



**Comptroller of the Currency
Administrator of National Banks**

Large Bank Licensing, MS 7-13
250 E Street, S.W.
Washington, D.C. 20219

**Conditional Approval #826
December 2007**

September 14, 2007

Mr. John A. Stoker
Vice President and
Assistant General Counsel
Wachovia Corporation
Legal Division NC0630
One Wachovia Center
301 South College Street
Charlotte, North Carolina 28288

**Re: Applications by Wachovia Bank, National Association,
to Acquire the Branches of World Savings Bank, FSB
Application Control Numbers: 2007-ML-01-0004
2007-ML-01-0007 through -0015
2007-ML-02-0008 and -0009**

Dear Mr. Stoker:

The Office of the Comptroller of the Currency (“OCC”) hereby grants conditional approval to the conversion and merger applications described below, for the reasons and subject to the requirements set forth herein. These transactions will effect the combination of the branch network of World Savings Bank, FSB, with and into its affiliate, Wachovia Bank, National Association. This conditional approval is granted after a thorough review of the application, other materials you have supplied, and other information available to the OCC, including commitments and representations made in the application and by the applicants’ representatives during the application process. This approval is also subject to the condition set out herein.

List of Applications

Wachovia Bank, National Association, Charlotte, North Carolina, (“WBNA”) and its affiliate, World Savings Bank, FSB, Oakland, California, (“World”) filed applications to effect WBNA’s acquisition of the branches of World. As noted below, some applications were filed

with the Office of Thrift Supervision (“OTS”). The applications filed with the OCC are as follows:

2007-ML-01-0004 and 2007-ML-01-0007 through -0015: Applications to convert ten interim federal savings association into interim national banks.

2007-ML-02-0008: Application to merge the other nine interim national banks into the interim bank in New York (the “Resulting Interim Bank”).

2007-ML-02-0009: Application to merge the Resulting Interim Bank into WBNA.

As represented in the transaction summary of the applications, you are reminded that the applications must be consummated in the sequential order described.

Overview of the Transactions

WBNA and World are affiliated insured depository institutions. Both are direct or indirect, wholly-owned subsidiaries of Wachovia Corporation (“Wachovia”), a financial holding company. World’s immediate parent company is Golden West Financial Corporation (“Golden West”).

WBNA operates branches in Alabama, California, Connecticut, Florida, Georgia, Maryland, Mississippi, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, and the District of Columbia. World operates branches in Arizona, California, Colorado, Florida, Illinois, Kansas, Nevada, New Jersey, New York, and Texas.

Wachovia and WBNA plan to move the branch system of World into WBNA. World will continue to exist as a separate insured institution and will engage in mortgage lending.

Since Wachovia plans to continue to operate World as a separate institution,¹ Wachovia proposed the following multi-step series of transactions to effect the combination of World’s branch system into WBNA. The transactions will occur in immediate succession:

¹ Because World will continue as a separate institution, the combination cannot use the thrift conversion provision added in the Gramm-Leach-Bliley Act, 12 U.S.C. § 1464(i)(5)(A) (*i.e.*, World would convert to a national bank under section 1464(i)(5)(A), and then the resulting national bank would merge into WBNA under the Riegle-Neal Act). World would have qualified for conversion under section 1464(i)(5)(A), because it was in existence before GLBA and had branches in operation before GLBA.

(1) World forms ten (10) interim federal thrifts (“Interim Thrift”) as subsidiaries, one Interim Thrift in each state in which World has branches. World then contributes the assets and liabilities associated with its retail branch network in each state to the Interim Thrift in that state. The interim thrifts will not separately open for business. These transactions require the approval of the OTS. World filed applications with the OTS, and the OTS granted approval on August 28, 2007.

(2) Each Interim Thrift converts to an interim national bank (“Interim NB”). This step requires application to the OCC for approval for the conversions and for each Interim NB to retain the branches in its state (the “Conversions”). The applicants also request the OCC to waive the directors’ residency requirement for the directors of the ten interim national banks. The Interim NBs will not separately open for business.

(3) The other nine Interim NBs merge into the Interim NB in New York, (“WSB-NA (NY)”, and after the merger, the “Resulting Interim Bank”) in an interstate merger transaction. This step requires application to the OCC for approval under 12 U.S.C. §§ 215a-1, 1831u (the Riegle-Neal Act) & 1828(c) (the Bank Merger Act) (the “Interim Interstate Merger”).

(4) After the Interim Interstate Merger, World declares a dividend-in-kind of the capital stock of the Resulting Interim Bank to Golden West, so that the Resulting Interim Bank will be a wholly-owned subsidiary of Golden West. Then, Golden West declares a dividend-in-kind of the capital stock of the Resulting Interim Bank to Wachovia, so that the Resulting Interim Bank will be a wholly-owned subsidiary of Wachovia.

