BANK OF AMERICA CORP /DE/
Form 10-Q
November 10, 2003
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2003

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 1-6523

Bank of America Corporation

(Exact name of registrant as specified in its charter)

Delaware	**56-0906609**
(State of incorporation)	**(IRS Employer Identification Number)**

Bank of America Corporate Center

100 N. Tryon Street

Charlotte, North Carolina 28255

(Address of principal executive offices)

(704) 386-8486

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes x No ¨

On October 31, 2003, there were 1,485,804,534 shares of Bank of America Corporation Common Stock outstanding.

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Bank of America Corporation

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Part I. Financial Information

Item 1. Financial Statements

Bank of America Corporation and Subsidiaries

Consolidated Statement of Income

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions, except per share information)	**2003**	**2002**	**2003**	**2002**
Interest income				
Interest and fees on loans and leases	**$ 5,328**	$ 5,553	**$ 16,088**	$ 16,528
Interest and dividends on securities	**623**	1,104	**2,412**	2,974
Federal funds sold and securities purchased under agreements to resell	**480**	177	**867**	662
Trading account assets	**975**	1,006	**3,024**	2,832
Other interest income	**449**	345	**1,184**	1,044
Total interest income	**7,855**	8,185	**23,575**	24,040
Interest expense				
Deposits	**1,278**	1,414	**3,730**	4,142
Short-term borrowings	**447**	526	**1,414**	1,532
Trading account liabilities	**345**	342	**969**	971
Long-term debt	**481**	601	**1,584**	1,846
Total interest expense	**2,551**	2,883	**7,697**	8,491
Net interest income	**5,304**	5,302	**15,878**	15,549
Noninterest income				
Consumer service charges	**824**	762	**2,394**	2,185
Corporate service charges	**634**	585	**1,788**	1,718
Total service charges	**1,458**	1,347	**4,182**	3,903
Consumer investment and brokerage services	**367**	374	**1,146**	1,175
Corporate investment and brokerage services	**222**	173	**591**	521
Total investment and brokerage services	**589**	547	**1,737**	1,696
Mortgage banking income	**666**	220	**1,630**	551
Investment banking income	**412**	318	**1,278**	1,123
Equity investment gains (losses)	**25**	(216)		(226)
Card income	**794**	687	**2,237**	1,885
Trading account profits	**175**	71	**382**	679
Other income[(1)]	**320**	246	**933**	530

Total noninterest income	**4,439**	3,220	**12,379**	10,141
Total revenue	**9,743**	8,522	**28,257**	25,690
Provision for credit losses	**651**	804	**2,256**	2,532
Gains on sales of securities	**233**	189	**802**	326
Noninterest expense				
Personnel	**2,595**	2,368	**7,749**	7,200
Occupancy	**522**	457	**1,492**	1,330
Equipment	**252**	291	**789**	832
Marketing	**249**	210	**717**	550
Professional fees	**214**	126	**620**	339
Amortization of intangibles	**55**	54	**163**	164
Data processing	**275**	295	**803**	726
Telecommunications	**152**	119	**413**	361
Other general operating	**756**	700	**2,099**	2,102
Total noninterest expense	**5,070**	4,620	**14,845**	13,604
Income before income taxes	**4,255**	3,287	**11,958**	9,880
Income tax expense	**1,333**	1,052	**3,874**	3,245
Net income	**$ 2,922**	$ 2,235	**$ 8,084**	$ 6,635
Net income available to common shareholders	**$ 2,921**	$ 2,233	**$ 8,081**	$ 6,631
Per common share information				
Earnings	**$ 1.96**	$ 1.49	**$ 5.41**	$ 4.34
Diluted earnings	**$ 1.92**	$ 1.45	**$ 5.31**	$ 4.22
Dividends paid	**$ 0.80**	$ 0.60	**$ 2.08**	$ 1.80
Average common shares issued and outstanding (in thousands)	**1,490,103**	1,504,017	**1,494,369**	1,526,946

(1) Other income includes whole mortgage loan sale gains totaling $197 and $186 for the three months ended September 30, 2003 and 2002, respectively, and $723 and $328 for the nine months ended September 30, 2003 and 2002, respectively.

See accompanying notes to consolidated financial statements.

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Bank of America Corporation and Subsidiaries

Consolidated Balance Sheet

(Dollars in millions)	September 30 2003	December 31 2002
Assets		
Cash and cash equivalents	**$ 22,142**	$ 24,973
Time deposits placed and other short-term investments	**6,881**	6,813
Federal funds sold and securities purchased under agreements to resell (includes **$66,780** and $44,779 pledged as collateral)	**67,729**	44,878
Trading account assets (includes **$29,112** and $35,515 pledged as collateral)	**65,339**	63,996
Derivative assets	**36,810**	34,310
Securities:		
Available-for-sale (includes **$29,846** and $32,919 pledged as collateral)	**64,363**	68,122
Held-to-maturity, at cost (market value - **$531** and $1,001)	**522**	1,026
Total securities	**64,885**	69,148
Loans and leases	**373,098**	342,755
Allowance for credit losses	**(6,716)**	(6,851)
Loans and leases, net of allowance for credit losses	**366,382**	335,904
Premises and equipment, net	**5,956**	6,717
Mortgage banking assets	**2,426**	2,110
Goodwill	**11,456**	11,389
Core deposit intangibles and other intangibles	**966**	1,095
Other assets [(1)]	**86,116**	59,125
Total assets	**$ 737,088**	$ 660,458
Liabilities		
Deposits in domestic offices:		
Noninterest-bearing	**$ 122,669**	$ 122,686
Interest-bearing	**257,586**	232,320
Deposits in foreign offices:		
Noninterest-bearing	**2,650**	1,673
Interest-bearing	**25,605**	29,779
Total deposits	**408,510**	386,458
Federal funds purchased and securities sold under agreements to repurchase	**79,775**	65,079
Trading account liabilities	**29,744**	25,574
Derivative liabilities	**25,120**	23,566
Commercial paper and other short-term borrowings	**41,739**	25,234
Accrued expenses and other liabilities	**35,293**	17,052
Long-term debt	**66,462**	61,145
Trust preferred securities		6,031

Total liabilities	**686,643**	610,139
Commitments and contingencies (Note 5)		
Shareholders equity		
Preferred stock, $0.01 par value; authorized - 100,000,000 shares; issued and outstanding - **1,281,600** and 1,356,749 shares	**55**	58
Common stock, $0.01 par value; authorized - 5,000,000,000 shares; issued and outstanding - **1,489,437,206** and 1,500,691,103 shares	**15**	496
Retained earnings	**52,320**	48,517
Accumulated other comprehensive income (loss)	**(1,776)**	1,232
Other	**(169)**	16
Total shareholders equity	**50,445**	50,319
Total liabilities and shareholders equity	**$ 737,088**	$ 660,458

(1) Other assets includes loans held for sale totaling $12,129 and $13,833 at September 30, 2003 and December 31, 2002, respectively.

See accompanying notes to consolidated financial statements.

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Bank of America Corporation and Subsidiaries

Consolidated Statement of Changes in Shareholders Equity

(Dollars in millions, shares in thousands)	Preferred Stock	Common Stock Shares	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss) [1]	Other	Total Share-holders Equity	Comprehensive Income
Balance, December 31, 2001	$ 65	1,559,297	$ 5,076	$ 42,980	$ 437	$ (38)	$ 48,520	
Net income				6,635			6,635	$ 6,635
Net unrealized gains on available-for-sale and marketable equity securities					1,256		1,256	1,256
Net unrealized gains on foreign currency translation adjustments					2		2	2
Net unrealized losses on derivatives					(1,082)		(1,082)	(1,082)
Cash dividends paid:								
Common				(2,744)			(2,744)	
Preferred				(4)			(4)	
Common stock issued under employee plans and related tax benefits		41,834	2,143			14	2,157	
Common stock repurchased		(99,200)	(6,798)				(6,798)	
Conversion of preferred stock	(5)	206	5					
Other		25	248	3		46	297	
Balance, September 30, 2002	$ 60	1,502,162	$ 674	$ 46,870	$ 613	$ 22	$ 48,239	$ 6,811
Balance, December 31, 2002	**$ 58**	**1,500,691**	**$ 496**	**$ 48,517**	**$ 1,232**	**$ 16**	**$ 50,319**	
Net income				**8,084**			**8,084**	**$ 8,084**
Net unrealized losses on available-for-sale and marketable equity securities					**(267)**		**(267)**	**(267)**
Net unrealized gains on foreign currency translation adjustments					**15**		**15**	**15**
Net unrealized losses on derivatives					**(2,756)**		**(2,756)**	**(2,756)**
Cash dividends paid:								
Common				**(3,113)**			**(3,113)**	
Preferred				**(3)**			**(3)**	
Common stock issued under employee plans and related tax benefits		**62,435**	**3,797**			**(138)**	**3,659**	

Common stock repurchased		**(73,815)**	**(4,403)**	**(1,162)**			**(5,565)**	
Conversion of preferred stock	**(3)**	**126**	**3**					
Other			**122**	**(3)**		**(47)**	**72**	
Balance, September 30, 2003	**$ 55**	**1,489,437**	**$ 15**	**$ 52,320**	**$ (1,776)**	**$ (169)**	**$ 50,445**	**$ 5,076**

(1) At September 30, 2003 and December 31, 2002, Accumulated Other Comprehensive Income (Loss) included net unrealized gains on available-for-sale and marketable equity securities of $227 and $494, respectively; foreign currency translation adjustments of $(153) and $(168), respectively; and net unrealized gains (losses) on derivatives of $(1,761) and $995, respectively.

See accompanying notes to consolidated financial statements.

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Bank of America Corporation and Subsidiaries

Consolidated Statement of Cash Flows

(Dollars in millions)	Nine Months Ended September 30 2003	2002
Operating activities		
Net income	**$ 8,084**	$ 6,635
Reconciliation of net income to net cash provided by (used in) operating activities:		
Provision for credit losses	**2,256**	2,532
Gains on sales of securities	**(802)**	(326)
Depreciation and premises improvements amortization	**660**	663
Amortization of intangibles	**163**	164
Deferred income tax (benefit) expense	**(510)**	278
Net increase in trading and hedging instruments	**(1,493)**	(5,049)
Net increase in other assets	**(3,456)**	(4,153)
Net increase (decrease) in accrued expenses and other liabilities	**20,616**	(6,174)
Other operating activities, net	**3**	2,700
Net cash provided by (used in) operating activities	**25,521**	(2,730)
Investing activities		
Net increase in time deposits placed and other short-term investments	**(68)**	(465)
Net increase in federal funds sold and securities purchased under agreements to resell	**(22,851)**	(12,263)
Proceeds from sales of available-for-sale securities	**155,973**	104,085
Proceeds from maturities of available-for-sale securities	**25,875**	17,191
Purchases of available-for-sale securities	**(178,005)**	(123,058)
Proceeds from maturities of held-to-maturity securities	**768**	39
Proceeds from sales of loans and leases	**28,342**	20,904
Other changes in loans and leases, net	**(70,622)**	(24,581)
Purchases and originations of mortgage banking assets	**(1,300)**	(648)
Net purchases of premises and equipment	**101**	(757)
Proceeds from sales of foreclosed properties	**48**	117
Investment in unconsolidated subsidiary	**(1,600)**	
Acquisition of business activities, net	**(141)**	(110)
Other investing activities, net	**914**	2,405
Net cash used in investing activities	**(62,566)**	(17,141)
Financing activities		
Net increase in deposits	**22,052**	3,920
Net increase in federal funds purchased and securities sold under agreements to repurchase	**14,696**	14,096
Net increase in commercial paper and other short-term borrowings	**4,283**	12,204
Proceeds from issuance of long-term debt	**7,867**	8,556
Retirement of long-term debt	**(9,597)**	(13,824)
Proceeds from issuance of common stock	**3,524**	2,143
Common stock repurchased	**(5,565)**	(6,798)
Cash dividends paid	**(3,116)**	(2,748)
Other financing activities, net	**(60)**	(29)

Net cash provided by financing activities	**34,084**	17,520
Effect of exchange rate changes on cash and cash equivalents	**130**	(17)
Net decrease in cash and cash equivalents	**(2,831)**	(2,368)
Cash and cash equivalents at January 1	**24,973**	26,837
Cash and cash equivalents at September 30	**$ 22,142**	$ 24,469

Assets and liabilities of certain multi-seller asset-backed commercial paper conduits that were consolidated amounted to $12,222 and $0 for the nine months ended September 30, 2003 and 2002, respectively.

Net transfers of loans and leases from loans held for sale (included in other assets) to the loan portfolio for asset and liability management (ALM) purposes amounted to $9,556 and $11,022 for the nine months ended September 30, 2003 and 2002, respectively.

See accompanying notes to consolidated financial statements.

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Bank of America Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Bank of America Corporation and its subsidiaries (the Corporation) through its banking and nonbanking subsidiaries, provide a diverse range of financial services and products throughout the United States and in selected international markets. At September 30, 2003, the Corporation operated its banking activities primarily under two charters: Bank of America, National Association (Bank of America, N.A.) and Bank of America, N.A. (USA).

Note 1 Significant Accounting Principles

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of the Corporation and its majority-owned subsidiaries, and those variable interest entities (VIEs) where the Corporation is the primary beneficiary. All significant intercompany accounts and transactions have been eliminated.

The information contained in the consolidated financial statements is unaudited. In the opinion of management, all normal recurring adjustments necessary for a fair statement of the interim period results have been made. Certain prior period amounts have been reclassified to conform to current period classifications.

