

Summary Wachovia Corporation

By Group 7

Wachovia Corporation history can be traced back to 1879. The company has had several mergers to form Wachovia Corporation. It is a registered financial company and a bank holding company. Wachovia Corporation provides other financial services such as banking, investment banking, investment advisory, home equity lending, mortgage, asses-based lending, leasing, insurance, international and securities brokerage services. The company offers financial services in 49 states and offers global services in 33 offices. Wachovia Bank, National Associates (WBNA) operates most of these banking offices. The company also has four core businesses which includes General Bank, Capital Management, Wealth Management, and corporate and Investment banking. The company merged with South Trust Corporation in 2004, and officially became Wachovia Bank, National Association on January 3, 2005.

According to Fortune 500, Wachovia Corp. took the 5th position on 2005 year's list of America's largest companies. It is also 22nd America's most profitable company with 5,214 billion in profits. On April 7, 2005 Wachovia Corp. was ranked 38th largest company in the world. On April 13, 2005, Wachovia's online banking site ranked number one in Customer experience and customer acquisition among prospective online banking customers. Wachovia Corp. and institutional Trust announced on April 13th, 2005 the launch of its institutional Clearing Service group. This enabled the company to provide non-fully disclosed securities clearing and financing to the institutional market place.

On April 15th, 2005, Wachovia reported a net income of \$1.62 billion, or \$1.01 per share in the first quarter of 2005 compared to \$1.25 billion last year. The company was pleased with the net income in the first quarter despite the challenges of the market. On April 19th, 2005, the company announced that its board of directors approved the company's regular quarterly cash dividend on its common stock of \$46 cents per share. Wachovia has assets of \$506.8 billion, market capitalization of \$80.3 billion and stockholder's equity of \$46.5 billion.

The company's internal operations focus a great deal on expense control, credit quality, and productivity improvements. This will provide a shield during economic downturns, and lead to long-term growth throughout an array of economic and interest rate scenarios. The major risk that Wachovia is exposed to, as well as many other banks, is an increase in the short-term interest rate. This will cause interest paid by Wachovia to its depositors to increase, while the long-term interest received by Wachovia from its loans will still remain at the previous lower rate. There are also many legal and regulatory risks involved, such as the reserve rate set by the Federal Reserve Bank.

In addition, the stock price of Wachovia Bank maintained a steady growth in the past 12 months. It was near \$45.00 in May 2004 and currently at \$52.17. The company's prices grew around the 4th quarter in 2004 largely due to the merger with South Trust Corporation. This merger implies that Wachovia's provisions are likely to increase in line with a loan growth, assuming a stable credit quality for the coming years. From February 2005 to April 2005 there was a slight drop in price of its stock because there was an overall drop in the stocks of financial companies. Wachovia Bank stock prices in the last two years were steady and maintained a consistent growth pattern; the price of its share increased by more than 25% in the past two years. Its stock is what many investors consider a growth stock for investment because it has very stable growth and earnings patterns.