

## **OFFICE OF THRIFT SUPERVISION**

### **Approval of Transfer of Assets Application**

**Order No.: 2006-46**  
**Date: December 1, 2006**  
**Docket Nos.: 14970**

Nationwide Bank, Columbus, Ohio (Savings Bank), a federal savings bank, has filed an application with the Office of Thrift Supervision (OTS), under 12 C.F.R. § 563.22(c), for permission to acquire Nationwide Federal Credit Union, Columbus, Ohio (Credit Union), in a merger transaction (Application).

#### **The Parties**

The Savings Bank is a wholly owned subsidiary of Nationwide Financial Services, Inc., Columbus, Ohio (Holding Company). Nationwide Corporation owns 61.7 percent of the Holding Company's common stock. Nationwide Mutual Insurance Company (Insurance Company) and Nationwide Mutual Fire Insurance Company own 95.2 percent, and 4.8 percent, respectively, of the stock of Nationwide Corporation.

The Savings Bank is a federally chartered, Deposit Insurance Fund (DIF)-insured, stock savings association. As of September 30, 2006, the Savings Bank had total assets of approximately \$187.6 million, total liabilities of \$48.7 million and total equity of \$138.9 million. The Credit Union is a federal credit union with total assets of \$573 million, total liabilities of \$504 million and total equity of \$69 million, as of September 30, 2006.

#### **The Proposed Transaction**

In the proposed transaction, the Credit Union will merge directly into the Savings Bank. At the conclusion of the merger, the Savings Bank is projected to have \$511.9 million in assets, \$371 million in liabilities and \$140.1 million in equity and will be well capitalized.

#### **Approval Criteria**

Section 563.22(d) of OTS' regulations provides that in considering a transfer of assets application filed pursuant to 12 C.F.R. § 563.22(c), OTS will consider: (i) the capital levels of the resulting association; (ii) the financial and managerial resources of the constituent institutions; (iii) their future prospects; (iv) the convenience and needs of the communities to be served; (v) the conformity of the transaction to applicable laws, regulations and OTS policies; and (vi) other factors, including: (A) whether the

transaction is equitable to account holders, borrowers, creditors and stockholders of each savings association involved; (B) whether the application discloses any fees to be paid to any officer, director, or controlling person of a savings association which is a party to the transaction; (C) the compensation to officers, directors, or controlling persons of the disappearing institution; and (D) whether there are any advisory boards, and their fees.

As for the capital levels of the resulting association, the Application indicates that the Savings Bank is well capitalized and will remain well capitalized after consummation of the transfer.

As for financial and managerial resources, OTS has considered the financial and managerial resources of the Savings Bank upon consummation of the proposed transaction. The Savings Bank will remain well capitalized after the transaction. After the transaction, the Savings Bank's management team will remain in place. OTS is familiar with the Savings Bank's management, and based on agency experience with the Savings Bank, OTS concludes that the Savings Bank's financial and managerial resources are consistent with approval.

Based on its consideration of the managerial and financial resources of the Savings Bank, and OTS' review of the Savings Bank's projected operations after the transfer, OTS concludes that the future prospects of the Savings Bank are consistent with approval.

As for convenience and needs, the Savings Bank will not materially change the types of services that the Credit Union has offered. We conclude that the Savings Bank need not amend its CRA plan as a result of the transaction, based on its proposed operations and the commitments it has made in connection with the Application. Based on the foregoing, OTS concludes that the convenience and needs of the community are consistent with approval.

As for conformance to law, regulation and supervisory policy, OTS' review of the Application did not indicate any violation of law or regulations, or non-compliance with supervisory policies, in connection with the proposed transaction. Based on the foregoing, OTS concludes that approval of the proposed transaction is not objectionable based on conformity of the proposed transaction to applicable law, regulation, and supervisory policies.

As for equitable treatment, OTS' review of the Application indicates that the proposed transaction appears to be equitable to the Savings Bank, its sole shareholder, and the Savings Bank's customers and creditors. The terms of the transaction are the result of arms'-length bargaining and there are no finders' or similar fees in connection with the transaction. The Savings Bank, a stock savings association, will remain well capitalized after the transaction, and the transaction will have no material impact on the Savings Bank's customers or creditors.

The Application fully discloses all payments to be made in connection with the transaction. None of the officers, directors, or controlling persons of either institution will receive any compensation in those capacities in connection with the transaction.

The Application indicates that there are no projected increases in compensation that would give rise to a presumption of unreasonableness or sale of control under 12 C.F.R. § 563.22(d)(1)(vi)(C). There is no proposed advisory board, so 12 C.F.R. § 563.22(d)(1)(vi)(D) is inapplicable to the transaction.

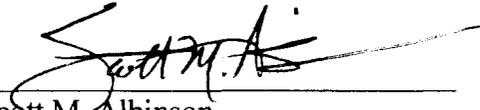
### **Conclusions**

Based on the foregoing analysis, OTS concludes that the Application meets the applicable approval criteria, provided that the following conditions are complied with in a manner satisfactory to the Northeast Regional Director, or his designee (Regional Director). Accordingly, the Application is hereby approved, subject to the following conditions:

1. The Savings Bank and the Credit Union must receive all required regulatory and shareholder or member approvals and submit copies of all such approvals to the Regional Director prior to the consummation of the proposed transaction;
2. The proposed transaction covered by the Application must be consummated within 120 calendar days from the date of this Approval Order;
3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Savings Bank and the Credit Union must certify in writing to the Regional Director that no material adverse changes have occurred with respect to the financial condition or operation of the Savings Bank and the Credit Union as disclosed in the Application. If additional information having a material adverse bearing on any feature of the Application is brought to the attention of the Savings Bank, the Credit Union or OTS since the date of the financial statements submitted with the Application, the transaction must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides prior written non-objection to consummation of the proposed transaction; and
4. The Savings Bank must advise the Regional Director in writing within 5 calendar days after the effective date of the proposed transaction: (a) of the effective date of the transaction; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Application, the Savings Bank's undertakings, and this Approval Order.

The Regional Director may, for good cause, extend any time period set forth herein or committed to by the Savings Bank for up to 120 calendar days.

By order of the Director of the Office of Thrift Supervision, or his designee,  
effective December 1, 2006



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Scott M. Albinson  
Managing Director  
Office of Examinations, Supervision  
and Consumer Protection