Recently Issued Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board (FASB) issued FASB Interpretation 46 Consolidation of Variable Interest Entities, an interpretation of ARB No. 51 (FIN 46). FIN 46 provides a new framework for identifying VIEs and determining when a company should include the assets, liabilities, noncontrolling interests and results of activities of a VIE in its consolidated financial statements. FIN 46 was effective immediately for VIEs created after January 31, 2003. As of October 9, 2003, the FASB deferred compliance under FIN 46 from July 1, 2003 to the first period ending after December 15, 2003 for VIEs created prior to February 1, 2003. However, the Corporation adopted FIN 46 on July 1, 2003, as originally issued, and consolidated the assets and liabilities related to certain of its multi-seller asset-backed commercial paper conduits. As of September 30, 2003, these assets and liabilities were approximately $12.2 billion. Prior periods were not restated. Prior to FIN 46, trust preferred securities were classified as a separate liability with distributions on these securities included in interest expense on long-term debt. Upon adoption of FIN 46, $6.1 billion of trust preferred securities vehicles, that were deemed to be VIEs, were de-consolidated with the resulting liabilities to the trust companies included as a component of long-term debt with no change in the reporting of distributions. For additional information on VIEs, see Note 8 of the consolidated financial statements.

Statement of Financial Accounting Standards (SFAS) No. 148, Accounting for Stock-Based Compensation Transition and Disclosure an amendment of FASB Statement No. 123, (SFAS 148) was adopted by the Corporation on January 1, 2003. SFAS 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. SFAS 148 also amends the disclosure requirements of SFAS 123, Accounting for Stock-Based Compensation, (SFAS 123) to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. Under the provisions of SFAS 148, the Corporation transitioned to the fair value based method of accounting for stock-based employee compensation costs using the prospective method as of January 1, 2003. Under the prospective method, all stock options granted under plans before the adoption date will continue to be accounted for under Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, (APB 25) unless these stock options are modified or settled subsequent to adoption.

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In accordance with SFAS 148, the Corporation provided disclosures as if the Corporation had adopted the fair value based method of measuring all outstanding employee stock options in 2003 and 2002 as indicated in the following table. The disclosure requirement of SFAS 123 recognizes the impact of all outstanding employee stock options. The prospective method that the Corporation has adopted, which is one of the prescribed methods of recognition under SFAS 148, recognizes the impact of only newly issued employee stock options. The following table presents the effect on net income and earnings per share had the fair value based method been applied to all outstanding and unvested awards for the three months and nine months ended September 30, 2003 and 2002.

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions, except per share data)	**2003**	**2002**	**2003**	**2002**
Net income	**$ 2,922**	$ 2,235	**$ 8,084**	$ 6,635
Stock-based employee compensation expense recognized during period, net of related tax effects	**20**		**58**	
Stock-based employee compensation expense determined under fair value based method, net of related tax effects (1)	**(61)**	(110)	**(201)**	(301)
Pro forma net income	**$ 2,881**	$ 2,125	**$ 7,941**	$ 6,334
As reported				
Earnings per common share	**$ 1.96**	$ 1.49	**$ 5.41**	$ 4.34
Diluted earnings per common share	**1.92**	1.45	**5.31**	4.22
Pro forma				
Earnings per common share	**1.93**	1.41	**5.31**	4.15
Diluted earnings per common share	**1.90**	1.37	**5.21**	4.03

(1) *Includes all awards granted, modified or settled for which the fair value was required to be measured under SFAS 123, except restricted stock. Restricted stock expense, included in net income, for the three months ended September 30, 2003 and 2002 was $56 and $67, respectively, and for the nine months ended September 30, 2003 and 2002 was $225 and $175, respectively.*

On May 15, 2003, the FASB issued SFAS 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity and was effective May 31, 2003 for all new and modified financial instruments and otherwise was effective at the beginning of the first interim period beginning after June 15, 2003. SFAS 150 changes the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity. SFAS 150 requires that those instruments be classified as liabilities (or assets in some circumstances). The adoption of this rule did not have a material impact on the Corporation s results of operations or financial condition.

For additional information on recently issued accounting pronouncements and other significant accounting principles, see Note 1 of the consolidated financial statements of the Corporation s 2002 Annual Report and Note 1 of the consolidated financial statements of the Corporation s Form 10-Q for the quarterly period ended March 31, 2003.

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Note 2 Trading Account Assets and Liabilities

The Corporation engages in a variety of trading related activities that are either for clients or its own account. For a detailed discussion of trading account assets and liabilities, see page 30 of the Corporation s 2002 Annual Report.

The fair values of the components of trading account assets and liabilities at September 30, 2003 and December 31, 2002 were:

(Dollars in millions)	September 30 2003	December 31 2002
Trading account assets		
U.S. government and agency securities	**$ 13,229**	$ 19,875
Foreign sovereign debt	**6,438**	8,752
Corporate securities, trading loans, and other	**25,577**	21,286
Equity securities	**11,207**	5,380
Mortgage trading loans and asset-backed securities	**8,888**	8,703
Total	**$ 65,339**	$ 63,996
Trading account liabilities		
U.S. government and agency securities	**$ 11,688**	$ 8,531
Foreign sovereign debt	**4,622**	3,465
Corporate securities, trading loans, and other	**5,971**	7,320
Equity securities	**7,299**	4,825
Mortgage trading loans and asset-backed securities	**164**	1,433
Total	**$ 29,744**	$ 25,574

Note 3 Derivatives

Credit risk associated with derivatives is measured as the net replacement cost should the counterparties with contracts in a gain position to the Corporation completely fail to perform under the terms of those contracts assuming no recoveries of underlying collateral. A detailed discussion of derivative trading and ALM activities is presented in Note 5 of the consolidated financial statements of the Corporation s 2002 Annual Report.

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The following table presents the contract/notional and credit risk amounts at September 30, 2003 and December 31, 2002 of the Corporation s derivative positions held for trading and hedging purposes. These derivative positions are primarily executed in the over-the-counter market. The credit risk amounts presented in the following table do not consider the value of any collateral held but take into consideration the effects of legally enforceable master netting agreements. The Corporation held $20.0 billion and $16.7 billion of collateral on derivative positions, of which $12.6 billion and $11.4 billion could be applied against credit risk at September 30, 2003 and December 31, 2002, respectively.

Derivatives [(1)]

	September 30, 2003		December 31, 2002	
(Dollars in millions)	Contract/ Notional	Credit Risk	Contract/ Notional	Credit Risk
Interest rate contracts				
Swaps	**$ 8,334,284**	**$ 17,321**	$ 6,781,629	$ 18,981
Futures and forwards	**2,178,857**	**1,599**	2,510,259	283
Written options	**1,078,690**		973,113	
Purchased options	**1,003,212**	**4,298**	907,999	3,318
Foreign exchange contracts				
Swaps	**239,696**	**3,398**	175,680	2,460
Spot, futures and forwards	**859,760**	**3,263**	724,039	2,535
Written options	**135,703**		81,263	
Purchased options	**132,651**	**531**	80,395	452
Equity contracts				
Swaps	**28,951**	**474**	16,830	679
Futures and forwards	**2,592**		48,470	
Written options	**23,749**		19,794	
Purchased options	**22,471**	**3,826**	23,756	2,885
Commodity contracts				
Swaps	**15,586**	**1,291**	11,776	1,117
Futures and forwards	**5,695**		3,478	
Written options	**11,312**		12,158	
Purchased options	**7,892**	**244**	19,115	347
Credit derivatives	**123,063**	**565**	92,098	1,253
Total derivative assets		**$ 36,810**		$ 34,310

(1) Includes both long and short derivative positions.

The average fair value of derivative assets for the nine months ended September 30, 2003 and 2002 was $34.8 billion and $23.6 billion, respectively. The average fair value of derivative liabilities for the nine months ended September 30, 2003 and 2002 was $23.9 billion and $15.8 billion, respectively.

Fair Value and Cash Flow Hedges

The Corporation uses various types of interest rate and foreign currency exchange rate derivative contracts to protect against changes in the fair value of its fixed-rate assets and liabilities due to fluctuations in interest rates and exchange rates. The Corporation also uses these contracts to protect against changes in the cash flows of its variable-rate assets and liabilities and anticipated transactions. For the nine months ended September 30, 2003, the Corporation recognized in the Consolidated Statement of Income a net loss of $94 million (included in interest income) related to fair value hedges. This loss represents the expected change in the forward values of forward contracts and is excluded from the assessment of hedge effectiveness. For the nine months ended September 30, 2002, there was no significant gain or loss recognized which represented the ineffective portion of fair value hedges. For the nine months ended September 30, 2003, the Corporation recognized in the Consolidated Statement of Income net gains of $15 million (included in mortgage banking income), which represented the ineffective portion of cash flow hedges. For the nine months ended September 30, 2002, the Corporation recognized in the Consolidated Statement of Income a net loss of $12 million (included in interest income and mortgage banking

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income) which represented the ineffective portion of cash flow hedges. At September 30, 2003 and December 31, 2002, the Corporation has determined that there were no cash flow hedging positions where it was probable that certain forecasted transactions may not occur within the originally designated time period.

For cash flow hedges, gains and losses on derivative contracts reclassified from accumulated other comprehensive income to current period earnings are included in the line item in the Consolidated Statement of Income in which the hedged item is recorded and in the same period the hedged item affects earnings. During the next 12 months, losses on derivative instruments included in accumulated other comprehensive income, of approximately $226 million (pre-tax) are expected to be reclassified into earnings. These net losses reclassified into earnings are expected to decrease income or increase expense on the respective hedged items.

Hedges of Net Investments in Foreign Operations

The Corporation uses forward exchange contracts, currency swaps and nonderivative cash instruments that provide an economic hedge on portions of its net investments in foreign operations against adverse movements in foreign currency exchange rates. For the nine months ended September 30, 2003 and 2002, the Corporation experienced net unrealized foreign currency pre-tax gains of $170 million and $60 million, respectively, related to its net investments in foreign operations. These unrealized gains were partially offset by net unrealized pre-tax losses of $147 million and $59 million, respectively, related to derivative and nonderivative instruments designated as hedges of the foreign currency exposure during these same periods. These unrealized gains and losses were recorded as components of accumulated other comprehensive income.

Note 4 Outstanding Loans and Leases

Outstanding loans and leases at September 30, 2003 and December 31, 2002 were:

(Dollars in millions)	September 30, 2003	December 31, 2002
Commercial - domestic	**$ 94,870**	$ 105,053
Commercial - foreign	**17,097**	19,912
Commercial real estate - domestic	**19,377**	19,910
Commercial real estate - foreign	**305**	295
Total commercial	**131,649**	145,170
Residential mortgage	**146,424**	108,197
Home equity lines	**22,675**	23,236
Direct/Indirect consumer	**33,391**	31,068
Consumer finance	**6,020**	8,384
Credit card	**30,993**	24,729
Foreign consumer	**1,946**	1,971
Total consumer	**241,449**	197,585
Total	**$ 373,098**	$ 342,755

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The following table summarizes the changes in the allowance for credit losses for the three months and nine months ended September 30, 2003 and 2002:

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	**2003**	**2002**	**2003**	**2002**
Balance, beginning of period	**$ 6,841**	$ 6,873	**$ 6,851**	$ 6,875
Loans and leases charged off	**(975)**	(1,002)	**(2,892)**	(3,147)
Recoveries of loans and leases previously charged off	**199**	198	**511**	615
Net charge-offs	**(776)**	(804)	**(2,381)**	(2,532)
Provision for credit losses	**651**	804	**2,256**	2,532
Other, net		(12)	**(10)**	(14)
Balance, September 30	**$ 6,716**	$ 6,861	**$ 6,716**	$ 6,861

The following table presents the recorded investment in specific loans, without consideration to specific reserves, that were considered individually impaired at September 30, 2003 and December 31, 2002 in accordance with SFAS No. 114, Accounting by Creditors for Impairment of a Loan, as described in the Corporation s 2002 Annual Report on page 80:

(Dollars in millions)	September 30, 2003	December 31, 2002
Commercial - domestic	**$ 1,698**	$ 2,553
Commercial - foreign	**768**	1,355
Commercial real estate - domestic	**157**	157
Commercial real estate - foreign	**3**	2
Total impaired loans	**$ 2,626**	$ 4,067

At September 30, 2003 and December 31, 2002, nonperforming loans, including certain loans that were considered impaired, totaled $3.4 billion and $5.0 billion, respectively. In addition, included in other assets was $82 million and $120 million of nonperforming assets at September 30, 2003 and December 31, 2002, respectively. Foreclosed properties amounted to $228 million and $225 million at September 30, 2003 and December 31, 2002, respectively.

Note 5 Commitments and Contingencies

In the normal course of business, the Corporation enters into a number of off-balance sheet commitments. These commitments expose the Corporation to varying degrees of credit and market risk and are subject to the same credit and market risk limitation reviews as those recorded on the balance sheet.

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Credit Extension Commitments

The Corporation enters into commitments to extend credit such as loan commitments, standby letters of credit (SBLCs) and commercial letters of credit to meet the financing needs of its customers. For additional information on credit extension commitments, see Note 13 of the consolidated financial statements of the Corporation s 2002 Annual Report. The following table summarizes outstanding unfunded commitments to extend credit at September 30, 2003 and December 31, 2002. These unfunded commitments have been reduced by amounts participated to other financial institutions.

(Dollars in millions)	**September 30 2003**	**December 31 2002**
Loan commitments[1]	**$ 214,303**	$ 212,704
Standby letters of credit and financial guarantees	**29,431**	30,837
Commercial letters of credit	**3,745**	3,109
Legally binding commitments	**247,479**	246,650
Credit card lines	**92,522**	85,801
Total commitments	**$ 340,001**	$ 332,451

(1) *Equity commitments of $1,962 and $2,197 primarily related to obligations to fund existing equity investments were included in loan commitments at September 30, 2003 and December 31, 2002, respectively.*

Other Commitments

When-issued securities are commitments to purchase or sell securities during the time period between the announcement of a securities offering and the issuance of those securities. Changes in market price between commitment date and *i*ssuance are reflected in trading account profits. At September 30, 2003, the Corporation had commitments to purchase and sell when-issued securities of $145.3 billion and $142.4 billion, respectively. At December 31, 2002, the Corporation had commitments to purchase and sell when-issued securities of $166.1 billion and $164.5 billion, respectively.

As of September 30, 2003, charge cards (nonrevolving card lines) to individuals and government entities guaranteed by the U.S. government in the amount of $39.3 billion were not included in credit card line commitments in the table above. At September 30, 2003, the outstandings related to these charge cards were $284 million.