(5) The Resulting Interim Bank merges into WBNA in an interstate merger transaction. This step requires application to the OCC for approval under 12 U.S.C. §§ 215a-1, 1831u (the Riegle-Neal Act) & 1828(c) (the Bank Merger Act) (the “Final Interstate Merger”).

In addition, World currently has an approved but unopened branch in Greeley, Colorado (the “Centerplace Branch”). It is planned that this branch will open after the Final Interstate Merger, and so the merger application includes WBNA’s request for OCC approval to establish the branch under 12 U.S.C. § 36(c).

After the transactions are completed, WBNA will continue to operate its own existing branches and the main office and branches of World as branches under 12 U.S.C. §§ 36(d) & 1831u(d)(1). Some branches that are close to others may be closed or consolidated. Those that have been already identified were included in the publication for the conversion and merger transactions. As others are identified in the future, WBNA will follow applicable branch closing requirements. In the combination, WBNA will acquire certain assets of

World that are not permissible for national banks. WBNA has requested approval from the OCC to retain the nonconforming assets for up to two years to divest or conform them.²

Description of the Transactions and Legal Authority

A. Conversion of Interim Thrifts into Interim National Banks

Prior to this step, the ten interim thrifts will have been formed, and each Interim Thrift will have the will have the assets and liabilities of World (including branches) in its state. In this step, each Interim Thrift will convert into a national bank, and the resulting interim national bank will continue to hold the assets and liabilities of World (including branches) in that state.

1. Authority for the conversion

Each interim federal thrift may convert into a national bank. Regulations of both the OCC and OTS permit the direct conversion of a federal savings association to a national bank. *See* 12 C.F.R. § 5.24 (OCC authority and procedures); 12 C.F.R. § 552.2-7 (OTS authority); 12 C.F.R. § 516.5 & 563.22(b) (OTS procedures). The conversion of each interim thrift to a national bank is legally authorized, and the OCC approves the Conversions.

2. Retention of branches by each Interim NB

In its conversion, each resulting interim national bank may continue to hold the branches of its predecessor interim thrift in its state. Although 12 U.S.C. § 36 (governing branching by national banks generally) does not expressly address retention of branches by a national bank resulting from the conversion of a federal savings association,³ the continued operation of such branches is permitted under 12 U.S.C. § 36(c). The national bank resulting from the conversion of a federal thrift may continue to hold and operate the branches of the federal thrift under 12 U.S.C. § 36(c) if a national bank at that location could establish the branches under section 36(c).⁴ Under section 36(c), a national bank may establish branches within the state in which the bank is situated if the establishment and operation of branches is authorized by state law for the state's banks. Each of the ten states involved in these conversion

² The applicants represent that no subsidiaries of World are included in the transfers to the Interim FSBs (and then to the Interim NBs, the Resulting Interim Bank, and WBNA). World has a small number of subsidiaries, and they will remain subsidiaries of World after the transactions. The applicants also represent that there are no nonconforming investments, assets, or activities being transferred to WBNA other than the nonconforming assets described in the application.

³ The thrift conversion provision in GLBA does expressly provide for branch retention by the resulting national bank in the conversions of federal thrifts and branches covered by that statute. But as noted above, see note 1, the transactions in these applications are not being effected under section 1464(i)(5)(A).

⁴ The authority to establish branches under section 36(c) applies to branches obtained through acquisition, as well as *de novo* establishment. *See State of Washington v. Heimann*, 633 F.2d 886, 889-90 (9th Cir. 1980).

applications permits its state banks to branch within the state without geographic limitation.⁵ Thus, each of the resulting interim national banks may retain the branches in its state. The OCC approves each interim national bank's retention of the branches in its state.

3. Directors' residency waivers for each Interim NB

The applicants requested waivers of the directors' residency requirement for each of the ten interim national banks. Under 12 U.S.C. § 72, a majority of the board of directors of a national bank must reside in the state in which the bank is located or within 100 miles of the location of the office of the association, except that the OCC may waive the requirement of residency. Since the interim national banks will exist for only a moment before their merger into the Resulting Interim Bank which will then merge into WBNA, the OCC grants the waivers.

B. Merger of the Other Nine Interim National Banks into WSB-NA (NY)

1. Authority for the Interim Interstate Merger

In this step the other nine interim national banks will merge into the Interim NB in New York, WSB-NA (NY). This is a merger between insured national banks with different home states. Mergers of insured banks with different home states are authorized under section 44 of the Federal Deposit Insurance Act, 12 U.S.C. § 1831u(a)(1). *See also* 12 U.S.C. § 215a-1 (authorizing national banks to engage in mergers authorized under 12 U.S.C. § 1831u).

