

# WACHOVIA

Ken Thompson, President and CEO

**Goldman, Sachs & Co.  
Bank CEO Conference 2001**

- **Resilient, diversified businesses**
- **Intense focus on customer service**
- **Disciplined cost control with improving efficiency**
- **Aggressive, effective credit risk management**
- **Conservative integration plan focused on execution**

# More Diversified, Better Positioned

WACHOVIA

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	1990–92	YTD 2001
<b>Pre-tax Pre-Provision Income/NCOs</b>	<b>415%</b>	<b>630%</b>
<b>Expense Growth</b>	<b>5%</b>	<b>(7)%</b>
<b>Reserve/NPLs</b>	<b>82%</b>	<b>202%</b>
<b>Tier 1 Capital and Reserve/NPLs</b>	<b>432%</b>	<b>1,427%</b>
<b>Fee Income/Revenue</b>	<b>32%</b>	<b>48%</b>
<b>Revenue Diversification</b>		
<b>General Banking</b>	<b>&gt;60%</b>	<b>46%</b>
<b>Corporate &amp; Investment Bank</b>	<b>&lt;15%</b>	<b>23%</b>
<b>Asset &amp; Wealth Management</b>	<b>&lt;10%</b>	<b>24%</b>

*Based on originally reported operating data. YTD 2001 excludes Principal Investing. Growth rates are adjusted for the estimated impact of purchase accounting acquisitions.*

## 19 Million Customers

### Market Scope

- **#1 East Coast Retail Bank**
- **#5 Broker Dealer**
- **#17 Mutual Fund Assets**
- **Top 25 Institutional Asset Manager**
- **#2 Bank Insurance Provider**
- **#2 Treasury Services Provider**
- **Top 5 Middle Market M&A Advisor**
- **Top 10 Debt and Equity Issuer**

### Distribution

- **2,769 Financial Centers**
- **595 Brokerage Offices**
- **4,698 ATMs**
- **8,139 Registered Representatives**
- **1,875 Third Party Fund Distributors**
- **Full capability online and by telephone**