At September 30, 2003, the Corporation had forward whole mortgage loan purchase commitments of $704 million, which were settled in October 2003. At December 31, 2002, the Corporation had forward whole mortgage loan purchase commitments of $10.8 billion, all of which were settled in January 2003. At September 30, 2003 and December 31, 2002, the Corporation had no forward whole mortgage loan sale commitments. For further discussion on ALM activities, see Interest Rate and Foreign Exchange Derivative Contracts beginning on page 53.

Other Guarantees

The Corporation sells products that offer book value protection primarily to plan sponsors of ERISA-governed pension plans such as 401(k) plans, 457 plans, etc. The Corporation also sells products that guarantee the return of principal to investors at a preset future date. At September 30, 2003 and December 31, 2002, the notional amount of these guarantees totaled $30.9 billion and $23.8 billion, respectively. The increase was primarily due to new sales of stable value products for defined contribution plans. As of September 30, 2003 and December 31, 2002, the Corporation has not made a payment under these products, and management believes that the probability of payments under these guarantees is remote.

In the ordinary course of business, the Corporation enters into various agreements that contain indemnifications, such as tax indemnifications, whereupon payment may become due if certain external events occur, such as a change in tax law. The maximum potential future payment under indemnification agreements is difficult to assess for several reasons, including the inability to predict future changes in tax and other laws, the difficulty in determining how such laws would apply to parties in contracts, the absence of exposure limits contained in standard contract language and the timing of the early termination clause. Historically, any payments made under these guarantees have been de minimis. Management has assessed the probability of making such payments in the future as remote.

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The Corporation has provided protection on a subset of one consumer finance securitization in the form of a guarantee with a maximum payment of $220 million that is only paid out if over-collateralization is not sufficient to absorb losses and certain other conditions are met. The Corporation anticipates no material payments will be due over the life of the contract, which is approximately three years.

The Corporation has entered into additional guarantee agreements, including lease end obligation agreements, partial credit guarantees on certain leases, sold risk participation swaps and sold put options that require gross settlement. The maximum potential future payment under these agreements was approximately $1.2 billion and $575 million at September 30, 2003 and December 31, 2002, respectively. As of September 30, 2003, the Corporation has made no material payments under these products.

For additional information on the guarantees discussed above, see Note 13 of the consolidated financial statements of the Corporation s 2002 Annual Report.

Litigation and Regulatory Matters

Mutual Fund Operations

On September 3, 2003, the Office of the Attorney General for the State of New York (NYAG) simultaneously filed and settled a complaint against Canary Capital Partners, LLC, et al. (collectively, Canary). The complaint alleged, among other things, that Canary engaged in improper trading with certain mutual funds in the Nations Funds family (Nations Funds). Specifically, the NYAG alleged that Canary engaged in activities that it characterized as market timing and late trading. The Corporation is cooperating fully with the NYAG, the U.S. Securities and Exchange Commission (SEC) and other regulators in connection with these inquiries.

On September 16, 2003, the NYAG announced a criminal action, and the SEC announced a civil action, against a former employee of Banc of America Securities LLC (BAS). The complaints allege that this former employee played a key role in enabling Canary to engage in late trading of shares of Nations Funds and other mutual funds in violation of state and federal law.

The Corporation has announced that it will establish a restitution fund for shareholders of the Nations Funds who were harmed by Canary s late trading and market timing practices. In addition, the Corporation announced that it will provide restitution for shareholders of third party mutual funds who were harmed by any late trading activities by Canary that are found to have occurred through the Corporation in the event restitution is not otherwise available from Canary, its affiliates, its investors or from any other third parties. The Corporation has also committed to return to the Nations Funds all funds management and advisory fees related to the Canary market timing agreement.

The Corporation has named several key leaders and advisors external to the Corporation to review mutual fund practices. These individuals will lead an independent review of the Corporation s mutual fund policies and practices, conduct a complete legal and regulatory compliance review of the Corporation s mutual fund business, and coordinate a detailed review of all technology, control, and compliance systems related to the mutual fund business, including all systems relating to sales, clearing, and derivative and brokerage operations.

The Corporation is developing new policies to eliminate all lending, derivatives, brokerage services or any other services relating to mutual fund trading activity by clients known to the Corporation to engage in active mutual fund market timing not permitted by the targeted funds. The Corporation has committed that the market timing policies being established will no longer permit special exceptions.

The independent trustees of the Board of Trustees of the Nations Funds have retained an independent firm to evaluate the extent of any adverse monetary impact to any Nations Fund in which the Nations Funds adviser permitted a discretionary market-timing agreement. They also announced that they would evaluate whether any additional steps are appropriate to assure Nations Funds shareholders that the Nations Funds are being managed in their best interests. In addition, the independent trustees announced that the Board of Trustees, with the assistance of the independent firm, will conduct a review of the issues relating to late trading in Nations Funds, consider the results of the review of these issues being conducted by the Corporation, and take action as appropriate.

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As of the date hereof, a number of lawsuits have been filed against the Corporation, its affiliates and associates in connection with these circumstances, alleging, among other things, breaches of fiduciary duties, federal securities laws, the ERISA Act, and the Investment Advisers Act of 1940 as well as contractual and other common law claims. The Corporation has also received shareholder derivative actions purportedly brought on behalf of the Corporation alleging various claims, including breach of fiduciary duty, against the Board of Directors in connection with these matters. Additional lawsuits presenting similar or additional allegations and requests for relief arising out of these circumstances could be filed in the future against the Corporation and related parties.

During the quarter ended September 30, 2003, the Corporation recognized a $100 million charge to income in connection with these matters. The Corporation, however, cannot determine at this time the eventual outcome, timing or impact of these matters. Accordingly, it is possible that additional charges in the future may be required.

Enron Corporation (Enron) Securities Litigation

On September 29, 2003, plaintiffs in the Enron Securities Litigation and certain financial institution defendants, including the Corporation, participated in a nonbinding mediation of claims presented in both the Enron Securities Litigation and the Enron bankruptcy. The mediation failed to resolve any of the subject claims. A further session of the mediation is scheduled for January 8, 2004.

WorldCom, Inc. (WorldCom) Securities Litigation

The number of actions, in addition to WorldCom Securities Litigation, in which the Corporation or BAS has been named as a defendant arising out of alleged accounting irregularities in the books and records of WorldCom, has increased to approximately 69 actions. Of these actions, approximately 42 have been consolidated with WorldCom Securities Litigation pending in the United States District Court for the Southern District of New York.

On October 3, 2003, the parties to the WorldCom Securities Litigation were ordered to attend a mandatory settlement conference on October 16, 2003. No claims were resolved and further sessions are scheduled for November 2003.

On October 24, 2003, a class consisting of all persons and entities who purchased or otherwise acquired publicly traded securities of WorldCom during the period beginning April 29, 1999 through and including June 25, 2002 and who were injured thereby, was certified by the United States District Court in the WorldCom Securities Litigation.

Regulatory

In the ordinary course of business, the Corporation is routinely subject to regulatory examinations, information gathering requests, inquiries and investigations. One of the Corporation s subsidiaries, BAS, is a registered broker/dealer under the federal securities laws and is subject to regulation by the SEC, the National Association of Securities Dealers, the New York Stock Exchange and state securities regulators. In connection with on-going investigations by those agencies, BAS has received numerous requests and orders for documents, testimony and information in connection with various aspects of its regulated activities. In each instance, BAS is cooperating with the requesting agency. BAS has not been advised that any enforcement action against BAS is currently contemplated. There can be no assurance, however, that the investigations will not in the future result in such action.

For a more detailed discussion on Litigation, see Note 13 of the consolidated financial statements of the Corporation s 2002 Annual Report.

Note 6 Shareholders Equity and Earnings Per Common Share

On January 22, 2003, the Board authorized a stock repurchase program of up to 130 million shares of the Corporation s common stock at an aggregate cost of $12.5 billion. At September 30, 2003, the remaining buyback authority for common stock under this program totaled $8.6 billion, or 80 million shares. During the nine months ended September 30, 2003, the Corporation repurchased approximately 74 million shares of its common stock in

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open market repurchases and as a result of put options exercised, at an average per-share price of $75.39, which reduced shareholders equity by $5.6 billion and increased earnings per share by approximately $0.11. These repurchases were partially offset by the issuance of 62 million shares of common stock under employee plans, which increased shareholders equity by $3.7 billion, net of $138 million of deferred compensation related to restricted stock awards, and decreased earnings per share by approximately $0.09 for the nine months ended September 30, 2003. For the nine months ended September 30, 2002, the Corporation repurchased approximately 99 million shares of its common stock in open market repurchases and under an accelerated repurchase program at an average per-share price of $68.52, which reduced shareholders equity by $6.8 billion and increased earnings per share by approximately $0.13. These repurchases were partially offset by the issuance of 42 million shares of common stock under employee plans, which increased shareholders equity by $2.2 billion and decreased earnings per share by approximately $0.06 for the nine months ended September 30, 2002. The Corporation will continue to repurchase shares, from time to time, in the open market or private transactions through its previously approved repurchase plan.

Accumulated other comprehensive income (OCI) includes pre-tax net unrealized gains (losses) related to available-for-sale and marketable equity securities, foreign currency translation adjustments, derivatives and other of $(3.5) billion and $1.4 billion for the nine months ended September 30, 2003 and 2002, respectively. The net change in accumulated OCI also includes adjustments for gains (losses) to net income during the current period that had been included in accumulated OCI in previous period ends. Pre-tax adjustments for gains included in the Consolidated Statement of Income for the nine months ended September 30, 2003 and 2002 were $1.1 billion and $531 million, respectively. The related income tax expense (benefit) was $(1.6) billion and $686 million for the nine months ended September 30, 2003 and 2002, respectively.

The Corporation has, from time to time, sold put options on its common stock to independent third parties. The put option program was designed to partially offset the cost of share repurchases. As of September 30, 2003, all put options under this program had matured and there were no remaining put options outstanding. For additional information on the put option program, see Note 14 of the consolidated financial statements of the Corporation s 2002 Annual Report.

The calculation of earnings per common share and diluted earnings per common share for the three months and nine months ended September 30, 2003 and 2002 is presented below.

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions, except per share information; shares in thousands)	**2003**	**2002**	**2003**	**2002**
Earnings per common share				
Net income	**$ 2,922**	$ 2,235	**$ 8,084**	$ 6,635
Preferred stock dividends	**(1)**	(2)	**(3)**	(4)
Net income available to common shareholders	**$ 2,921**	$ 2,233	**$ 8,081**	$ 6,631
Average common shares issued and outstanding	**1,490,103**	1,504,017	**1,494,369**	1,526,946
Earnings per common share	**$ 1.96**	$ 1.49	**$ 5.41**	$ 4.34
Diluted earnings per common share				
Net income available to common shareholders	**$ 2,921**	$ 2,233	**$ 8,081**	$ 6,631
Preferred stock dividends	**1**	2	**3**	4

Net income available to common shareholders and assumed conversions	**$ 2,922**	$ 2,235	**$ 8,084**	$ 6,635
Average common shares issued and outstanding	**1,490,103**	1,504,017	**1,494,369**	1,526,946
Dilutive potential common shares [1,2]	**29,538**	42,330	**29,154**	46,257
Total diluted average common shares issued and outstanding	**1,519,641**	1,546,347	**1,523,523**	1,573,203
Diluted earnings per common share	**$ 1.92**	$ 1.45	**$ 5.31**	$ 4.22

(1) For the three months and nine months ended September 30, 2003, average options to purchase 5 million and 9 million shares, respectively, were outstanding but not included in the computation of earnings per share because they were antidilutive. For the three months and nine months ended September 30, 2002, average options to purchase 23 million and 22 million shares, respectively, were outstanding but not included in the computation of earnings per share because they were antidilutive.

(2) Includes incremental shares from assumed conversions of convertible preferred stock, restricted stock units and stock options.

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Note 7 Business Segment Information

The Corporation reports the results of its operations through four business segments: *Consumer and Commercial Banking, Asset Management, Global Corporate and Investment Banking* and *Equity Investments*. Certain operating segments have been aggregated into a single business segment.

Consumer and Commercial Banking provides a diversified range of products and services to individuals and small businesses through multiple delivery channels. The segment also includes commercial lending and treasury management services primarily to middle market companies with annual revenue between $10 million and $500 million. *Asset Management* offers investment, fiduciary and comprehensive banking and credit expertise; asset management services to institutional clients, high-net-worth individuals and retail customers; and investment, securities and financial planning services to affluent and high-net-worth individuals. *Global Corporate and Investment Banking* provides capital raising solutions, advisory services, derivatives capabilities, equity and debt sales and trading for our corporate, commercial and institutional clients as well as traditional bank deposit and loan products, cash management and payment services to large corporations and institutional clients. *Equity Investments* includes *Principal Investing,* which is comprised of a diversified portfolio of investments in privately held and publicly traded companies at all stages, from start-up to buyout.

Corporate Other consists primarily of certain amounts associated with ALM activities and certain consumer finance and commercial lending businesses that are being liquidated. Beginning in the first quarter of 2003, net interest income from certain additional ALM activities was allocated directly to the business units. Prior periods have been restated to reflect this change in methodology. In addition, compensation expense related to stock-based employee compensation plans is included in *Corporate Other.*

Total revenue includes net interest income on a fully taxable-equivalent basis and noninterest income. The net interest income of the business segments includes the results of a funds transfer pricing process that matches assets and liabilities with similar interest rate sensitivity and maturity characteristics. Net interest income also reflects an allocation of net interest income generated by assets and liabilities used in the Corporation s ALM activities.

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The following table presents results of operations, selected performance ratios and selected average balance sheet categories for the three months and nine months ended September 30, 2003 and 2002 for each business segment. Certain prior period amounts have been reclassified among segments to conform to the current period presentation.

