FEDERAL RESERVE SYSTEM

Wells Fargo & Company
San Francisco, California

Order Approving the Merger of Bank Holding Companies

Wells Fargo & Company ("Wells Fargo"), a financial holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has requested the Board's approval under section 3 of the BHC Act[1] to acquire Greater Bay Bancorp ("Greater Bay"), East Palo Alto, and its subsidiary bank, Greater Bay Bank, National Association ("GB Bank"), Palo Alto, both in California.[2]

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (72 Federal Register 35,246 (2007)). The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in the BHC Act.

Wells Fargo, with total consolidated assets of approximately $539.9 billion, is the fifth largest depository organization in the United States,[3] controlling deposits of approximately $329.8 billion, which represent 4.3 percent of the total amount of deposits of insured depository institutions in the United States. Wells Fargo's subsidiary banks operate in 23 states, including California.

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[1] 12 U.S.C. § 1842.

[2] Wells Fargo also proposes to acquire the nonbanking subsidiaries of Greater Bay in accordance with section 4(k) of the BHC Act, 12 U.S.C. § 1843(k). In addition, Wells Fargo has requested the Board's approval to hold and, in certain circumstances, exercise an option to purchase up to 19.9 percent of Greater Bay's stock. The option would terminate on consummation of Wells Fargo's acquisition of Greater Bay.

[3] Asset data are as of June 30, 2007; national deposit and ranking data are as of March 31, 2007; statewide deposit and ranking data are as of June 30, 2006. In this context, insured depository institutions include commercial banks, savings banks, and savings associations.

Wells Fargo is the second largest depository institution in California, controlling $101.9 billion in deposits.

Greater Bay has total consolidated assets of $7.3 billion and operates only in California. It is the 18th largest depository organization in the state, controlling deposits of approximately $5.3 billion.

On consummation of the proposal, Wells Fargo would remain the fifth largest depository institution in the United States, with total consolidated assets of approximately $547.2 billion. Wells Fargo would control deposits of approximately $335.3 billion, which represent approximately 4.4 percent of the total amount of deposits of insured depository institutions in the United States. In California, Wells Fargo would remain the second largest depository organization, controlling deposits of approximately $107.2 billion, which represent approximately 15 percent of the total amount of deposits of insured depository institutions in the state.

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the bank holding company's home state if certain conditions are met. For purposes of the BHC Act, the home state of Wells Fargo is Minnesota,[4] and Greater Bay is located in California.[5]

Based on a review of all the facts of record, including relevant state statutes, the Board finds that the conditions for an interstate acquisition enumerated

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[4] See 12 U.S.C. § 1842(d). A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

[5] For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. See 12 U.S.C. §§ 1841(o)(4)-(7) and 1842(d)(1)(A) and 1842(d)(2)(B).

in section 3(d) of the BHC Act are met in this case.[6] In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant banking market. The BHC Act also prohibits the Board from approving a bank acquisition that would substantially lessen competition in any relevant banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.[7]

Wells Fargo and Greater Bay have subsidiary depository institutions that compete directly in five banking markets in California: Monterey-Seaside-Marina; San Francisco-Oakland-San Jose; Santa Cruz; Santa Rosa; and Watsonville. The Board has reviewed carefully the competitive effects of the proposal in each of these banking markets in light of all the facts of record. 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 controlled by Wells Fargo and

[6] 12 U.S.C. §§ 1842(d)(1)(A)-(B) and 1842(d)(2)(A)-(B). Wells Fargo is adequately capitalized and adequately managed, as defined by applicable law. California does not have a minimum age requirement applicable to the proposal. On consummation of the proposal, Wells Fargo would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of state deposits. All other requirements of section 3(d) of the BHC Act would be met on consummation of the proposal.

[7] 12 U.S.C. § 1842(c)(1).