# Relentlessly Improving the Customer Experience

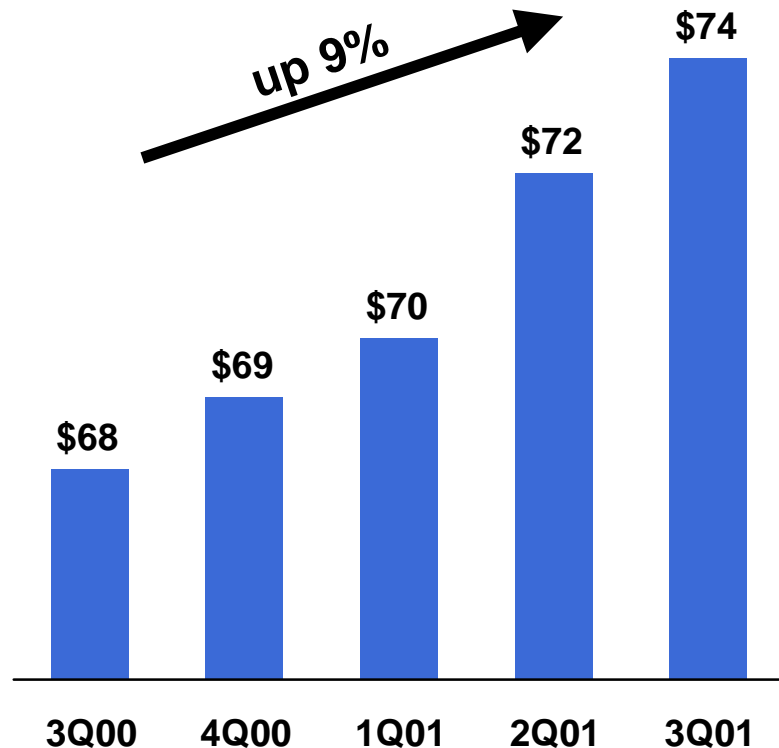


	<b>3Q00</b>	<b>4Q00</b>	<b>1Q01</b>	<b>2Q01</b>	<b>3Q01</b>
<b>Former First Union Overall Customer Satisfaction Scale = 0 to 7</b>	<b>6.22</b>	<b>6.27</b>	<b>6.29</b>	<b>6.32</b>	<b>6.33</b>
<b>Former Wachovia Customer Satisfaction Profile Scale = 0 to 100%</b>	<b>86%</b>	<b>87%</b>	<b>88%</b>	<b>89%</b>	<b>90%</b>
<b>Product Knowledge Scale = 0 to 7</b>	<b>6.35</b>	<b>6.39</b>	<b>6.40</b>	<b>6.41</b>	<b>6.43</b>
<b>Problem Resolution Speed Percent = Same Day or Immediate</b>	<b>66%</b>	<b>66%</b>	<b>66%</b>	<b>67%</b>	<b>72%</b>

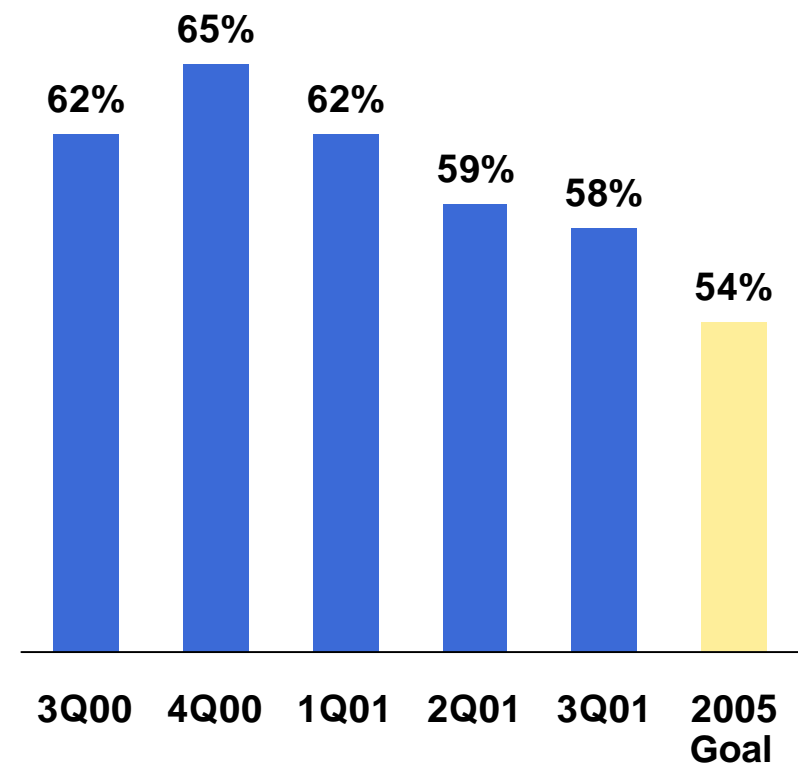
# Excellent Customer Service Produces Results

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## Low Cost Core Deposits In billions (former First Union)