Business Segment Summary

For the three months ended September 30

	Total Corporation		Consumer and Commercial Banking [1]		Asset Management [1]	
(Dollars in millions)	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**
Net interest income[2]	**$ 5,477**	$ 5,465	**$ 3,942**	$ 3,888	**$ 184**	$ 190
Noninterest income	**4,439**	3,220	**2,952**	2,163	**431**	381
Total revenue	**9,916**	8,685	**6,894**	6,051	**615**	571
Provision for credit losses	**651**	804	**496**	420	**(2)**	118
Gains on sales of securities	**233**	189	**1**	13		
Amortization of intangibles	**55**	54	**45**	43	**1**	1
Other noninterest expense	**5,015**	4,566	**3,022**	2,950	**433**	363
Income before income taxes	**4,428**	3,450	**3,332**	2,651	**183**	89
Income tax expense	**1,506**	1,215	**1,187**	973	**60**	26
Net income	**$ 2,922**	$ 2,235	**$ 2,145**	$ 1,678	**$ 123**	$ 63
Shareholder value added	**$ 1,624**	$ 880	**$ 1,633**	$ 1,144	**$ 48**	$ (14)
Net interest yield (fully taxable-equivalent basis)	**3.22%**	3.75%	**4.51%**	5.39%	**3.04%**	3.12%
Return on average equity	**23.7**	19.0	**42.4**	34.9	**17.7**	9.7
Efficiency ratio (fully taxable-equivalent basis)	**51.1**	53.2	**44.5**	49.4	**70.5**	63.7
Average:						
Total loans and leases	**$ 357,288**	$ 340,484	**$ 188,500**	$ 182,142	**$ 23,205**	$ 23,637
Total assets	**785,681**	669,149	**369,222**	309,964	**25,925**	25,965
Total deposits	**414,569**	373,933	**319,641**	283,769	**13,313**	11,967
Common equity/Allocated equity	**48,816**	46,592	**20,089**	19,090	**2,761**	2,581

For the three months ended September 30

	Global Corporate and Investment Banking [1]		Equity Investments [1]		Corporate Other	
(Dollars in millions)	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**
Net interest income [2]	**$ 1,220**	$ 1,211	**$ (45)**	$ (40)	**$ 176**	$ 216
Noninterest income	**1,033**	790	**(35)**	(193)	**58**	79
Total revenue	**2,253**	2,001	**(80)**	(233)	**234**	295

Provision for credit losses	**98**	203			**59**	63
Gains (losses) on sales of securities		(25)			**232**	201
Amortization of intangibles	**7**	8	**1**	1	**1**	1
Other noninterest expense	**1,391**	1,200	**26**	27	**143**	26
Income before income taxes	**757**	565	**(107)**	(261)	**263**	406
Income tax expense	**244**	179	**(39)**	(100)	**54**	137
Net income	**$ 513**	$ 386	**$ (68)**	$ (161)	**$ 209**	$ 269
Shareholder value added	**$ 262**	$ 63	**$ (126)**	$ (223)	**$ (193)**	$ (90)
Net interest yield (fully taxable-equivalent basis)	**1.87%**	2.37%	**n/m**	n/m	**n/m**	n/m
Return on average equity	**21.9**	14.0	**(13.0)%**	(30.6)%	**n/m**	n/m
Efficiency ratio (fully taxable-equivalent basis)	**62.1**	60.4	**n/m**	n/m	**n/m**	n/m
Average:						
Total loans and leases	**$ 46,243**	$ 61,032	**$ 93**	$ 446	**$ 99,247**	$ 73,227
Total assets	**311,829**	244,019	**6,335**	6,093	**72,370**	83,108
Total deposits	**67,456**	66,163			**14,159**	12,034
Common equity/Allocated equity [3]	**9,298**	10,935	**2,093**	2,079	**14,575**	11,907

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Business Segment Summary (continued)

For the nine months ended September 30

(Dollars in millions)	Total Corporation 2003	Total Corporation 2002	Consumer and Commercial Banking (1) 2003	Consumer and Commercial Banking (1) 2002	Asset Management (1) 2003	Asset Management (1) 2002
Net interest income (2)	**$ 16,362**	$ 15,974	**$ 11,642**	$ 11,284	**$ 552**	$ 562
Noninterest income	**12,379**	10,141	**7,875**	6,140	**1,253**	1,229
Total revenue	**28,741**	26,115	**19,517**	17,424	**1,805**	1,791
Provision for credit losses	**2,256**	2,532	**1,506**	1,295	**(3)**	288
Gains on sale of securities	**802**	326	**12**	44		
Amortization of intangibles	**163**	164	**134**	132	**4**	4
Other noninterest expense	**14,682**	13,440	**9,052**	8,402	**1,182**	1,096
Income before income taxes	**12,442**	10,305	**8,837**	7,639	**622**	403
Income tax expense	**4,358**	3,670	**3,230**	2,817	**214**	136
Net income	**$ 8,084**	$ 6,635	**$ 5,607**	$ 4,822	**$ 408**	$ 267
Shareholder value added	**$ 4,178**	$ 2,546	**$ 4,113**	$ 3,224	**$ 185**	$ 54
Net interest yield (fully taxable-equivalent basis)	**3.35%**	3.78%	**4.63%**	5.38%	**3.10%**	3.02%
Return on average equity	**21.9**	18.7	**37.9**	33.5	**19.7**	14.8
Efficiency ratio (fully taxable-equivalent basis)	**51.7**	52.1	**47.1**	49.0	**65.7**	61.4
Average:						
Total loans and leases	**$ 351,119**	$ 334,703	**$ 187,366**	$ 181,863	**$ 22,920**	$ 24,242
Total assets	**758,140**	651,257	**358,703**	304,415	**25,584**	26,281
Total deposits	**401,985**	368,142	**307,335**	280,221	**12,962**	11,860
Common equity/Allocated equity	**49,455**	47,396	**19,791**	19,274	**2,765**	2,415

For the nine months ended September 30

(Dollars in millions)	Global Corporate and Investment Banking (1) 2003	Global Corporate and Investment Banking (1) 2002	Equity Investments (1) 2003	Equity Investments (1) 2002	Corporate Other 2003	Corporate Other 2002
Net interest income (2)	**$ 3,702**	$ 3,536	**$ (118)**	$ (124)	**$ 584**	$ 716
Noninterest income	**3,156**	3,056	**(81)**	(222)	**176**	(62)
Total revenue	**6,858**	6,592	**(199)**	(346)	**760**	654
Provision for credit losses	**542**	684	**4**		**207**	265
Gains (losses) on sale of securities	**(17)**	(67)			**807**	349
Amortization of intangibles	**21**	24	**2**	2	**2**	2
Other noninterest expense	**4,116**	3,782	**80**	61	**252**	99

Income before income taxes	**2,162**	2,035	**(285)**	(409)	**1,106**	637
Income tax expense	**726**	681	**(103)**	(161)	**291**	197
Net income	**$ 1,436**	$ 1,354	**$ (182)**	$ (248)	**$ 815**	$ 440
Shareholder value added	**$ 642**	$ 370	**$ (351)**	$ (437)	**$ (411)**	$ (665)
Net interest yield (fully taxable-equivalent basis)	**2.06%**	2.37%	**n/m**	n/m	**n/m**	n/m
Return on average equity	**19.4**	16.1	**(11.7)%**	(15.6)%	**n/m**	n/m
Efficiency ratio (fully taxable-equivalent basis)	**60.3**	57.7	**n/m**	n/m	**n/m**	n/m
Average:						
Total loans and leases	**$ 51,319**	$ 64,029	**$ 313**	$ 440	**$ 89,201**	$ 64,129
Total assets	**289,516**	238,115	**6,201**	6,200	**78,136**	76,246
Total deposits	**67,224**	64,392			**14,464**	11,669
Common equity/Allocated equity [3]	**9,904**	11,229	**2,074**	2,132	**14,921**	12,346

n/m = not meaningful

(1) There were no material intersegment revenues among the segments.
(2) Net interest income is presented on a fully taxable-equivalent basis.
(3) Equity in Corporate Other primarily represents equity of the Corporation not allocated to the business segments.

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Reconciliations of the four business segments revenue and net income to consolidated totals follow:

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	**2003**	**2002**	**2003**	**2002**
Segments revenue	**$ 9,682**	$ 8,390	**$ 27,981**	$ 25,461
Adjustments:				
Revenue associated with unassigned capital	**154**	160	**496**	504
Asset and liability management activities [1]	**118**	159	**513**	185
Liquidating businesses	**83**	87	**235**	367
Fully taxable-equivalent basis adjustment	**(173)**	(163)	**(484)**	(425)
Other	**(121)**	(111)	**(484)**	(402)
Consolidated revenue	**$ 9,743**	$ 8,522	**$ 28,257**	$ 25,690
Segments net income	**$ 2,713**	$ 1,966	**$ 7,269**	$ 6,195
Adjustments, net of taxes:				
Gains on sales of securities	**159**	137	**546**	234
Earnings associated with unassigned capital	**106**	109	**335**	338
Asset and liability management activities [1]	**81**	57	**349**	64
Liquidating businesses	**4**		**(26)**	22
Other	**(141)**	(34)	**(389)**	(218)
Consolidated net income	**$ 2,922**	$ 2,235	**$ 8,084**	$ 6,635

(1) Includes whole mortgage loan sale gains.

The adjustments presented in the table above include consolidated income and expense amounts not specifically allocated to individual business segments.

Note 8 Special Purpose Financing Entities

Securitizations

The Corporation securitizes assets and may retain a portion or all of the securities, subordinated tranches, interest only strips and, in some cases, a cash reserve account, all of which are considered retained interests in the securitized assets. Those assets may be serviced by the Corporation or by third parties to whom the servicing rights have been sold.

Variable Interest Entities

In January 2003, the FASB issued FIN 46 that addresses off-balance sheet financing entities. As of October 9, 2003, the FASB deferred compliance under FIN 46 from July 1, 2003 to the first period ending after December 15, 2003 for VIEs created prior to February 1, 2003. However, the Corporation adopted FIN 46 on July 1, 2003, as originally issued and consolidated the assets and liabilities related to certain of its multi-seller asset-backed commercial paper conduits. As of September 30, 2003, these assets and liabilities were approximately $12.2 billion. There was no material impact to Tier 1 Capital as a result of consolidation. Prior periods were not restated. Subsequent to September 30, 2003, the Corporation closed a transaction related to these conduits that resulted in the de-consolidation of approximately $8.0 billion of assets and liabilities. There was no impact to net income as a result of the de-consolidation. FIN 46 requires that when entities are consolidated, the assets should be initially recorded at their carrying amounts at the date the requirements of FIN 46 first apply. If determining carrying amounts as required is impractical, then the assets are to be measured at fair value on the first date FIN 46 applies. Any difference between the net amount added to the Corporation s Consolidated Balance Sheet and the amount of any previously recognized interest in the newly consolidated entity shall be recognized as the cumulative effect of an accounting change. There was no material impact to net income as a result of applying FIN 46 on July 1, 2003. At September 30, 2003, the consolidated assets and liabilities were reflected in other assets, and commercial paper and other short-term borrowings in the *Global Corporate and Investment Banking* business segment. The Corporation s loss exposure associated with these entities including unfunded commitments was approximately $17.3 billion. Due to the legal isolation structure of these entities, general creditors and/or other beneficial interest holders of the VIEs have no recourse to the Corporation s general credit. Management does not believe any losses resulting from its involvement with these entities will be material.

Additionally, the Corporation had significant involvement with other VIEs that it did not consolidate because it was not deemed to be the primary beneficiary. In such cases, the Corporation does not absorb the majority of the entities expected losses nor does it receive a majority of the entities expected residual returns, or both. These entities facilitate client transactions, and the Corporation functions as administrator for all of these and provides either liquidity and letters of credit or derivatives to the VIE. The Corporation typically obtains variable interests in these types of entities at the inception of the transaction. Total assets of these entities at September 30, 2003 were approximately $26.5 billion. At September 30, 2003, the Corporation s loss exposure associated with these VIEs was approximately $15.8 billion, which is net of amounts syndicated. However, management does not believe any losses resulting from its involvement with these entities will be material.

Revenues from administration, liquidity, letters of credit and other services provided to the VIEs were approximately $123 million and $387 million for the nine months ended September 30, 2003 and 2002, respectively.

See Notes 1 and 8 of the consolidated financial statements of the Corporation s 2002 Annual Report for a more detailed discussion of special purpose financing entities.

Note 9 Subsequent Event FleetBoston Financial Corporation Merger

On October 27, 2003, the Corporation and FleetBoston Financial Corporation (FleetBoston) announced a definitive agreement to merge. The merger will be a stock-for-stock transaction initially valued at approximately $47 billion. The acquisition will be accounted for using the purchase method of accounting and each share of FleetBoston common stock will be exchanged for 0.5553 shares of the Corporation s common stock. The Corporation and FleetBoston have generated a combined $10 billion in earnings in the first nine months of 2003. The agreement has been approved by both boards of directors and is subject to customary regulatory and shareholder approvals. The closing is expected in the first half of 2004.

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Item 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This report on Form 10-Q contains certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from those expressed in, or implied by, our forward-looking statements. Words such as expects, anticipates, believes, estimates, other similar expressions or future or conditional verbs such as will, should, wo could are intended to identify such forward-looking statements. Readers of Bank of America Corporation and its subsidiaries (the Corporation) Form 10-Q should not rely solely on the forward-looking statements and should consider all uncertainties and risks throughout this report as well as those discussed in the Corporation s 2002 Annual Report. The statements are representative only as of the date they are made, and the Corporation undertakes no obligation to update any forward-looking statement.