Greater Bay in the markets ("market deposits"),[8] the concentration level of market deposits and the increases in these levels as measured by the Herfindahl-Hirschman Index ("HHI") under the Department of Justice Merger Guidelines ("DOJ Guidelines"),[9] and other characteristics of the markets.

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Guidelines in all five banking markets.[10] On consummation of the proposal, each market would remain moderately concentrated, as measured by the HHI. Also, the change in the HHI measure of concentration would be very small and numerous competitors would remain in each market.

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[8] Deposit and market share data are as of June 30, 2006, adjusted to reflect mergers and acquisitions through June 29, 2007, and are based on calculations in which the deposits of thrift institutions 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).

[9] Under the DOJ Guidelines, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger 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.

[10] Those banking markets and the effects of the proposal on the concentration of banking resources therein are described in Appendix A.

The DOJ has conducted a detailed review of the potential competitive effects of the proposal 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. 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 proposal would not have a significantly adverse effect on competition or on the concentration of resources in any of the five banking markets where Wells Fargo and Greater Bay compete directly or in any other relevant banking market. Accordingly, the Board has determined that competitive considerations are consistent with approval.

Financial, Managerial, and Supervisory Considerations

Section 3 of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and depository institutions involved in the proposal and certain other supervisory factors. The Board has considered these factors in light of all the facts of record, including confidential reports of examination and other supervisory information received from the relevant federal supervisors of the organizations involved in the proposal, and publicly reported and other financial information, including information provided by Wells Fargo.

In evaluating financial factors 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 depository institutions and significant 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 considered the proposal carefully under the financial factors. Wells Fargo, Greater Bay, and their subsidiary depository institutions are currently well capitalized and would remain so on consummation of the proposal. Based on its review of the record, the Board finds that Wells Fargo has sufficient financial resources to effect the proposal. The proposed transaction is structured primarily as a 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 Wells Fargo, Greater Bay, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered its supervisory experiences and those of the other relevant bank supervisory agencies with the organizations and their records of compliance with applicable banking laws and with anti-money laundering laws. Wells Fargo, Greater Bay, and their subsidiary depository institutions are considered well managed. The Board also has considered Wells Fargo'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 and future prospects of the organizations involved in the proposal are consistent with approval, as are the other supervisory factors under the BHC Act.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board is required to consider the effects of the proposal on the convenience and needs of the communities to be served and to take into account the records of the relevant insured depository institutions under the Community Reinvestment Act ("CRA").[11] 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.[12]

The Board has considered carefully all the facts of record, including evaluations of the CRA performance records of the subsidiary depository institutions of Wells Fargo and Greater Bay, data reported by Wells Fargo and Greater Bay under the Home Mortgage Disclosure Act ("HMDA"),[13] other information provided by Wells Fargo, confidential supervisory information, and public comment received on the proposal. A commenter expressed concerns about Wells Fargo's record of serving the credit and community-development-investment needs of its assessment areas,[14]

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[11] 12 U.S.C. § 2901 et seq.; 12 U.S.C. § 1842(c)(2).

[12] 12 U.S.C. § 2903.

[13] 12 U.S.C. § 2801 et seq.

[14] The commenter also requested that Wells Fargo renew certain community commitments that it made in 1998 and make annual community goals. In addition, the commenter requested that Wells Fargo Bank, National Association ("WF Bank"), Sioux Falls, South Dakota, agree to declare a six-month moratorium on home mortgage foreclosures because of current concerns about the mortgage industry. The Board has consistently stated 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. See Bank of America Corporation, 93 Federal Reserve Bulletin C49, C52 n. 27 (2007). Instead, the Board focuses on the existing CRA performance record of an applicant and the programs that an applicant has in place to serve the credit needs of its CRA assessment areas

particularly in California, and criticized a specific credit product offered by WF Bank.[15] The commenter also alleged, based on HMDA data, that WF Bank engaged in disparate treatment of African American individuals in home mortgage lending. In addition, the commenter contended, without specific allegations, that GB Bank had demonstrated little responsiveness to community needs during its operating history. The commenter also expressed concern that the proposal would lead to closings of the combined organization's branches.