An application to engage in an interstate merger transaction under 12 U.S.C. § 1831u is also subject to certain requirements and conditions set forth in sections 1831u(a)(5) and 1831u(b). These conditions are: (1) compliance with state-imposed age limits, if any, subject to the Riegle-Neal Act's limits; (2) compliance with certain state filing requirements, to the extent the filing requirements are permitted in the Act; (3) compliance with nationwide and state concentration limits; (4) community reinvestment compliance; and (5) adequacy of capital and management skills; and (6) surrender of the bank charters of all the banks involved in the merger, other than the resulting bank. The OCC determined the Interim Interstate Merger satisfies all these conditions to the extent applicable, and the OCC approves the application.

⁵ *See* Ariz. Rev. Stat. § 6-190; Cal. Fin. Code § 500; Colo. Rev. Stat. § 11-105-602; Fla. Stat. Ann. § 658.26(2); Ill. Rev. Stat. ch. 205, § 5/5(15)(a); Kan. Stat. Ann. § 9-1111; Nev. Rev. Stat. § 660.015; N.J. Rev. Stat. §§ 17:9A-19, 17:9A-20; N.Y. Banking Law § 105; Tex. Fin. Code § 32.203.

2. Retention of offices in the Interim Interstate Merger

The applicants also requested that, upon the completion of the Interim Interstate Merger, WSB-NA (NY) (as the resulting bank in the Interim Interstate Merger) be permitted (1) to retain, as its main office, the main office of WSB-NA (NY) in Oceanside, New York, under 12 U.S.C. § 1831u(d)(1), and (2) to retain, as branches, WSB-NA (NY)'s branches in New York and the main offices and branches of the other nine Interim NBs in the other nine states, under 12 U.S.C. §§ 36(d) and 1831u(d)(1).

In interstate merger transactions under section 1831u, the resulting bank's retention and continued operation of the offices of the merging banks is expressly authorized by 12 U.S.C. § 1831u(d)(1). *See also* 12 U.S.C. § 36(d) (conforming amendment to the McFadden Act specifying that branch retention in an interstate merger transaction under section 1831u occurs under the authority of section 1831u(d)). Thus, in the present application, WSB-NA (NY) (as the resulting bank after the Interim Interstate Merger) may retain, as its main office, the main office of WSB-NA (NY) and may retain as branches the branches of WSB-NA (NY) and the main offices and branches of the other nine participating banks under 12 U.S.C. §§ 36(d)(1) and 1831u(d)(1). The OCC approves WSB-NY's retention of these offices.

C. Merger of the Resulting Interim Bank into WBNA

1. Authority for the Final Interstate Merger

In this step, the bank resulting from the Interim Interstate Merger (WSB-NA (NY) or the Resulting Interim Bank) will merge into WNBA in the Final Interstate Merger. Like the Interim Interstate Merger above, this is a merger between insured national banks with different home states (New York and North Carolina). Mergers of insured banks with different home states are authorized under section 44 of the Federal Deposit Insurance Act, 12 U.S.C. § 1831u(a)(1). *See also* 12 U.S.C. § 215a-1 (authorizing national banks to engage in mergers authorized under 12 U.S.C. § 1831u).

An application to engage in an interstate merger transaction under 12 U.S.C. § 1831u is also subject to certain requirements and conditions set forth in sections 1831u(a)(5) and 1831u(b). These conditions are: (1) compliance with state-imposed age limits, if any, subject to the Riegle-Neal Act's limits; (2) compliance with certain state filing requirements, to the extent the filing requirements are permitted in the Act; (3) compliance with nationwide and state concentration limits; (4) community reinvestment compliance; and (5) adequacy of capital and management skills; and (6) surrender of the bank charters of all the banks involved in the merger, other than the resulting bank. The OCC determined the Final Interstate Merger satisfies all these conditions to the extent applicable, and the OCC approves the application.

2. Retention of offices in the Final Interstate Merger

The applicants also requested that, upon the completion of the Final Interstate Merger, WBNA (as the resulting bank in the Final Interstate Merger) be permitted (1) to retain and operate, as its main office, the main office of WBNA in Charlotte, North Carolina, under 12 U.S.C. § 1831u(d)(1), and (2) to retain and operate, as branches, the Resulting Interim Bank's main office in New York and its branches in Arizona, California, Colorado, Florida, Illinois, Kansas, Nevada, New Jersey, New York, and Texas, and WBNA's branches in Alabama, California, Connecticut, Florida, Georgia, Maryland, Mississippi, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, and the District of Columbia, under 12 U.S.C. §§ 36(d) and 1831u(d)(1).