## General Bank Efficiency

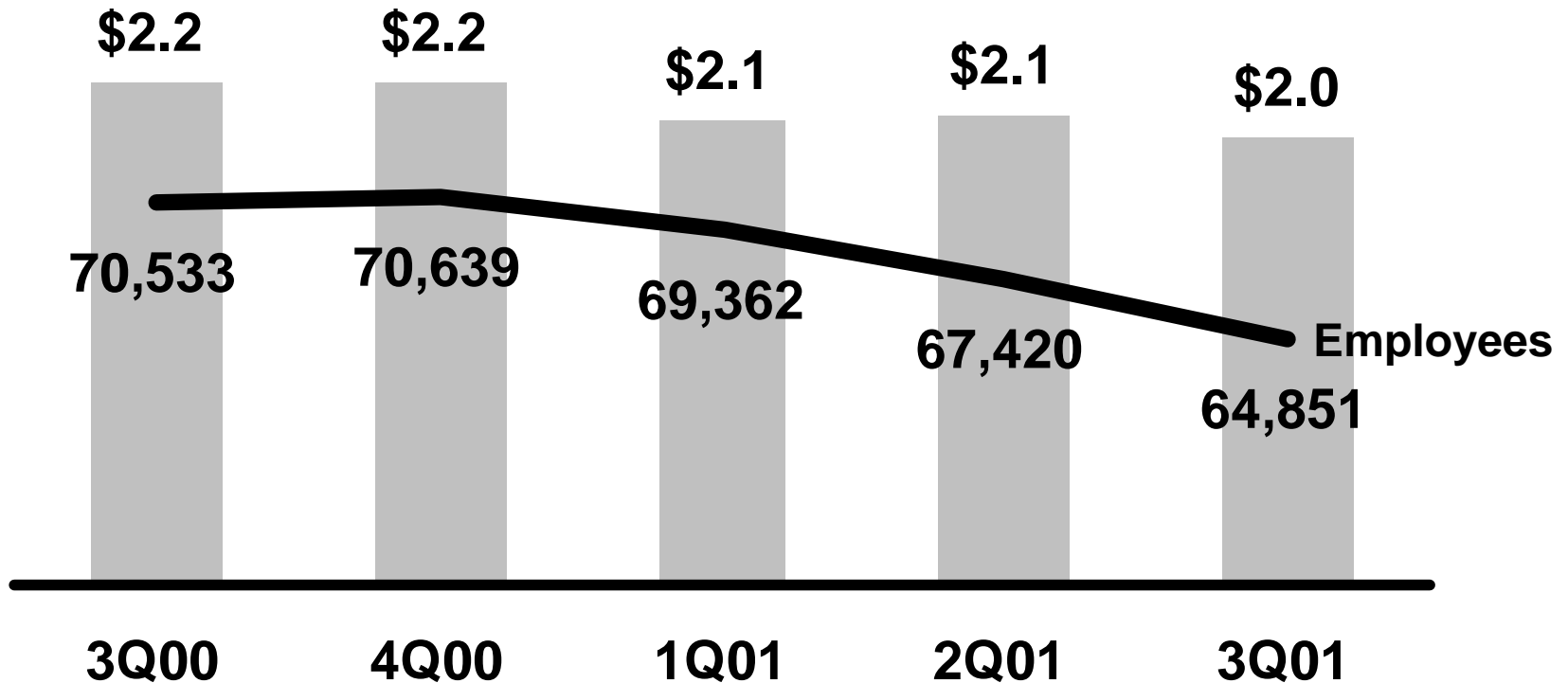


*Core deposits exclude effect of merger on September 1, 2001. Former Wachovia added \$23 billion in low cost core deposits.*

# Building Expense Management Culture

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## Cash Operating Expense *in billions*



*Data exclude effect of merger on September 1, 2001. Former Wachovia added \$200 million in cash expenses and 20,688 FTE staff to third quarter results.*

## **\$63 Billion Consumer Portfolio**

- **98% secured**
  - 76% by 1st lien
- **Conservative LTVs**
  - 75% average
- **Historically low charge-offs**
- **No credit card risk**
- **Auto lease portfolio running off**
  - Residual insurance
- **Ceased origination of subprime home equity loans**

## **\$107 Billion Commercial Portfolio**

- **Average size \$1.3 million**
- **Average maturity 4 years**
- **74% secured**
- **No industry concentrations > 5%**
  - Limited risk in topical sectors
- **Historically low middle-market charge-offs**
  - 0.41% in 3Q01