A. CRA Performance Evaluations

As provided in the CRA, the Board reviewed the proposal in light of the evaluations by the appropriate federal supervisors of the CRA performance records of the insured depository institutions of Wells Fargo and Greater Bay. An institution's most recent CRA performance evaluation is a particularly important consideration in

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at the time the Board reviews a proposal under the convenience and needs factor. Wells Fargo represented that it will continue to communicate with, and provide information regarding its CRA performance to, community organizations. Wells Fargo also noted that it works with customers who encounter financial difficulties to prevent foreclosures whenever possible.

[15] The commenter urged WF Bank to reduce the price of its Direct Deposit Advance Service, which the commenter characterized as a costly payday-loan product. Wells Fargo represented that the service provides an open-end line of credit available only to WF Bank's checking account customers who have recurring income electronically deposited in their checking accounts. Wells Fargo indicated that although the service is a higher-priced form of credit, it provides customers with short-term emergency access to funds. Wells Fargo indicated that it has developed tools to help customers understand how the service works and whether other lower-cost alternatives may be available. The Board has consulted with the Office of the Comptroller of the Currency ("OCC"), WF Bank's primary federal supervisor, about this product. The Board also recognizes that although banks can help to serve the banking needs of communities by making certain products or services available on certain terms or at certain rates, the CRA neither requires an institution to provide any specific types of products or services nor prescribes the costs charged for them.

the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.[16]

Wells Fargo's lead bank, WF Bank, received an "outstanding" rating at its most recent CRA performance evaluation by the OCC, as of September 30, 2004 ("2004 WF Bank Evaluation"). Each of Wells Fargo's other subsidiary banks that is subject to the CRA received an "outstanding" or "satisfactory" rating at its most recent CRA performance evaluation.[17] GB Bank also received an "outstanding" CRA performance rating by the OCC, as of May 17, 2006 ("2006 GB Bank Evaluation"). Wells Fargo has represented that it would implement its CRA programs, policies, and procedures at GB Bank.

CRA Performance of WF Bank. In the 2004 WF Bank Evaluation, the bank received "outstanding" ratings on each of the lending, investment, and service tests for its CRA performance overall and in California.[18] Examiners reported that WF Bank's overall lending performance was excellent and that it had a good distribution of home mortgage loans to borrowers of different income levels. They also noted that the bank had an excellent geographic distribution of small loans to small businesses.[19]

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[16] See Interagency Questions and Answers Regarding Community Reinvestment, 66 Federal Register 36,620 and 36,639 (2001); 72 Federal Register 37,922 at 37,951 (2007).

[17] Appendix B lists the most recent CRA ratings of Wells Fargo's other subsidiary depository institutions that are subject to the CRA.

[18] The evaluation period for the California assessment areas was October 1, 2001, through December 31, 2003, for HMDA and small business lending under the lending test; and November 1, 2001, through September 30, 2004, for community development lending under the lending test and for the investment and service tests.

[19] Small businesses are businesses with gross annual revenues of $1 million or less. Small loans to small businesses include loans with original amounts of $1 million or

In WF Bank's California assessment areas, examiners concluded that the bank's distribution of loans among borrowers of different income levels was good and that its lending levels reflected an excellent responsiveness to credit needs. Examiners reported that the bank's community development lending had a positive impact on its performance within the state and commended the bank for providing flexible lending programs to meet the credit needs in its assessment areas, including the credit needs of LMI individuals and businesses. WF Bank represented that since the 2004 WF Bank Evaluation, it has provided 401 community development loans in California totaling more than $1.2 billion.[20]

Examiners characterized the bank's investment activity in the 2004 WF Bank Evaluation as reflecting an excellent level of responsiveness to a wide variety of community development needs in its California assessment areas, particularly the need for affordable housing. They reported that WF Bank funded 4,038 investments during the evaluation period, totaling more than $307 million and benefiting more than 2,000 different entities that help meet community development needs. WF Bank represented that it has generally provided increased levels of community development investments since the 2004 WF Bank Evaluation. The bank stated that between 2004 and 2006 it provided more than 4,450 community development investments and grants in California totaling more than $330 million, including more than $11 million in investments and grants in San Francisco. In addition, WF Bank represented that it has made numerous investment in or grants to programs directed at community-based small businesses since 2004.

