company, in accordance with section 225.28(b)(5) of Regulation Y (12 CFR 225.28(b)(5)).
- (3) Atlas Advisers, Inc., San Leandro, California, and thereby engage in investment advisory activities, in accordance with section 225.28(b)(6) of Regulation Y (12 CFR 225.28(b)(6)); and
- (4) Atlas Securities, Inc., San Leandro, California, and thereby provide securities brokerage services, in accordance with section 225.28(b)(7)(i) of Regulation Y (12 CFR 225.28(b)(7)(i)).

Appendix B

<b>Other Wachovia/Golden West Banking Markets and Market Data</b>						
<p>Data are as of June 30, 2005. All amounts of deposits are unweighted. All rankings, market deposit shares, and HHIs are based on thrift deposits, including those controlled by Golden West, weighted at 50 percent pre-consummation, but with Golden West's deposits weighted at 100 percent in the post-consummation figures.*</p> <p>* Data for the Punta Gorda Area and Indian River County banking markets are discussed in the order.</p>						
<b>Florida Banking Markets</b>						
<b>Beverly Hills Area – Citrus County excluding the town of Citrus Springs.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	8	\$61.3 mil.	3.2	1478	- 25	12
<i>Golden West</i>	7	\$124.8 mil.	3.2			
<i>Wachovia Post-Consummation</i>	5	\$186.1 mil.	9.3			
<b>Brevard County – Brevard County.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	1	\$1.7 bil.	26.6	1559	+ 83	19
<i>Golden West</i>	16	\$138 mil.	1.1			
<i>Wachovia Post-Consummation</i>	1	\$1.8 bil.	28.5			
<b>Daytona Beach Area – Flagler County; the towns of Allandale, Daytona Beach, Daytona Beach Shores, Edgewater, Holly Hill, New Smyrna Beach, Ormond Beach, Ormond-by-the-Sea, Pierson, Port Orange, and South Daytona in Volusia County; and the town of Astor in Lake County.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	1	\$1.8 bil.	25.5	1667	+ 68	22
<i>Golden West</i>	13	\$132.4 mil.	1.0			
<i>Wachovia Post-Consummation</i>	1	\$1.9 bil.	27.1			

<b>Fort Myers Area – Lee County, excluding Gasparilla Island, and the town of Immokalee in Collier County.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	2	\$1.9 bil.	18.1	1191	+ 89	32
<i>Golden West</i>	15	\$346.9 mil.	1.7			
<i>Wachovia Post-Consummation</i>	1	\$2.2 bil.	21.1			
<b>Fort Pierce Area – St. Lucie County and Martin County, excluding the towns of Indiantown and Hobe Sound.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	5	\$748.3 mil.	11.9	1425	+ 101	18
<i>Golden West</i>	8	\$437.6 mil.	3.5			
<i>Wachovia Post-Consummation</i>	2	\$1.2 bil.	18.2			
<b>Fort Walton Beach Area – Okaloosa and Walton Counties and the town of Ponce de Leon in Holmes County.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	8	\$198.8 mil.	4.7	999	+ 2	23
<i>Golden West</i>	17	\$91.4 mil.	1.1			
<i>Wachovia Post-Consummation</i>	5	\$290.2 mil.	6.7			
<b>Miami-Fort Lauderdale Area – Broward and Dade Counties.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	2	\$18 bil.	18.9	1048	+ 48	97
<i>Golden West</i>	20	\$1.6 bil.	0.8			
<i>Wachovia Post-Consummation</i>	2	\$19.6 bil.	20.4			

<b>Naples Area – Collier County, excluding the town of Immokalee.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	3	\$1.2 bil.	13.3	1250	+50	34
<i>Golden West</i>	12	\$281.4 mil.	1.5			
<i>Wachovia Post-Consummation</i>	3	\$1.5 bil.	16.1			
<b>North Lake/Sumter Area – Sumter and Lake Counties, excluding the census-designated place of Astor and the cities of Clermont, and Groveland, all in Lake County.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	4	\$461.9 mil.	12.3	1408	+ 51	15
<i>Golden West</i>	10	\$145.8 mil.	1.9			
<i>Wachovia Post-Consummation</i>	3	\$607.7 mil.	15.8			
<b>Ocala Area – Marion County and the town of Citrus Springs in Citrus County.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	4	\$601.3 mil.	14.3	1463	+ 86	20
<i>Golden West</i>	9	\$207 mil.	2.5			
<i>Wachovia Post-Consummation</i>	2	\$808.3 mil.	18.8			
<b>Sarasota Area – Manatee and Sarasota Counties, excluding that portion of Sarasota County that is both east of the Myakka River and south of Interstate 75 (currently the towns of Northport and Port Charlotte); and the peninsular portion of Charlotte County west of the Myakka River (currently the towns of Englewood, Englewood Beach, New Point Comfort, Grove City, Cape Haze, Rotonda, Rotonda West and Placido), and Gasparilla Island (the town of Boca Grande) in Lee County.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	2	\$2.4 bil.	15.4	1305	+ 123	43
<i>Golden West</i>	8	\$873.6 mil.	2.8			
<i>Wachovia Post-Consummation</i>	2	\$3.3 bil.	20.5			