# Minimal Exposure in Areas of Perceived Risk

## Commercial Real Estate

- **\$25 billion portfolio**
  - **\$1.1 million average loan**
- **Diversified by type and geography within footprint**
- **\$7 billion in construction and development**
- **Minimal charge-offs**

## Topical Sectors

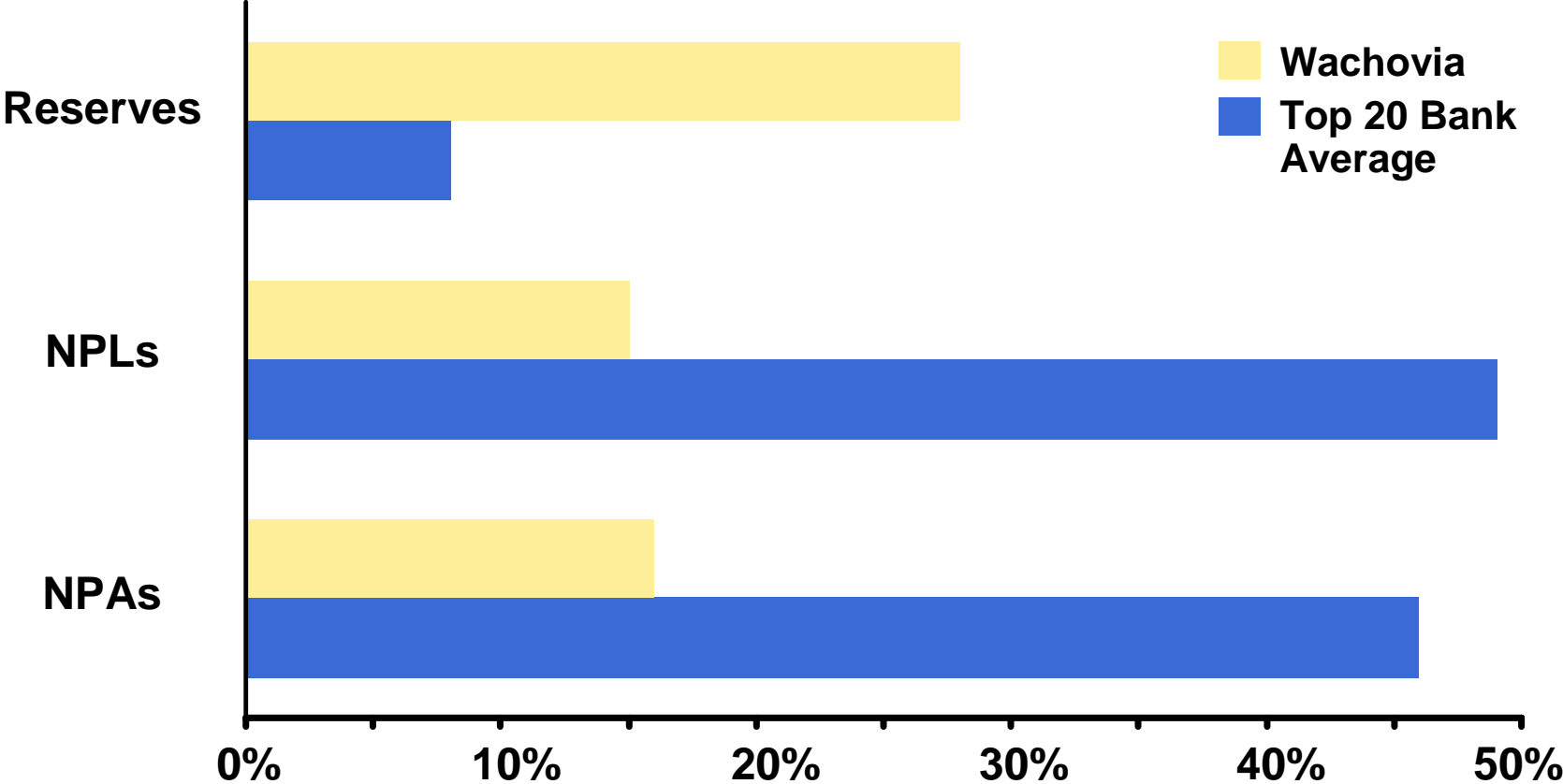
- **Percent of loan portfolio**
  - **Textile 1.6%**
  - **Telecom 1.4%**
  - **Lodging & Travel 1.3%**
  - **Airlines 0.4%**
  - **Insurance 0.3%**