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less that are either secured by nonfarm, nonresidential properties or classified as commercial and industrial loans.

[20] The commenter urged Wells Fargo to provide a "one-stop" loan product for multifamily housing to enhance its competitive position in California. Wells Fargo noted that WF Bank has recently established such a loan product that is available to the bank's existing nonprofit developers of affordable multifamily housing.

Examiners commended WF Bank for providing services that showed an excellent responsiveness to banking needs in its assessment areas. They reported that the bank's services were accessible to essentially all portions of its assessment areas and that the bank's alternative delivery systems, including ATMs, banking by phone or mail, and Internet banking, helped accessibility throughout all geographies. Examiners also noted that the level of community development services the bank provided had an overall positive influence on its performance under the service test in its California assessment areas. WF Bank represented that since the 2004 WF Bank Evaluation, it also has implemented several programs to improve financial literacy and to make banking services accessible to traditionally underserved communities.

CRA Performance of GB Bank. As noted, GB Bank received an overall "outstanding" rating in the 2006 GB Bank Evaluation.[21] Examiners reported that the bank's level of lending activity was adequate and that its geographic distribution of small loans to businesses was good in the San Francisco Bay Area assessment area. Examiners also commended GB Bank's level of community development lending and noted that the bank made 89 community development loans totaling $294 million in this assessment area during the evaluation period. In addition, they reported that the bank's performance under the investment test in the San Francisco assessment area was excellent and that many of the bank's qualified investments provided affordable housing and economic revitalization. Examiners found that GB Bank's distribution of branches was good and that the bank's retail services and alternate delivery systems were responsive to the needs of the community. They also commended GB Bank's community development services.

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[21] The evaluation period for the 2006 GB Bank Evaluation was January 1, 2004, through December 31, 2005, for HMDA and CRA data under the lending test; and January 1, 2004, through June 5, 2006, for community development lending under the lending test and for the service and investment tests.

B. Branch Closings

The commenter expressed concern about the proposal's possible effect on branch closings. Wells Fargo represented that as a result of the acquisition, branches might be closed in those markets where branches of WF Bank overlap with those of GB Bank but that it has not made any decisions about specific branches to be closed, relocated, or consolidated. Wells Fargo has indicated that it would follow its own branch closing policy with respect to branch closings, relocations, and consolidations related to the proposal.

The Board has considered carefully Wells Fargo's branch closing policy and its record of opening and closing branches. The Board notes that the branch closing policy, which applies to all Wells Fargo subsidiary banks that are subject to the CRA, generally requires a CRA impact report and recommendation to be prepared for any branch closing in an LMI area. A CRA impact report also is required for a branch closing that is more than five miles from another Wells Fargo branch. Each CRA impact report must include alternatives to closing and steps that could be taken to mitigate the effect of the proposed closing on the community served.

In the 2004 WF Bank Evaluation, examiners reported that the bank's branch opening and closing activity in LMI areas did not have an impact on the overall evaluation of its performance under the service test in California. Examiners noted, however, that such activity in the assessment areas receiving full-scope reviews generally had a positive effect on the evaluation of the bank's performance. The Board has consulted with the OCC on WF Bank's record of branch openings and closings since the 2004 WF Bank Evaluation. The OCC will continue to review WF Bank's record of opening and closing branches in the course of conducting CRA performance evaluations.