Possible events or factors that could cause results or performance to differ materially from those expressed in our forward-looking statements include the following: changes in general economic conditions and economic conditions in the geographic regions and industries in which the Corporation operates which may affect, among other things, the level of nonperforming assets, charge-offs and provision expense; changes in the interest rate environment which may reduce interest margins and impact funding sources; changes in foreign exchange rates; adverse movements and volatility in debt and equity capital markets; changes in market rates and prices which may adversely impact the value of financial products including securities, loans, deposits, debt and derivative financial instruments and other similar financial instruments; political conditions and related actions by the United States military abroad which may adversely affect the company s businesses and economic conditions as a whole; litigation liabilities, including costs, expenses, settlements and judgments; changes in domestic or foreign tax laws, rules and regulations as well as Internal Revenue Service or other governmental agencies interpretations thereof; various monetary and fiscal policies and regulations, including those determined by the Federal Reserve Board, the Office of the Comptroller of Currency, the Federal Deposit Insurance Corporation and state regulators; competition with other local, regional and international banks, thrifts, credit unions and other nonbank financial institutions; ability to grow core businesses; ability to develop and introduce new banking-related products, services and enhancements and gain market acceptance of such products; mergers and acquisitions and their integration into the Corporation; decisions to downsize, sell or close units or otherwise change the business mix of the Corporation; and management s ability to manage these and other risks.

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The Corporation is headquartered in Charlotte, North Carolina, operates in 21 states and the District of Columbia and has offices located in 30 countries. The Corporation provides a diversified range of banking and certain nonbanking financial services and products both domestically and internationally through four business segments: *Consumer and Commercial Banking, Asset Management, Global Corporate and Investment Banking* and *Equity Investments*. At September 30, 2003, the Corporation had $737 billion in assets and approximately 133,000 full-time equivalent employees. Notes to the consolidated financial statements referred to in Management s Discussion and Analysis of Results of Operations and Financial Condition are incorporated by reference into Management s Discussion and Analysis of Results of Operations and Financial Condition.

Performance overview for the nine months ended September 30, 2003 compared to the same period in 2002:

Net income totaled $8.1 billion, or $5.31 per diluted common share, 22 percent and 26 percent increases, respectively, from $6.6 billion, or $4.22 per diluted common share. The return on average common shareholders equity was 22 percent compared to 19 percent.

For the nine months ended September 30, 2003, we saw increased net income for all three of our major businesses and continued to experience strong core business fundamentals in the areas of customer satisfaction and product/market performance resulting in momentum for the remainder of the year.

Customer satisfaction continued to increase, resulting in better retention and increased opportunities to deepen relationships with our customers. Delighted or highly satisfied customers, those who rate us a 9 or 10 on a 10-point scale, increased five percent.

We added over one million net new checking accounts for the nine months ended September 30, 2003, exceeding the full-year goal of one million and almost doubling last year s full-year net new checking growth of 528,000.

Our active online banking customers reached 6.6 million, a 52 percent increase. Forty-one percent of consumer households that hold checking accounts use online banking. Active bill pay customers increased 88 percent to 2.8 million. Active bill pay users paid $33.5 billion of bills compared to $18.0 billion.

First mortgage originations increased $56.7 billion to $112.8 billion, resulting primarily from elevated refinancing levels and expanded market coverage from our deployment of LoanSolutions®, which was first rolled out in the second quarter of 2002. Total mortgages funded through LoanSolutions® totaled $33.1 billion.

We extended our lead as the No. 1 Small Business Administration (SBA) lender in the nation by issuing 9,406 SBA loans to entrepreneurs during the October 2002 to September 2003 SBA fiscal year. This is a 140 percent increase over the previous year s 3,917 SBA loans.

Debit card purchase volumes grew 21 percent while credit card purchases increased 10 percent. Total managed consumer credit card revenue, including interest income, increased 24 percent. Managed average consumer credit card receivables grew 13 percent primarily due to new account growth from pre-approved direct mail programs and from the branch network.

Global Corporate and Investment Banking continued to maintain overall market share and gained in areas such as U.S. equities and convertibles, mortgage-backed securities and mergers and acquisitions.

Financial highlights for the nine months ended September 30, 2003 compared to the same period in 2002:

Net interest income on a fully taxable-equivalent basis increased $388 million to $16.4 billion. This increase was driven by the impact of credit card loan growth, higher trading-related net interest income, higher mortgage warehouse levels and higher core deposit funding levels, partially offset by reductions in the large corporate, foreign loans, exited consumer loan businesses and the negative impact of declining rates net of asset and liability management (ALM) portfolio repositioning. The net interest yield on a fully taxable-equivalent basis declined 43 basis points (bps) to 3.35 percent primarily due to higher trading-related assets and the negative impact of declining rates net of ALM portfolio repositioning.

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Noninterest income increased $2.2 billion, primarily due to increases in mortgage banking income driven by gains from higher volumes of mortgage loans sold into the secondary market and improved profit margins, card income, consumer-based fee income, and gains recognized in our whole mortgage loan portfolio as we sold some whole mortgage loans to manage prepayment risk due to the longer than anticipated low interest rate environment. For the nine months ended September 30, 2003 and 2002, other noninterest income included gains from whole mortgage loan sales of $723 million and $328 million, respectively. Other noninterest income also included equity in the earnings of our investment in Grupo Financiero Santander Serfin (GFSS) of $85 million.

Gains on sales of securities were $802 million compared to $326 million as we continued to reposition the ALM portfolio in response to interest rate fluctuations.

The provision for credit losses declined $276 million to $2.3 billion primarily due to an improvement in the commercial portfolio. Net charge-offs were $2.4 billion and represented 0.91 percent of average loans and leases, a decrease of 10 bps. The decrease in net charge-offs in the commercial domestic loan portfolio was partially offset by an increase in consumer credit card net charge-offs.

Nonperforming assets decreased $1.6 billion to $3.7 billion, or 0.98 percent of loans, leases and foreclosed properties at September 30, 2003 compared to 1.53 percent at December 31, 2002. This decline was primarily driven by reduced levels of inflows to nonperforming assets in *Global Corporate and Investment Banking*, together with loan sales and payoffs facilitated by higher levels of liquidity in the capital markets.

Noninterest expense increased $1.2 billion, primarily due to increases in personnel, professional fees, marketing and occupancy expense. Higher personnel costs resulted from increased costs of certain employee benefits, incentives, mortgage production related salaries and initiative related contract labor. Employee benefits expense increased as we began expensing stock options in the first quarter of 2003 and due to the impacts of a change in the expected long-term rate of return on plan assets to 8.5 percent for 2003 from 9.5 percent for 2002 and a change in the discount rate from 7.25 percent in 2002 to 6.75 percent in 2003 for the Bank of America Pension Plan. The increase in professional fees was driven by higher litigation accruals of $245 million associated with pending litigation principally related to securities matters. Marketing expense increased primarily due to higher advertising, as well as marketing investments in pre-approved direct mail for the credit card business. Higher occupancy costs were due to $90 million associated with vacating space in Tokyo and San Francisco related to exiting businesses and increased security and insurance expense. In addition, recorded in other expense during the third quarter was a $100 million charge related to issues surrounding our mutual funds practices.

Income tax expense was $3.9 billion reflecting an estimated effective tax rate of 32.4 percent compared to $3.2 billion and 32.8 percent, respectively. We revised our effective tax rate to 32.4 percent from 33 percent in the third quarter. The impact of this change was approximately $47 million.

On October 27, 2003, the Corporation and FleetBoston Financial Corporation (FleetBoston) announced a definitive agreement to merge. The merger will be a stock-for-stock transaction initially valued at approximately $47 billion. The acquisition will be accounted for using the purchase method of accounting and each share of FleetBoston common stock will be exchanged for 0.5553 shares of the Corporation s common stock. The Corporation and FleetBoston have generated a combined $10 billion in earnings in the first nine months of 2003. The agreement has been approved by both boards of directors and is subject to customary regulatory and shareholder approvals. The closing is expected in the first half of 2004.

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Table 1

Selected Financial Data

(Dollars in millions, except per share information)	Three Months Ended September 30 2003	Three Months Ended September 30 2002	Nine Months Ended September 30 2003	Nine Months Ended September 30 2002
Income statement				
Net interest income	**$ 5,304**	$ 5,302	**$ 15,878**	$ 15,549
Noninterest income	**4,439**	3,220	**12,379**	10,141
Total revenue	**9,743**	8,522	**28,257**	25,690
Provision for credit losses	**651**	804	**2,256**	2,532
Gains on sales of securities	**233**	189	**802**	326
Noninterest expense	**5,070**	4,620	**14,845**	13,604
Income before income taxes	**4,255**	3,287	**11,958**	9,880
Income tax expense	**1,333**	1,052	**3,874**	3,245
Net income	**2,922**	2,235	**8,084**	6,635
Average common shares issued and outstanding (in thousands)	**1,490,103**	1,504,017	**1,494,369**	1,526,946
Average diluted common shares issued and outstanding (in thousands)	**1,519,641**	1,546,347	**1,523,523**	1,573,203
Performance ratios				
Return on average assets	**1.48%**	1.33%	**1.43%**	1.36%
Return on average common shareholders equity	**23.74**	19.02	**21.85**	18.71
Total equity to total assets (period end)	**6.84**	7.31	**6.84**	7.31
Total average equity to total average assets	**6.22**	6.97	**6.53**	7.29
Dividend payout	**40.85**	40.25	**38.53**	41.37
Per common share data				
Earnings	**$ 1.96**	$ 1.49	**$ 5.41**	$ 4.34
Diluted earnings	**1.92**	1.45	**5.31**	4.22
Dividends paid	**0.80**	0.60	**2.08**	1.80
Book value	**33.83**	32.07	**33.83**	32.07
Average balance sheet				
Total loans and leases	**$ 357,288**	$ 340,484	**$ 351,119**	$ 334,703
Total assets	**785,681**	669,149	**758,140**	651,257
Total deposits	**414,569**	373,933	**401,985**	368,142
Long-term debt [(1)]	**66,788**	64,880	**67,702**	66,161
Common shareholders equity	**48,816**	46,592	**49,455**	47,396
Total shareholders equity	**48,871**	46,652	**49,512**	47,457
Capital ratios (period end)				
Risk-based capital:				
Tier 1	**8.25%**	8.13%	**8.25%**	8.13%
Total	**12.17**	12.38	**12.17**	12.38
Leverage	**5.96**	6.35	**5.96**	6.35

Market price per share of common stock				
Closing	**$ 78.04**	$ 63.80	**$ 78.04**	$ 63.80
High	**84.90**	71.94	**84.90**	77.08
Low	**74.58**	57.90	**64.26**	57.51

(1) Includes long-term debt related to trust preferred securities.

Supplemental Financial Data

Shareholder value added (SVA) is a performance measure used in managing our growth strategy and is not defined in accounting principles generally accepted in the U.S. We also calculate certain measures, such as net interest income, core net interest income, net interest yield and efficiency ratio, on a fully taxable-equivalent basis. Other companies may define or calculate supplemental financial data differently. See Tables 2 and 3 for supplemental financial data for the three months and nine months ended September 30, 2003 and 2002.

SVA is a key measure of performance used in managing our growth strategy orientation and strengthening our focus on generating long-term growth and shareholder value. SVA is used in measuring performance of our different business units and is an integral component for allocating resources. Each business segment has a goal for growth in

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SVA reflecting the individual segment s business and customer strategy. Investment resources and initiatives are aligned with these SVA growth goals during the planning and forecasting process. Investment, relationship and profitability models all have SVA as a key measure to support the implementation of SVA growth goals. SVA is defined as cash basis earnings less a charge for the use of capital. Cash basis earnings is net income adjusted to exclude amortization of intangibles. The charge for the use of capital is calculated by multiplying 11 percent (management s estimate of the shareholders minimum required rate of return on capital invested) by average total common shareholders equity at the corporate level and by average allocated equity at the business segment level. Equity is allocated to the business segments using a risk-adjusted methodology for each segment s credit, market, country and operational risk. SVA increased 64 percent to $4.2 billion for the nine months ended September 30, 2003 from the comparable 2002 period, due to both the $1.4 billion increase in cash basis earnings and the decrease in capital charge, which was driven by the reduction in management s estimate of the rate used to calculate the charge for the use of capital from 12 percent to 11 percent in the first quarter of 2003. See Table 2 for the calculation of SVA and Business Segment Operations beginning on page 31 for additional discussion on SVA.

We review net interest income on a fully taxable-equivalent basis, which is a performance measure used by management in operating the business, that we believe provides investors with a more accurate picture of the interest margin for comparative purposes. In this presentation, net interest income is adjusted to reflect tax-exempt interest income on an equivalent before-tax basis. For purposes of this calculation, we use the federal statutory tax rate. This measure ensures comparability of net interest income arising from both taxable and tax-exempt sources. Net interest income on a fully taxable-equivalent basis is also used in the calculation of the efficiency ratio and the net interest yield. The efficiency ratio, which is calculated by dividing noninterest expense by total revenue, measures how much it costs to produce one dollar of revenue. Net interest income on a fully taxable-equivalent basis is also used in our business segment reporting.

Table 2

Supplemental Financial Data

	Three Months Ended September 30		**Nine Months Ended September 30**	
(Dollars in millions)	**2003**	**2002**	**2003**	**2002**
Shareholder value added				
Net income	**$ 2,922**	$ 2,235	**$ 8,084**	$ 6,635
Amortization expense	**55**	54	**163**	164
Cash basis earnings	**2,977**	2,289	**8,247**	6,799
Capital charge	**(1,353)**	(1,409)	**(4,069)**	(4,253)
Shareholder value added	**$ 1,624**	$ 880	**$ 4,178**	$ 2,546
Fully taxable-equivalent basis data				
Net interest income	**$ 5,477**	$ 5,465	**$ 16,362**	$ 15,974
Total revenue	**9,916**	8,685	**28,741**	26,115
Net interest yield	**3.22%**	3.75%	**3.35%**	3.78%
Efficiency ratio	**51.13**	53.19	**51.65**	52.09

Additionally, we review core net interest income, which adjusts reported net interest income on a fully taxable-equivalent basis for the impact of *Global Corporate and Investment Banking s* trading-related activities and loans that we originated and sold into revolving credit card and commercial securitizations. Noninterest income, rather than net interest income and provision for credit losses, is recorded for assets that have been securitized as we take on the role of servicer and record servicing income and gains or losses on securitizations, where appropriate. We evaluate our trading results by combining trading-related net interest income with trading account profits, as discussed in the *Global Corporate and Investment Banking* business segment discussion beginning on page 34, as trading strategies are evaluated based on total revenue.