<b>Tampa Bay Area – Hernando, Hillsborough, Pinellas, and Pasco Counties.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	2	\$7.6 bil.	18.9	1540	+ 109	65
<i>Golden West</i>	7	\$1.7 bil.	2.1			
<i>Wachovia Post-Consummation</i>	2	\$9.3 bil.	22.7			
<b>West Palm Beach Area – Palm Beach County east of Loxahatchee and the towns of Indiantown and Hobe Sound in Martin County.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	1	\$7.4 bil.	26.8	1697	+ 306	62
<i>Golden West</i>	7	\$2 bil.	3.7			
<i>Wachovia Post-Consummation</i>	1	\$9.5 bil.	32.9			
<b>Texas Banking Markets</b>						
<b>Austin – The Austin MSA (Bastrop, Caldwell, Hays, Travis, and Williamson Counties).</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	41	\$23.9 mil.	0.2	1079	- 26	62
<i>Golden West</i>	11	\$464.8 mil.	1.6			
<i>Wachovia Post-Consummation</i>	7	\$488.7 mil.	3.2			

<b>Dallas – Dallas County; the southeastern quadrant of Denton County (including the cities of Denton and Lewisville); the southwestern quadrant of Collin County (including the towns of McKinney and Plano); Rockwall County; the communities of Forney and Terrell in Kaufman County; and the towns of Midlothian, Waxahachie, and Ferris in Ellis County.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	24	\$397.8 mil.	0.6	1398	- 19	121
<i>Golden West</i>	19	\$1 bil.	0.8			
<i>Wachovia Post-Consummation</i>	6	\$1.4 bil.	2.3			
<b>Fort Worth – The Fort Worth–Arlington Metropolitan Division (Tarrant, Johnson, Parker, and Wise Counties).</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	16	\$159.7 mil.	1.1	978	- 7	61
<i>Golden West</i>	28	\$155.4 mil.	0.5			
<i>Wachovia Post-Consummation</i>	8	\$315.1 mil.	2.1			
<b>Houston – The Houston–Sugar Land–Baytown MSA, (Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, and Waller Counties).</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	19	\$621.6 mil.	0.7	2302	- 63	85
<i>Golden West</i>	11	\$3 bil.	1.6			
<i>Wachovia Post-Consummation</i>	5	\$3.6 bil.	3.9			
<b>San Antonio – Bexar, Comal, Guadalupe, Kendall, and Wilson Counties.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	14	\$149.9 mil.	1.0	1358	- 12	45
<i>Golden West</i>	20	\$166.8 mil.	0.6			
<i>Wachovia Post-Consummation</i>	9	\$316.7 mil.	2.1			

<b>California Banking Markets</b>						
<b>Hesperia-Apple Valley-Victorville</b> – The Hesperia-Apple Valley-Victorville RMA; the city of Helendale, the community of Lucerne Valley, the town of Phelan, and the census-designated place of Wrightwood, all in San Bernadino County.						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	9	\$66.3 mil.	3.5	1374	- 2	13
<i>Golden West</i>	7	\$169.8 mil.	4.5			
<i>Wachovia Post-Consummation</i>	4	\$236.2 mil.	12.0			
<b>Los Angeles</b> – The Los Angeles RMA; the town of Acton in Los Angeles County; and the census-designated place of Rosamond in Kern County.						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	24	\$2 bil.	0.8	887	- 17	153
<i>Golden West</i>	11	\$9 bil.	1.9			
<i>Wachovia Post-Consummation</i>	6	\$11 bil.	4.4			
<b>Riverside-San Bernadino</b> – The Riverside-San Bernadino Metropolitan Area, including the Riverside-San Bernadino RMA and the towns of Banning, Beaumont, and Nuevo in Riverside County.						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	23	\$60.5 mil.	0.5	1556	- 25	36
<i>Golden West</i>	14	\$216.8 mil.	0.9			
<i>Wachovia Post-Consummation</i>	11	\$277.3 mil.	2.4			

<b>San Diego – The San Diego RMA and the towns of Camp Pendleton and Pine Valley in San Diego County.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	19	\$214.5 mil.	0.5	1072	- 28	66
<i>Golden West</i>	10	\$1.7 bil.	2.1			
<i>Wachovia Post-Consummation</i>	8	\$1.9 bil.	4.6			
<b>Banking Markets in Connecticut, New Jersey, New York, and Pennsylvania</b>						
<b>Metropolitan New York-New Jersey – Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, Sullivan, Ulster and Westchester Counties all in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, and Warren Counties and the northern portions of Mercer County, all in New Jersey; Monroe and Pike County in Pennsylvania; Fairfield County and portions of Litchfield and New Haven Counties in Connecticut.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	6	\$32.9 bil.	4.4	1212	+ 2	282
<i>Golden West</i>	39	\$2.8 bil.	0.2			
<i>Wachovia Post-Consummation</i>	6	\$35.5 bil.	4.8			
<b>Philadelphia/South Jersey – Burlington, Camden, Gloucester, and Salem Counties, all in New Jersey; and Bucks, Chester, Delaware, Montgomery Counties, all in Pennsylvania.</b>						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Wachovia Pre-Consummation</i>	1	\$20.9 bil.	22.5	1064	+ 5	120
<i>Golden West</i>	82	\$123.2 mil.	0.1			
<i>Wachovia Post-Consummation</i>	1	\$21 bil.	22.6			