As set out above, in interstate merger transactions under section 1831u, the resulting bank's retention and continued operation of the offices of the merging banks is expressly provided under 12 U.S.C. § 36(d) and 1831u(d)(1). Thus, in the present application, WBNA (as the resulting bank after the Final Interstate Merger) may retain and operate, as its main office, the main office of WBNA and may retain and operate, as branches, the main office and branches of the Resulting Interim Bank and the branches of WBNA, under 12 U.S.C. § 36(d)(1) and 1831u(d)(1).⁶ The OCC approves WBNA's retention and operation of these offices.

D. Retention of Nonconforming Assets

In the combination, WBNA will acquire certain assets of World that are not permissible for national banks (the "Nonconforming Assets"). OCC authorization is requested for each Interim NB to hold its portion of the Nonconforming Assets after the Conversions, for the Resulting Interim Bank to hold the Nonconforming Assets after the Interim Interstate Merger, and for WBNA to hold the Nonconforming Assets after the Final Interstate Merger for a period of up to two years. A national bank resulting from a conversion or a merger may, with OCC permission, retain for a reasonable time period, usually not more than two years, assets that are not generally permissible for national banks, in order to provide time to divest the assets or bring them into conformance in an orderly manner.⁷ The OCC approves the request

⁶ World currently has an approved but unopened branch in Greeley, Colorado (the "Centerplace Branch"). It is planned that this branch will open after the Final Interstate Merger, and so the merger application includes WBNA's request for OCC approval to establish the branch under 12 U.S.C. § 36(c). After the Final Interstate Merger, WBNA will be situated in Colorado for section 36(c) purposes and may establish branches as a bank located in that state could. Colorado permits its state banks to establish branches within the state without geographic limitation. Colo. Rev. Stat. § 11-105-602. Thus, a national bank in Colorado may establish branches in the state under 12 U.S.C. § 36(c). And so WBNA may establish the Centerplace Branch under section 36(c).

⁷ See, e.g. Comptroller's Licensing Manual, Conversions Booklet (April 2004) (page 9); Comptroller's Licensing Manual, Business Combinations Booklet (December 2006) (page 35).

to retain the Nonconforming Assets for up to two years to conform or divest them, subject to the condition set out below.

Condition

This approval is subject to the following condition:

WBNA shall ensure that the commitments and actions set forth in the September 14, 2007, letter from Mr. James F. Burr, Treasurer to the OCC regarding the acquisition and retention of the Nonconforming Assets are fully adopted, timely implemented, and adhered to.

This condition of approval is a condition "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 U.S.C. § 1818. As such, the condition is enforceable under 12 U.S.C. § 1818.

Bank Merger Act and Community Reinvestment Act Reviews

The OCC reviewed the proposed Interim Interstate Merger and the proposed Final Interstate Merger under the criteria of the Bank Merger Act, 12 U.S.C. § 1828(c), and applicable OCC regulations and policies. Among other matters, we found that the proposed mergers would not have any anticompetitive effects. The OCC considered the financial and managerial resources of the banks, their future prospects, and the convenience and needs of the communities to be served. In addition, the Bank Merger Act requires the OCC to consider "...the effectiveness of any insured depository institution involved in the proposed merger transaction in combating money laundering activities, including in overseas branches," 12 U.S.C. § 1828(c)(11). We considered these factors and found them consistent with approval under the statutory provisions.

The Community Reinvestment Act ("CRA") requires the OCC to take into account the applicants' record of helping to meet the credit needs of the community, including low- and moderate-income ("LMI") neighborhoods, when evaluating certain applications, including conversions and merger transactions that are subject to the Bank Merger Act. 12 U.S.C. § 2903; 12 C.F.R. § 25.29. The OCC considers the CRA performance evaluation of each institution involved in the transaction. A review of the record of these applicants and other information available to the OCC as a result of its regulatory responsibilities revealed no evidence that the applicants' record of helping to meet the credit needs of their communities, including LMI neighborhoods, is less than satisfactory.

Consummation Requirements

With respect to the merger applications, please ensure that you have submitted the following prior to your desired consummation date:

1. A Secretary's Certificate for each institution, certifying that a majority of the board of directors approved.
2. An executed merger agreement for each transaction.
3. A Secretary's Certificate from each institution, certifying that the shareholder approvals have been obtained.

The OCC must be advised in writing in advance of the desired effective date for the conversions and mergers so that the OCC may issue the necessary certification letter.

Conclusion

You have six months to consummate the conversions and mergers from the date of this decision. The conditional approval will automatically terminate unless the OCC grants an extension of the time period. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversions and mergers to occur as soon as possible.

This approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

In the event of questions, I may be contacted by e-mail, Stephen.Lybarger@occ.treas.gov or at (202) 874-5294. Please include the application control numbers in all correspondence.

Sincerely,

Stephen A. Lybarger

Stephen A. Lybarger
Large Bank Licensing Lead Expert
Enclosure: Survey Letter