The Board also has considered that federal banking law provides a specific mechanism for addressing branch closings. Federal law requires an insured depository institution to provide notice to the public and to the appropriate federal supervisory agency before closing a branch.[22]

C. HMDA and Fair Lending Record

The Board has carefully considered the fair lending records and HMDA data of Wells Fargo and Greater Bay in light of public comment received on the proposal. The commenter alleged that Wells Fargo had engaged in disparate treatment of African American individuals in the pricing of home mortgage loans in six Metropolitan Statistical Areas ("MSAs"), including the Los Angeles MSA.[23] The Board has focused its analysis on the 2005 and preliminary 2006 HMDA data reported by Wells Fargo.[24]

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[22] Section 42 of the Federal Deposit Insurance Act (12 U.S.C. § 1831r-1), as implemented by the Joint Policy Statement Regarding Branch Closings (64 Federal Register 34,844 (1999)), requires that a bank provide the public with at least 30 days' notice and the appropriate federal supervisory agency and customers of the branch with at least 90 days' notice before the date of the proposed branch closing. The bank also is required to provide reasons and other supporting data for the closing, consistent with the institution's written policy for branch closings.

[23] The commenter based the allegation on a study it recently completed using loan-pricing data reported under HMDA in 2005. The commenter urged WF Bank to institute an underwriting system that directs a borrower to the least expensive loan available to that customer regardless of the lending channel chosen by the customer to apply for a loan. Wells Fargo noted that the study did not include Federal Housing Administration loans designed for LMI borrowers or reflect the fact that the majority of Wells Fargo's loans to individuals were priced below the thresholds that require HMDA price reporting. Wells Fargo has represented that its pricing is fully disclosed, competitive, and reflects the customer's particular credit risk. In addition, Wells Fargo stated that its subsidiary banks offer prime pricing options to all first mortgage customers who qualify for such pricing regardless of the channel or division through which the customer applies.

[24] The Board reviewed HMDA data reported by Wells Fargo's significant lending subsidiaries in California and Texas and in the Los Angeles, Houston, and Chicago MSAs where Wells Fargo's primary assessment areas are located. The Board

Although the HMDA data might reflect certain disparities in the rates of loan applications, originations, and denials 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 Wells Fargo is excluding or imposing higher costs on any 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.[25] 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 with fair lending laws by Wells Fargo and its subsidiaries. The Board also has consulted with the OCC, the primary federal supervisor of WF Bank.

The record, including confidential supervisory information, indicates that Wells Fargo has taken steps to ensure compliance with fair lending and other

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notes that 2006 HMDA data are preliminary and that final data will not be available for analysis until fall 2007.

[25] 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 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.

consumer protection laws. All Wells Fargo business units, whether those units are separate companies or line-of-business departments in a subsidiary bank or nonbanking subsidiary, develop and maintain comprehensive compliance programs for all laws and regulations applicable to their business, including fair lending compliance programs. Wells Fargo's Compliance and Risk Management Group provides oversight for and guidance on these compliance programs, and a corporate fair lending committee that includes senior executives from Wells Fargo's consumer lending subsidiaries coordinates Wells Fargo's enterprise-wide fair lending strategy. Wells Fargo's subsidiary banks and home mortgage lending subsidiaries provide fair lending training for their employees and conduct self-assessments and audits to verify compliance and consistent underwriting practices. Several subsidiaries also provide second-review programs for credit applications designated for denial. Wells Fargo has stated that it will review and make appropriate modifications to the fair lending policies for GB Bank's operations after consummation of the proposal.

The Board also has considered the HMDA data in light of other information, including the programs described above and the overall performance records of the subsidiary banks of Wells Fargo and Greater Bay under the CRA. These established efforts and records of performance demonstrate that the institutions are active in helping to meet the credit needs of their entire communities.