## Syndicated Lending

- **\$26 billion participant portfolio**
- **\$6 billion agent portfolio**
  - **\$100 million average facility; \$13 million average hold**

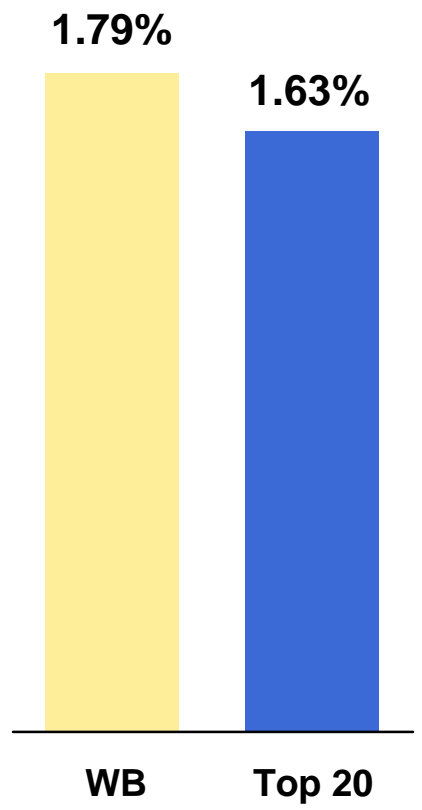
# Aggressive Actions Boost Reserves, Dampen NPA Growth

**Comparative Increases  
3Q01 vs. 3Q00**

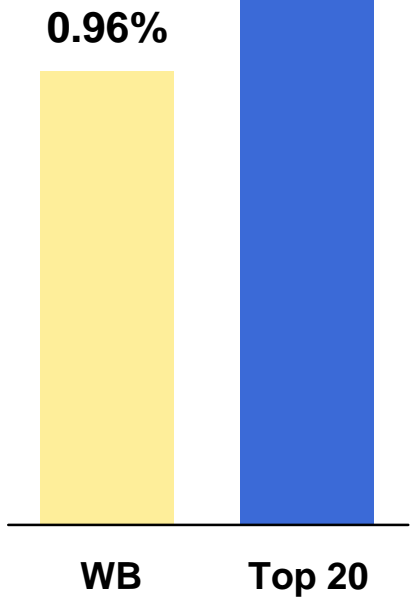


# Positioned to Reduce Future Earnings Risk

**Reserve/Loans**



**NPAs/Loans**



**Reserve/NPLs**



- **Integration Well Under Way**
  - **Surviving data centers selected**
  - **1,315 positions reduced through hiring freeze**
  - **Systems: 800 applications analyzed and platforms selected**
  - **Top 3 leadership tiers in position**
  - **Expense policies rollout under way**
- **Upcoming 30–60 Day Milestones**
  - **New benefits programs effective January 1**
  - **Branch divestitures complete**
  - **Data mapping for all systems**
  - **Payroll, Fixed Assets, Accounts Payable conversions**

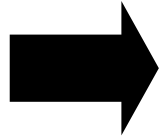
# Creating Value...