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Table 3 below provides a reconciliation of net interest income on a fully taxable-equivalent basis presented in Tables 4 and 5 to core net interest income for the three months and nine months ended September 30, 2003 and 2002. Certain prior period amounts have been reclassified to conform to the current period presentation.

Table 3

Core Net Interest Income

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	**2003**	**2002**	**2003**	**2002**
Net interest income				
As reported on a fully taxable-equivalent basis	**$ 5,477**	$ 5,465	**$ 16,362**	$ 15,974
Trading-related net interest income	**(540)**	(487)	**(1,699)**	(1,388)
Impact of revolving securitizations	**78**	112	**265**	412
Core net interest income	**$ 5,015**	$ 5,090	**$ 14,928**	$ 14,998
Average earning assets				
As reported	**$ 677,308**	$ 580,248	**$ 651,535**	$ 563,964
Trading-related earning assets	**(199,727)**	(126,280)	**(176,066)**	(121,295)
Impact of revolving securitizations	**3,112**	5,277	**3,778**	6,682
Core average earning assets	**$ 480,693**	$ 459,245	**$ 479,247**	$ 449,351
Net interest yield on earning assets				
As reported	**3.22%**	3.75%	**3.35%**	3.78%
Impact of trading-related activities	**0.90**	0.62	**0.76**	0.62
Impact of revolving securitizations	**0.03**	0.04	**0.03**	0.06
Core net interest yield on earning assets	**4.15%**	4.41%	**4.14%**	4.46%

Core net interest income was virtually unchanged for the nine months ended September 30, 2003 from the comparable 2002 period as credit card loan growth, higher mortgage warehouse levels and higher core funding levels were partially offset by reduced levels in large corporate, foreign and middle market loans, and exited consumer loan businesses and the negative impact of declining rates net of ALM repositioning.

Core average earning assets increased $29.9 billion for the nine months ended September 30, 2003 from the comparable 2002 period primarily due to higher levels of residential mortgages, mortgage warehouse, credit card loans, and securities, partially offset by reductions in the levels of large corporate, foreign and middle market loans, and exited consumer loan businesses.

The core net interest yield decreased 32 bps for the nine months ended September 30, 2003 from the comparable 2002 period mainly due to the negative impact of declining rates net of ALM repositioning, partially offset by credit card loan growth and the impact of higher levels of core deposit funding.

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Table 4

Quarterly Average Balances and Interest Rates Fully Taxable-Equivalent Basis

(Dollars in millions)	Third Quarter 2003 Average Balance	Third Quarter 2003 Interest Income/ Expense	Third Quarter 2003 Yield/ Rate	Second Quarter 2003 Average Balance	Second Quarter 2003 Interest Income/ Expense	Second Quarter 2003 Yield/ Rate
Earning assets						
Time deposits placed and other short-term investments	**$ 10,062**	**$ 41**	**1.63%**	$ 7,888	$ 39	1.99%
Federal funds sold and securities purchased under agreements to resell	**90,236**	**479**	**2.11**	70,054	194	1.11
Trading account assets	**96,105**	**991**	**4.11**	99,129	1,022	4.13
Securities	**65,024**	**639**	**3.93**	95,614	1,028	4.30
Loans and leases [1]:						
Commercial - domestic	**96,086**	**1,719**	**7.10**	100,721	1,746	6.95
Commercial - foreign	**16,885**	**151**	**3.55**	18,004	170	3.79
Commercial real estate - domestic	**19,681**	**210**	**4.23**	20,039	218	4.36
Commercial real estate - foreign	**280**	**3**	**4.16**	305	3	3.95
Total commercial	**132,932**	**2,083**	**6.22**	139,069	2,137	6.16
Residential mortgage	**130,948**	**1,656**	**5.05**	120,754	1,703	5.64
Home equity lines	**22,539**	**255**	**4.48**	22,763	263	4.64
Direct/Indirect consumer	**33,278**	**488**	**5.82**	32,248	495	6.17
Consumer finance	**6,528**	**121**	**7.39**	7,244	137	7.58
Credit card	**29,113**	**742**	**10.11**	26,211	690	10.56
Foreign consumer	**1,950**	**17**	**3.43**	1,990	17	3.47
Total consumer	**224,356**	**3,279**	**5.82**	211,210	3,305	6.27
Total loans and leases	**357,288**	**5,362**	**5.97**	350,279	5,442	6.23
Other earning assets	**58,593**	**516**	**3.50**	40,536	429	4.24
Total earning assets [2]	**677,308**	**8,028**	**4.72**	663,500	8,154	4.92
Cash and cash equivalents	**22,660**			23,203		
Other assets, less allowance for credit losses	**85,713**			87,941		
Total assets	**$ 785,681**			$ 774,644		
Interest-bearing liabilities						
Domestic interest-bearing deposits:						
Savings	**$ 25,285**	**$ 20**	**0.31%**	$ 24,420	$ 35	0.58%

NOW and money market deposit accounts	**151,424**	**249**	**0.65**	146,284	295	0.81
Consumer CDs and IRAs	**71,216**	**872**	**4.85**	69,506	742	4.28
Negotiable CDs, public funds and other time deposits	**7,771**	**25**	**1.27**	12,912	45	1.41
Total domestic interest-bearing deposits	**255,696**	**1,166**	**1.81**	253,122	1,117	1.77
Foreign interest-bearing deposits (3):						
Banks located in foreign countries	**12,273**	**59**	**1.90**	16,150	87	2.16
Governments and official institutions	**2,032**	**6**	**1.21**	2,392	8	1.42
Time, savings and other	**18,792**	**47**	**1.00**	19,209	57	1.18
Total foreign interest-bearing deposits	**33,097**	**112**	**1.35**	37,751	152	1.61
Total interest-bearing deposits	**288,793**	**1,278**	**1.76**	290,873	1,269	1.75
Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	**162,080**	**447**	**1.09**	152,722	514	1.35
Trading account liabilities	**36,903**	**345**	**3.71**	38,610	316	3.28
Long-term debt (4)	**66,788**	**481**	**2.88**	68,927	531	3.08
Total interest-bearing liabilities (2)	**554,564**	**2,551**	**1.83**	551,132	2,630	1.91
Noninterest-bearing sources:						
Noninterest-bearing deposits	**125,776**			114,434		
Other liabilities	**56,470**			58,809		
Shareholders equity	**48,871**			50,269		
Total liabilities and shareholders equity	**$ 785,681**			$ 774,644		
Net interest spread			**2.89**			3.01
Impact of noninterest-bearing sources			**0.33**			0.32
Net interest income/yield on earning assets		**$ 5,477**	**3.22%**		$ 5,524	3.33%

(1) Nonperforming loans are included in the respective average loan balances. Income on such nonperforming loans is recognized on a cash basis.

(2) Interest income includes the impact of interest rate risk management contracts, which increased interest income on the underlying assets $925, $587 and $576 in the third, second and first quarters of 2003 and $517 and $397 in the fourth and third quarters of 2002, respectively. These amounts were substantially offset by corresponding decreases in the income earned on the underlying assets. Interest expense includes the impact of interest rate risk management contracts, which increased interest expense on the underlying liabilities $141, $28 and $46 in the third, second and first quarters of 2003 and $62 and $69 in the fourth and third quarters of 2002, respectively. These amounts were substantially offset by corresponding increases in the interest paid on the underlying liabilities. For further information on interest rate contracts, see *Interest Rate Risk Management beginning on page 52.*

(3) Primarily consists of time deposits in denominations of $100,000 or more.

(4) Includes long-term debt related to trust preferred securities.

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	First Quarter 2003			Fourth Quarter 2002			Third Quarter 2002		
(Dollars in millions)	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
Earning assets									
Time deposits placed and other short-term investments	$ 6,987	$ 43	2.49%	$ 8,853	$ 56	2.49%	$ 10,396	$ 63	2.41%
Federal funds sold and securities purchased under agreements to resell	57,873	194	1.35	49,169	208	1.68	40,294	178	1.76
Trading account assets	99,085	1,053	4.27	84,181	994	4.71	85,129	1,017	4.76
Securities	67,784	793	4.69	83,751	1,078	5.15	76,484	1,120	5.85
Loans and leases (1):									
Commercial - domestic	103,663	1,836	7.18	105,333	1,777	6.70	106,039	1,728	6.47
Commercial - foreign	18,876	156	3.35	20,538	180	3.48	21,256	206	3.85
Commercial real estate - domestic	19,955	215	4.37	20,359	245	4.77	20,576	265	5.10
Commercial real estate - foreign	301	3	3.88	426	4	3.93	425	4	3.92
Total commercial	142,795	2,210	6.27	146,656	2,206	5.97	148,296	2,203	5.90
Residential mortgage	113,695	1,582	5.59	108,019	1,699	6.28	104,590	1,733	6.61
Home equity lines	23,054	267	4.70	23,347	300	5.10	23,275	314	5.35
Direct/Indirect consumer	31,393	503	6.49	30,643	523	6.76	30,029	530	7.01
Consumer finance	8,012	154	7.76	8,943	174	7.75	10,043	201	7.97
Credit card	24,684	644	10.57	23,535	613	10.33	22,263	583	10.38
Foreign consumer	2,029	17	3.45	1,956	17	3.48	1,988	19	3.83
Total consumer	202,867	3,167	6.30	196,443	3,326	6.74	192,188	3,380	7.00
Total loans and leases	345,662	5,377	6.29	343,099	5,532	6.41	340,484	5,583	6.52
Other earning assets	35,701	417	4.71	32,828	417	5.07	27,461	387	5.61
Total earning assets (2)	613,092	7,877	5.18	601,881	8,285	5.48	580,248	8,348	5.73
Cash and cash equivalents	21,699			21,242			20,202		
Other assets, less allowance for credit losses	78,508			72,345			68,699		
Total assets	$ 713,299			$ 695,468			$ 669,149		
Interest-bearing liabilities									
Domestic interest-bearing deposits:									
Savings	$ 22,916	$ 34	0.59%	$ 22,142	$ 35	0.63%	$ 22,047	$ 36	0.64%
NOW and money market deposit accounts	142,338	291	0.83	137,229	325	0.94	132,939	362	1.08
Consumer CDs and IRAs	66,937	695	4.21	66,266	728	4.36	67,179	746	4.40
Negotiable CDs, public funds and other time deposits	3,598	16	1.78	3,400	17	1.97	4,254	51	4.73

Total domestic interest-bearing deposits	235,789	1,036	1.78	229,037	1,105	1.91	226,419	1,195	2.09
Foreign interest-bearing deposits [3]:									
Banks located in foreign countries	14,218	80	2.27	15,286	104	2.70	17,044	123	2.85
Governments and official institutions	1,785	6	1.31	1,737	7	1.68	2,188	10	1.85
Time, savings and other	18,071	61	1.38	17,929	76	1.68	18,686	86	1.83
Total foreign interest-bearing deposits	34,074	147	1.75	34,952	187	2.12	37,918	219	2.29
Total interest-bearing deposits	269,863	1,183	1.78	263,989	1,292	1.94	264,337	1,414	2.12
Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	123,041	453	1.49	123,434	558	1.79	108,281	526	1.93
Trading account liabilities	34,858	308	3.58	30,445	289	3.77	33,038	342	4.11
Long-term debt [4]	67,399	572	3.40	65,702	609	3.71	64,880	601	3.71
Total interest-bearing liabilities [2]	495,161	2,516	2.05	483,570	2,748	2.26	470,536	2,883	2.44
Noninterest-bearing sources:									
Noninterest-bearing deposits	115,897			117,392			109,596		
Other liabilities	52,841			46,432			42,365		
Shareholders equity	49,400			48,074			46,652		
Total liabilities and shareholders equity	$ 713,299			$ 695,468			$ 669,149		
Net interest spread			3.13			3.22			3.29
Impact of noninterest-bearing sources			0.39			0.44			0.46
Net interest income/yield on earning assets		$ 5,361	3.52%		$ 5,537	3.66%		$ 5,465	3.75%

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Table 5

Year-to-Date Average Balances and Interest Rates - Fully Taxable-Equivalent Basis

	Nine Months Ended September 30					
	2003			2002		
(Dollars in millions)	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
Earning assets						
Time deposits placed and other short-term investments	**$ 8,323**	**$ 123**	**1.98%**	$ 10,437	$ 187	2.40%
Federal funds sold and securities purchased under agreements to resell	**72,839**	**867**	**1.59**	44,451	662	1.99
Trading account assets	**98,095**	**3,066**	**4.17**	78,005	2,866	4.91
Securities	**76,131**	**2,460**	**4.31**	72,450	3,022	5.56
Loans and leases [(1)]:						
Commercial - domestic	**100,129**	**5,301**	**7.08**	111,204	5,592	6.72
Commercial - foreign	**17,914**	**477**	**3.56**	21,540	644	3.99
Commercial real estate - domestic	**19,891**	**642**	**4.32**	21,431	798	4.98
Commercial real estate - foreign	**295**	**9**	**3.99**	402	13	4.34
Total commercial	**138,229**	**6,429**	**6.22**	154,577	7,047	6.09
Residential mortgage	**121,862**	**4,941**	**5.41**	93,559	4,724	6.74
Home equity lines	**22,783**	**785**	**4.61**	22,626	913	5.40
Direct/Indirect consumer	**32,314**	**1,486**	**6.15**	30,136	1,623	7.20
Consumer finance	**7,256**	**412**	**7.59**	11,069	682	8.22
Credit card	**26,685**	**2,076**	**10.40**	20,693	1,582	10.22
Foreign consumer	**1,990**	**52**	**3.45**	2,043	57	3.75
Total consumer	**212,890**	**9,752**	**6.12**	180,126	9,581	7.10
Total loans and leases	**351,119**	**16,181**	**6.16**	334,703	16,628	6.64
Other earning assets	**45,028**	**1,362**	**4.04**	23,918	1,100	6.14
Total earning assets [(2)]	**651,535**	**24,059**	**4.93**	563,964	24,465	5.79
Cash and cash equivalents	**22,524**			21,140		
Other assets, less allowance for credit losses	**84,081**			66,153		
Total assets	**$ 758,140**			$ 651,257		
Interest-bearing liabilities						
Domestic interest-bearing deposits:						