D. Conclusion on Convenience and Needs and CRA Performance

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 Wells Fargo, public comment received on the proposal, and confidential supervisory information. Wells Fargo has represented that consummation of the proposal would provide customers of Greater Bay with expanded access to the products and services offered by Wells Fargo's bank and nonbank subsidiaries. Based on a review of the entire record, and for the reasons discussed above, the

Board concludes that considerations relating to the convenience and needs factor and the CRA performance records of the relevant insured depository institutions are consistent with approval of the proposal.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the applications should be, and hereby are, approved. 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 and other applicable statutes. The Board's approval is specifically conditioned on compliance by Wells Fargo with the conditions in this order and all the commitments made to the Board in connection with the proposal. For purposes of this transaction, these commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated before the fifteenth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors,[26] effective August 21, 2007.

(signed)

Robert deV. Frierson
Deputy Secretary of the Board

[26] Voting for this action: Chairman Bernanke, Vice Chairman Kohn, and Governors Warsh, Kroszner, and Mishkin.

Appendix A

Banking Markets Consistent with Board Precedent and DOJ Guidelines

Data are as of June 30, 2006. All amounts of deposits are unweighted. All rankings, market deposit shares, and HHIs are based on thrift deposits weighted at 50 percent.

Monterey-Seaside-Marina Banking Market

Monterey-Seaside-Marina – Monterey-Seaside-Marina Ranally Metro Area (RMA)

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
Wells Fargo Pre-Consummation	1	$659.8 mil.	22.6	1499	+ 17	14
Greater Bay	13	$10.8 mil.	0.4			
Wells Fargo Post-Consummation	1	$670.6 mil.	23			

San Francisco-Oakland-San Jose Banking Market

San Francisco-Oakland-San Jose – San Francisco-Oakland-San Jose RMA and the towns of Byron, Hollister, Pescadero, Point Reyes Station, and San Juan Bautista

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
Wells Fargo Pre-Consummation	2	$40.5 bil.	19.4	1427	+ 93	109
Greater Bay	9	$5.0 bil.	2.4			
Wells Fargo Post-Consummation	2	$45.5 bil.	21.8			

Santa Cruz Banking Market

Santa Cruz – Santa Cruz RMA

	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
Wells Fargo Pre-Consummation	3	$420.0 mil.	13.8	1767	+ 215	12
Greater Bay	6	$236.9 mil.	7.8			
Wells Fargo Post-Consummation	2	$656.9 mil.	21.6			

Santa Rosa Banking Market						
Santa Rosa – Santa Rosa RMA and the city of Cloverdale						
	Rank	**Amount of Deposits**	**Market Deposit Shares (%)**	**Resulting HHI**	**Change in HHI**	**Remaining Number of Competitors**
Wells Fargo Pre-Consummation	3	$830.1 mil.	13.8	1043	+ 3	21
Greater Bay	18	$7.1 mil.	0.1			
Wells Fargo Post-Consummation	3	$837.3 mil.	14.0			

Watsonville Banking Market						
Watsonville – Watsonville RMA						
	Rank	**Amount of Deposits**	**Market Deposit Shares (%)**	**Resulting HHI**	**Change in HHI**	**Remaining Number of Competitors**
Wells Fargo Pre-Consummation	1	$187.8 mil.	23.5	1650	+ 113	11
Greater Bay	10	$19.3 mil.	2.4			
Wells Fargo Post-Consummation	1	$207.2 mil.	25.9			

Appendix B

Subsidiary Bank	CRA Rating	Date	Supervisor
Placer Sierra Bank, Auburn, California	Satisfactory	March 2005	Federal Reserve
Wells Fargo Bank Northwest, National Association, Ogden, Utah	Satisfactory	December 2005	OCC
Wells Fargo HSBC Trade Bank, National Association, San Francisco, California	Outstanding	June 2006	OCC
Wells Fargo Financial National Bank, Las Vegas, Nevada	Outstanding	June 2006	OCC
Wells Fargo Financial Bank, Sioux Falls, South Dakota	Outstanding	March 2005	FDIC