## *How Will We Know?*

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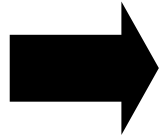
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### **Non Financial Indicators**



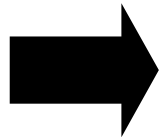
- **Customer experience scores**
- **Integration status**
- **Won/Lost Ratio**

### **Risk Profile**



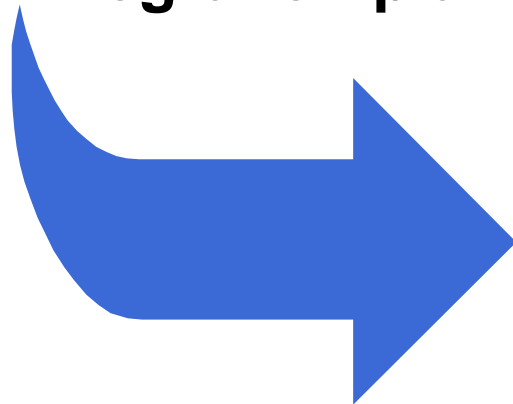
- **Credit performance relative to industry**
- **Loss experience and reserve coverage**
- **AA debt rating goal**

### **Financial Results**



- **Cash earnings relative to peers**
- **Attain revenue/expense merger synergies**
- **Expense management and efficiency**
- **Improving Tier 1 capital**

- **Resilient, diversified businesses**
- **Intense focus on customer service**
- **Disciplined cost control with improving efficiency**
- **Aggressive, effective credit risk management**
- **Conservative integration plan focused on execution**



**Managing for  
Recovery  
and Growth**

# Cautionary Statement

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•This presentation may contain, among other things, certain forward-looking statements with respect to Wachovia Corporation (“Wachovia”), as well as the goals, plans, objectives, intentions, expectations, financial condition, results of operations, future performance and business of Wachovia, including, without limitation, (i) statements relating to certain of Wachovia’s goals and expectations with respect to earnings, earnings per share, revenue, expenses, and the growth rate in such items, as well as other measures of economic performance, including statements relating to estimates of credit quality trends, and, (ii) statements preceded by, followed by or that include the words “may”, “could”, “would”, “should”, “believes”, “expects”, “anticipates”, “estimates”, “intends”, “plans”, “targets”, “probably”, “potentially”, “projects” or similar expressions. These forward-looking statements involve certain risks and uncertainties that are subject to change based on various factors (many of which are beyond Wachovia’s control). The following factors, among others, could cause Wachovia’s financial performance to differ materially from the goals, plans, objectives, intentions, and expectations expressed in such forward-looking statements: (1) the risk that the businesses of former First Union Corporation and the former Wachovia Corporation in connection with their merger (the “Merger”) will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; (2) expected revenue synergies and cost savings from the Merger may not be fully realized or realized within the expected time frame; (3) revenues following the Merger may be lower than expected; (4) deposit attrition, operating costs, customer loss and business disruption following the Merger, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected; (5) the strength of the United States economy in general and the strength of the local economies in which Wachovia conducts operations may be different than expected resulting in, among other things, a deterioration in credit quality or a reduced demand for credit, including the resultant effect on Wachovia’s loan portfolio and allowance for loan losses; (6) the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; (7) inflation, interest rate, market and monetary fluctuations; (8) adverse conditions in the stock market, the public debt market and other capital markets (including changes in interest rate conditions) and the impact of such conditions on Wachovia’s capital markets and capital management activities, including, without limitation, its mergers and acquisition advisory business, equity and debt underwriting activities, private equity investment activities, derivative securities activities, investment and wealth management advisory businesses, and brokerage activities; (9) adverse changes in the financial performance and/or condition of Wachovia’s borrowers which could impact the repayment of such borrowers’ outstanding loans; and (10) the impact on Wachovia’s businesses, as well as on the risks set forth above, of various domestic or international military or terrorist activities or conflicts. Additional information with respect to factors that may cause actual results to differ materially from those contemplated by such forward-looking statements is included in the reports filed by Wachovia and the Securities and Exchange Commission.

•Wachovia cautions that the foregoing list of factors is not exclusive. All subsequent written and oral forward-looking statements concerning the Merger or other matters and attributable to Wachovia or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. The Corporation does not undertake any obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed in this presentation.