Savings	**$ 24,216**	**$ 89**	**0.49%**	$ 21,539	$ 103	0.64
NOW and money market deposit accounts	**146,715**	**835**	**0.76**	130,025	1,044	1.07
Consumer CDs and IRAs	**69,235**	**2,309**	**4.46**	68,176	2,240	4.39
Negotiable CDs, public funds and other time deposits	**8,109**	**86**	**1.42**	4,520	112	3.29
Total domestic interest-bearing deposits	**248,275**	**3,319**	**1.79**	224,260	3,499	2.09
Foreign interest-bearing deposits [3]:						
Banks located in foreign countries	**14,207**	**226**	**2.12**	15,525	338	2.91
Governments and official institutions	**2,071**	**20**	**1.32**	2,511	36	1.90
Time, savings and other	**18,693**	**165**	**1.18**	19,051	269	1.89
Total foreign interest-bearing deposits	**34,971**	**411**	**1.57**	37,087	643	2.32
Total interest-bearing deposits	**283,246**	**3,730**	**1.76**	261,347	4,142	2.12
Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	**146,091**	**1,414**	**1.29**	97,655	1,532	2.10
Trading account liabilities	**36,798**	**969**	**3.52**	31,989	971	4.06
Long-term debt [4]	**67,702**	**1,584**	**3.12**	66,161	1,846	3.72
Total interest-bearing liabilities [2]	**533,837**	**7,697**	**1.93**	457,152	8,491	2.48
Noninterest-bearing sources:						
Noninterest-bearing deposits	**118,739**			106,795		
Other liabilities	**56,052**			39,853		
Shareholders equity	**49,512**			47,457		
Total liabilities and shareholders equity	**$ 758,140**			$ 651,257		
Net interest spread			**3.00**			3.31
Impact of noninterest-bearing sources			**0.35**			0.47
Net interest income/yield on earning assets		**$ 16,362**	**3.35%**		$ 15,974	3.78%

(1) *Nonperforming loans are included in the respective average loan balances. Income on such nonperforming loans is recognized on a cash basis.*

(2) *Interest income includes the impact of interest rate risk management contracts, which increased interest income on the underlying assets $2,088 and $1,466 in the nine months ended September 30, 2003 and 2002, respectively. These amounts were substantially offset by corresponding decreases in the income earned on the underlying assets. Interest expense includes the impact of interest rate risk management contracts, which increased interest expense on the underlying liabilities $215 and $79 in the nine months ended September 30, 2003 and 2002, respectively. These amounts were substantially offset by corresponding decreases in the interest paid on the underlying liabilities. For further information on interest rate contracts, see Interest Rate Risk Management beginning on page 52.*

(3) *Primarily consists of time deposits in denominations of $100,000 or more.*

(4) *Includes long-term debt related to trust preferred securities.*

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Trading-Related Revenue

Trading account profits represent the net amount earned from the Corporation s trading positions, which include trading account assets and liabilities as well as derivative positions and mortgage banking certificates. Trading account profits, as reported in the Consolidated Statement of Income, do not include the net interest income recognized on trading positions or the related funding charge or benefit.

Trading account profits and trading-related net interest income (trading-related revenue) are presented in the following table as they are both considered in evaluating the overall profitability of the Corporation s trading activities. Trading-related revenue is derived from foreign exchange spot, forward and cross-currency contracts, fixed income and equity securities, and derivative contracts in interest rates, equities, credit, commodities and mortgage banking certificates. Certain prior period amounts have been reclassified to conform to the current period presentation.

Table 6

Trading-related Revenue

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	2003	2002	2003	2002
Net interest income [1]	**$ 540**	$ 487	**$ 1,699**	$ 1,388
Trading account profits	**175**	71	**382**	679
Total trading-related revenue	**$ 715**	$ 558	**$ 2,081**	$ 2,067
Trading-related revenue by product				
Foreign exchange	**$ 135**	$ 121	**$ 395**	$ 389
Interest rate [1]	**270**	111	**702**	593
Fixed income	**329**	140	**1,007**	538
Credit default swaps [2]	**(77)**	117	**(267)**	182
Equities	**69**	78	**293**	319
Commodities	**(11)**	(9)	**(49)**	46
Total trading-related revenue	**$ 715**	$ 558	**$ 2,081**	$ 2,067

(1) *Presented on a fully taxable-equivalent basis.*
(2) *Used for credit risk management.*

Trading-related revenue was virtually unchanged at $2.1 billion for the nine months ended September 30, 2003 and 2002 as the $311 million increase in net interest income was substantially offset by a $297 million decrease in trading account profits. The increase in trading-related net interest income for the nine months ended September 30, 2003 compared to the same period in the prior year was driven by an increase in average trading-related assets, mainly trading account assets and securities purchased under agreements to resell, as *Global Corporate and Investment Banking* continued to expand its distribution network. Decreases in trading account profits for the nine months ended September 30, 2003 compared to the same period in the prior year were partially offset by strong results in market-based trading activities, primarily fixed income. Offsetting the increase in fixed income revenue was a $449 million decrease in the valuation of credit default swaps. Also contributing to the decrease was a net reduction in the value of our mortgage banking certificates and the related derivative instruments of $122 million mainly attributed to lower interest rates and faster prepayment speeds in the first half of 2003. Finally, trading account profits were negatively impacted by trading losses in the commodity portfolio primarily due to the adverse impact on jet fuel prices from the outbreak of Severe Acute Respiratory Syndrome (SARS) in the second quarter of 2003.

Complex Accounting Estimates and Principles

Our significant accounting principles are described in Note 1 of the consolidated financial statements and are essential to understanding Management s Discussion and Analysis of Results of Operations and Financial Condition. Some of these accounting principles require significant judgment to estimate values of either assets or

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liabilities. In addition, certain accounting principles require significant judgment in applying the complex accounting principles to individual transactions to determine the most appropriate treatment. We have established procedures and processes to facilitate making the judgments necessary to prepare financial statements. For a complete discussion of the more judgmental and complex accounting estimates and principles of the Corporation, see Complex Accounting Estimates and Principles on pages 29 through 30 of the Corporation s 2002 Annual Report.

See Note 1 of the consolidated financial statements for Recently Issued Accounting Pronouncements.

Business Segment Operations

We provide our customers and clients both traditional banking and nonbanking financial products and services through four business segments: *Consumer and Commercial Banking, Asset Management, Global Corporate and Investment Banking* and *Equity Investments.* Certain subsegments are managed through a single business segment. Descriptions of each business segment and subsegment are disclosed in the Corporation s 2002 Annual Report on pages 32 through 36.

See Note 7 of the consolidated financial statements for additional business segment information, selected financial information for the business segments, reconciliations to consolidated amounts and information on *Corporate Other*. Certain prior period amounts have been reclassified among segments and their components to conform to the current period presentation.

Consumer and Commercial Banking

Our *Consumer and Commercial Banking* strategy is to attract, retain and deepen customer relationships. A critical component of that strategy includes continuously improving customer satisfaction. We believe this focus will help us achieve our goal of being recognized as the best retail bank in America. Customers reporting that they were delighted with their service increased five percent at September 30, 2003 compared to September 30, 2002. We added over one million net new checking accounts for the nine months ended September 30, 2003, exceeding the full-year goal of one million and almost doubling last year s total net new checking growth of 528,000. This growth resulted from the introduction of new products, advancement of our multicultural strategy and strong customer retention. Access to our services through online banking, which saw a 52 percent increase in active online subscribers, our network of domestic banking centers, card products, ATMs, telephone and internet channels, and our product innovations such as an expedited mortgage application process through LoanSolutions® contributed to revenue growth and success with our customers.

Net interest income increased $358 million primarily due to overall deposit and credit card portfolio growth. This increase was partially offset by the compression of deposit interest margins and the results of ALM repositioning. SVA increased 28 percent due to the increase in net income and a decrease in the capital charge resulting from the reduction in the rate used to calculate the charge for the use of capital. Net interest income was positively impacted by the $5.5 billion, or three percent, increase in average loans and leases for the nine months ended September 30, 2003, compared to the same period in 2002, primarily due to an increase in consumer loans. Average on-balance sheet credit card outstandings increased 29 percent, primarily due to new account growth and an increase in new advances on previously securitized balances that are recorded on our balance sheet after the revolving period of the securitization. Average managed credit card outstandings, which include securitized credit card loans, increased 13 percent. Average home equity lines were relatively unchanged. A seven percent increase in average direct/indirect loans also contributed to growth in the consumer loan portfolio. Average commercial loans remained relatively unchanged for the nine months ended September 30, 2003.

Deposit growth also positively impacted net interest income. Higher consumer deposit balances as a result of government tax cuts, higher customer retention and our efforts to add new customers, as evidenced by the increase in net new checking accounts, drove the $27.1 billion, or 10 percent, increase in average deposits for the nine months ended September 30, 2003.

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Significant Noninterest Income Components

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	**2003**	**2002**	**2003**	**2002**
Service charges	**$ 1,108**	$ 1,037	**$ 3,233**	$ 2,992
Mortgage banking income	**666**	220	**1,630**	551
Card income	**794**	687	**2,237**	1,885
Trading account profits (losses)	**39**	(19)	**(130)**	1

Increases in both consumer and corporate service charges led to the $241 million, or eight percent, increase in service charges. Increased levels of deposit fees from new account growth and favorable repricing drove the $212 million, or 10 percent, increase in consumer service charges. Corporate service charges increased $29 million, or three percent, from favorable repricing and account growth. Additionally, fees from the issuance of letters of credit in the current low rate environment contributed to the increase.

In the third quarter, we continued to benefit from elevated residential mortgage refinancing levels that carried over from the previous quarter. Increased sales of loans to the secondary market for the nine months ended September 30, 2003, along with improved profit margins drove the $1.1 billion increase in mortgage banking income. For the nine months ended September 30, 2003 and 2002, loan sales to the secondary market were $87.7 billion and $33.5 billion, respectively.

First mortgage loan originations increased $56.7 billion to $112.8 billion for the nine months ended September 30, 2003. First mortgage loan origination volume was composed of approximately $80.2 billion of retail loans and $32.6 billion of wholesale loans for the nine months ended September 30, 2003, compared to $37.7 billion of retail loans and $18.4 billion of wholesale loans for the nine months ended September 30, 2002. Increased mortgage prepayments, resulting from the extended low rate environment, led to a $36.0 billion net decline in the average portfolio of first mortgage loans serviced to $251.9 billion in the nine months ended September 30, 2003.

As we have seen interest rates rise from second quarter levels, the warehouse and pipeline of mortgage loan applications at September 30, 2003 were approximately 50 percent lower compared to June 30, 2003 levels. At current or increased mortgage interest rate levels, the mortgage industry would be expected to experience a significant decline in first mortgage origination volume. We are not in a position to determine the ultimate impact to the mortgage banking industry or our related business at this time. As industry origination volumes decline, we believe our mix of channels used to originate mortgages will provide a competitive advantage.

Trading account profits primarily represents the net mark-to-market adjustments on mortgage banking assets and related derivative instruments. Impacting trading account profits for the nine months ended September 30, 2003 was a net reduction in the value of our mortgage banking assets and related derivative instruments of $122 million, primarily due to the impact of faster prepayment speeds in the first half of 2003. The value of mortgage banking assets increased to $2.4 billion at September 30, 2003 compared to $2.1 billion at December 31, 2002 due to reduced prepayment risk caused by rising interest rates.

Increases in both debit and credit card income resulted in the 19 percent increase in card income. The increase in debit card income of $106 million, or 19 percent, was primarily due to increases in purchase volumes, new deposit account growth and higher activation and penetration levels. New account growth, higher interchange fees, primarily driven by increased credit card purchase volumes, and other fees, contributed to the $246 million, or 19 percent, increase in credit card income. Card income included activity from the securitized portfolio of $106 million and $105 million for the nine months ended September 30, 2003 and 2002, respectively. Noninterest income, rather than net interest income, is recorded for assets that have been securitized as we take on the role of servicer and record servicing income and gains or losses on securitizations, where appropriate. New advances under these previously securitized balances will be recorded on our balance sheet after the revolving period of the securitization, which has the effect of increasing loans on our balance sheet and increasing net interest income and charge-offs, with a corresponding reduction in noninterest income.

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On April 29, 2003, Visa U.S.A. entered into an agreement in principle to settle, subject to court approval (the settlement), the class action anti-trust lawsuit filed against it by Wal-Mart and other retailers. Effective January 1, 2004, the settlement would permit retailers who accept Visa U.S.A. cards to reject payment from consumers signing for purchases using their debit card, changing Visa U.S.A. s longstanding honor all cards policy. In addition, beginning August 1, 2003, interchange fees charged to retailers was reduced by approximately 30 percent. This reduction will be effective until January 1, 2004, at which time Visa U.S.A. will be free to set competitive rates. The after-tax impact of the reduction in interchange fees on net income for the three months ended September 30, 2003 was approximately $24 million. While it is difficult to predict volume and interchange fees, we believe that, on an after-tax basis, the impact of the reduction in interchange fees will likely reduce net income by approximately $36 million in the fourth quarter of 2003 and approximately $130 million in 2004.

Higher provision in the consumer credit card loan portfolio, partially offset by a decline in provision for other consumer loans and commercial loans resulted in a $211 million, or 16 percent, increase in the provision for credit losses. Consumer credit card provision increased $403 million to $1.3 billion due to charge-offs of new advances on previously securitized balances, higher outstandings, continued seasoning of outstandings from new account growth and economic conditions including higher bankruptcies. Seasoning refers to the length of time passed since an account was opened. Commercial banking provision declined $68 million to $123 million, consistent with the improvement in overall credit quality.

Noninterest expense increased $652 million, or eight percent, primarily due to increases in personnel expense and marketing and promotional fees. Personnel expense increased primarily as a result of higher incentive compensation driven by strong mortgage sales production. Marketing and promotional fees were up primarily due to increased advertising and marketing investments in home equity and pre-approved direct mail for the credit card business.

Asset Management

Asset Management provides wealth and investment management services through three businesses: The Private Bank, which focuses on high net worth individuals and families; Banc of America Investments (BAI), providing investment and financial planning services to individuals; and Banc of America Capital Management (BACAP), the asset management group serving the needs of institutional clients, high-net-worth individuals and retail customers. Together, these businesses are focusing on attracting and deepening client relationships, with the ultimate goal of becoming America s advisor of choice. Our strategy is threefold: 1) to continue to expand distribution capabilities to reach key constituencies and markets; 2) to complete the expansion and rollout of integrated wealth management models to better serve our clients financial needs; and 3) to continue to strengthen and develop our full array of investment management products and services for individuals and institutions. So far this year BAI has added 164 financial advisors, just one shy of our 2003 goal. In addition, the Premier Banking and Investments partnership has developed an integrated financial services model and as a component of the continued strategic distribution channel expansion opened six new wealth centers. The Private Bank s high-net-worth model is nearing full conversion in all markets. Sales momentum has increased across all BACAP channels, helping to drive equity fund balances up 33 percent from last year, and growth in the fee-based assets of BACAP s Consulting Services Group has risen dramatically.

Total revenue remained relatively unchanged for the nine months ended September 30, 2003 and net income increased 53 percent, primarily due to lower provision for credit losses. SVA more than tripled as the increase in net income and the decrease in the capital charge were partially offset by an increase in capital levels. The increase in capital levels was driven by additional goodwill recorded in 2002 representing final contingent consideration in connection with the acquisition of the remaining 50 percent of Marsico Capital Management, LLC. All conditions related to this contingent consideration have been met.

Client Assets

(Dollars in billions)	September 30 2003	2002
Assets under management	**$ 318.1**	$ 271.9
Client brokerage assets	**90.7**	87.1
Assets in custody	**47.3**	42.1
Total client assets	**$ 456.1**	$ 401.1

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Assets under management, which consist largely of mutual funds, equities and bonds, generate fees based on a percentage of their market value. Compared to a year ago, assets under management increased $46.2 billion, or 17 percent, primarily due to increased investment flows in equities, money market mutual funds and bonds and to a lesser degree market appreciation. Client brokerage assets, a source of commission revenue, increased $3.6 billion, or four percent. Client brokerage assets consist largely of investments in bonds, money market mutual funds, annuities and equities. Assets in custody increased $5.2 billion or 12 percent and represent trust assets administered for customers. Trust assets encompass a broad range of asset types including real estate, private company ownership interest, personal property and investments.

Net interest income declined two percent as lower loan balances and the results of ALM activities were partially offset by growth in deposits and increased loan spreads. Average loans and leases declined $1.3 billion, or five percent, for the nine months ended September 30, 2003. Average deposits increased $1.1 billion, or nine percent, for the nine months ended September 30, 2003.

Significant Noninterest Income Components

	Three Months Ended September 30		**Nine Months Ended September 30**	
(Dollars in millions)	**2003**	**2002**	**2003**	**2002**
Asset management fees [1]	**$ 287**	$ 263	**$ 858**	$ 834
Brokerage income	**105**	101	**305**	323
Total investment and brokerage services	**$ 392**	$ 364	**$ 1,163**	$ 1,157

(1) Includes personal and institutional asset management fees, mutual fund fees and fees earned on assets in custody.

Noninterest income increased $24 million, or two percent for the nine months ended September 30, 2003.

Provision for credit losses decreased $291 million, primarily due to one large charge-off recorded in 2002.

Noninterest expense increased $86 million, or eight percent, as a $50 million allocation of the charge related to issues surrounding our mutual fund practices was recorded and expenses related to the addition of financial advisors increased.

Global Corporate and Investment Banking

Our *Global Corporate and Investment Banking* strategy is to align our resources with sectors where we can deliver valued added financial advisory solutions to our issuer and investor clients. As we broaden and deepen our relationships with our strategic and priority clients we expect to build leading market shares that should provide our shareholders sustainable revenue and SVA growth.

Our financial performance continues to show growth as total revenue increased $266 million, or four percent, for the nine months ended September 30, 2003, as increases in trading-related activities and investment banking fees were partially offset by a decline in treasury management revenues and a continued decline in loan balances. Net income increased $82 million, or six percent. SVA increased by 74 percent as a result of lower economic capital and a decrease in the capital charge related to improving credit quality and a reduction in nonperforming assets.

Net interest income increased $166 million, or five percent, due to trading-related activities partially offset by lower loan levels and ALM activities. Average loans and leases declined $12.7 billion, or 20 percent, for the nine months ended September 30, 2003. Average deposits increased $2.8 billion, or four percent, for the nine months ended September 30, 2003, despite decreases in compensating balances by the U.S. Treasury and foreign deposits.

Noninterest income increased $100 million, or three percent, for the nine months ended September 30, 2003, as increases in investment banking income, service charges and investment and brokerage services were partially offset by a decline in trading account profits.

Investment banking income increased $160 million, or 15 percent, for the nine months ended September 30, 2003. We continued to maintain overall market share and gained in areas such as U.S. equities and convertibles,

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mortgage-backed securities and mergers and acquisitions. In convertibles, Banc of America Securities, LLC continued their momentum, increasing their market share to 8.4 percent at September 30, 2003, from 4.5 percent a year ago. The market for securities underwriting declined for equity offerings; however, our continued strong market share in equity offerings resulted in a 34 percent increase in securities underwriting fees. Compared to the beginning of the third quarter of 2003, we are entering the fourth quarter with stronger investment banking backlog in our pipeline in the equities, high yield and mergers and acquisitions markets. We also continued to maintain strong market share in syndicated loan products, which drove an increase in syndication fees of $20 million. Advisory services fees decreased $48 million.

Investment Banking Income in

Global Corporate and Investment Banking

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	**2003**	**2002**	**2003**	**2002**
Securities underwriting	**$ 238**	$ 121	**$ 731**	$ 546
Syndications	**103**	109	**317**	297
Advisory services	**50**	62	**152**	200
Other	**8**	11	**34**	31
Total	**$ 399**	$ 303	**$ 1,234**	$ 1,074

Trading-related net interest income as well as trading account profits in noninterest income (trading-related revenue) are presented in the following table as they are both considered in evaluating the overall profitability of our trading activities. Certain prior period amounts have been reclassified among segments to conform to the current period presentation.

Trading-related Revenue in

Global Corporate and Investment Banking

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	**2003**	**2002**	**2003**	**2002**
Net interest income [(1)]	**$ 540**	$ 487	**$ 1,699**	$ 1,388
Trading account profits	**148**	86	**560**	731
Total trading-related revenue	**$ 688**	$ 573	**$ 2,259**	$ 2,119

Revenue by product				
Foreign exchange	**$ 135**	$ 121	**$ 395**	$ 389
Interest rate [(1)]	**285**	102	**763**	647
Fixed income	**292**	162	**1,139**	547
Credit default swaps [(2)]	**(77)**	117	**(267)**	182
Equities	**64**	80	**278**	308
Commodities	**(11)**	(9)	**(49)**	46
Total trading-related revenue	**$ 688**	$ 573	**$ 2,259**	$ 2,119

(1) *Presented on a fully taxable-equivalent basis.*
(2) *Used for credit risk management.*

Trading-related revenue increased $140 million, as the $311 million increase in net interest income was partially offset by a $171 million decrease in trading account profits for the nine months ended September 30, 2003. The overall increase was primarily due to increases in revenue from fixed income trading and interest rate products of $592 million and $116 million, respectively, partially offset by a decrease in revenue from the valuation of credit default swaps of $449 million. See Concentrations of Credit Risk on page 41 for a discussion on credit derivatives used in the credit risk management process. The growth in fixed income trading reflects the strength of our debt securities trading platform, which capitalized on credit spreads tightening in the high grade and high yield markets. The increase in interest rate revenue for the nine months ended September 30, 2003, was a result of customers continuing to take advantage of the low interest rate environment. Additionally, revenues from commodities trading declined $95 million primarily due to the adverse impact on jet fuel prices from the SARS outbreak in the second quarter of 2003.

Investment and brokerage services income was $515 million and $478 million for the nine months ended September 30, 2003 and 2002, respectively. For the same periods, service charges on accounts were $925 million and $882 million, respectively. For the three months ended September 30, 2003 and 2002, investment and brokerage services income was $178 million and $158 million, respectively. Service charges on accounts were $343 million and $300 million for the three months ended September 30, 2003 and 2002, respectively.

Continued improvements in credit quality in our large corporate portfolio drove the $142 million, or 21 percent, decrease in provision for credit losses. At September 30, 2003, net charge-offs in the large corporate portfolio were at their lowest levels in three years and large corporate nonperforming assets dropped $968 million, or 36 percent, primarily due to nonperforming loan sales of $1.0 billion. In addition to credit losses reflected in provision expense, included in other income for the nine months ended September 30, 2003 were losses from writedowns of approximately $31 million related to partnership interests in leveraged leases to the airline industry.

Noninterest expense increased $331 million, or nine percent, primarily due to higher incentive compensation for market-based activities, expenses from ongoing litigation, costs associated with downsizing operations in South America and Asia and restructuring of locations within the United States, and a $50 million allocation of the charge related to issues surrounding our mutual fund practices.

While we continue to see signs of improvement in some markets and realized success in portions of our trading business we will continue to monitor market developments and take actions necessary to adjust resources accordingly to maintain our focus on revenue, net income and SVA.

Equity Investments

For the nine months ended September 30, 2003, revenue increased $147 million, or 42 percent and net income increased $66 million, or 27 percent primarily due to lower impairments. The equity investment portfolio in *Principal Investing* was $5.8 billion at both September 30, 2003 and December 31, 2002.

Net interest income consists primarily of the internal funding cost associated with the carrying value of investments.

Equity Investment Gains (Losses) in Principal Investing

	Three Months Ended September 30		**Nine Months Ended September 30**	
(Dollars in millions)	**2003**	**2002**	**2003**	**2002**
Cash gains	**$ 49**	$ 35	**$ 181**	$ 319
Fair value adjustments	**8**	(56)	**8**	(11)
Impairments	**(100)**	(172)	**(284)**	(535)

Total	**$ (43)**	$ (193)	**$ (95)**	$ (227)

Noninterest income primarily consists of equity investment gains (losses). Weakness in the private equity markets for the nine months ended September 30, 2003 was the primary driver for the continued equity investment losses. Impairments recorded for the nine months ended September 30, 2003 were at lower levels compared to the same period in 2002. This reduction was primarily due to improvements in the overall economic conditions in 2003 resulting in higher valuations and decreased impairments across many sectors of the portfolio.

Risk Management

Our corporate governance structure enables us to manage all major aspects of our business through an integrated planning and review process that includes strategic, financial, associate and risk planning. We derive our

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revenue from assuming and managing customer risk for profit. Through a robust governance structure, risk and return is evaluated with the goal of producing sustainable revenue, to reduce earnings volatility and increase shareholder value. Our business exposes us to four major risks: liquidity, credit, market and operational. For additional detail on risk management activities, see pages 36 through 37 of the Corporation s 2002 Annual Report.

Liquidity Risk Management

Liquidity Risk

Liquidity is the ongoing ability to accommodate liability maturities and withdrawals, fund asset growth and otherwise meet contractual obligations through generally unconstrained access to funding at reasonable market rates. Liquidity management involves maintaining ample and diverse funding capacity, liquid assets and other sources of cash to accommodate fluctuations in asset and liability levels due to business shocks or unanticipated events. More detailed information on the Corporation s liquidity risk is included in the Corporation s 2002 Annual Report on pages 37 through 41.

One ratio used to monitor liquidity trends is the loan to domestic deposit (LTD) ratio. The LTD ratio was 98 and 97 percent at September 30, 2003 and December 31, 2002, respectively.

We originate loans both for retention on the balance sheet and for distribution. As part of our originate to distribute strategy, commercial loan originations are distributed through syndication structures, and residential mortgages originated by the mortgage group are frequently distributed in the secondary market. In connection with our balance sheet management activities, we may retain mortgage loans originated as well as purchase and sell loans based on our assessment of new market conditions.

Deposits and Other Funding Sources

Deposits are a key source of funding. Tables 4 and 5 provide information on the average amounts of deposits and the rates paid by deposit category. Average deposits increased $33.8 billion to $402.0 billion for the nine months ended September 30, 2003 compared to the same period in 2002 due to a $24.0 billion increase in average domestic interest-bearing deposits and an $11.9 billion increase in average noninterest-bearing deposits, partially offset by a $2.1 billion decrease in average foreign interest-bearing deposits. We typically categorize our deposits into either core or market-based deposits. Core deposits, which are generally customer-based, are an important stable, low-cost funding source and typically react more slowly to interest rate changes than market-based deposits. Core deposits exclude negotiable CDs, public funds, other domestic time deposits and foreign interest-bearing deposits. Average core deposits increased $32.4 billion to $359.0 billion for the nine months ended September 30, 2003. The increase was due to the significant growth in money market deposits of $16.7 billion and noninterest-bearing deposits of $11.9 billion due to an emphasis on total relationship balances and customer preference for stable investments in these uncertain economic times. Market-based deposit funding increased $1.5 billion to $43.1 billion for the nine months ended September 30, 2003. The increase was due to a $3.6 billion increase in negotiable CDs, public funds and other domestic time deposits which was partially offset by a $2.1 billion decrease in foreign interest-bearing deposits. We were able to utilize more core and market-based deposits to fund loans and other assets. Deposits on average represented 53 percent and 57 percent of total sources of funds for the nine months ended September 30, 2003 and 2002, respectively.

Additional sources of funds include short-term borrowings, long-term debt and shareholders equity. Average short-term borrowings, a relatively low-cost source of funds, were up $48.4 billion to $146.1 billion for the nine months ended September 30, 2003 compared to the same period in 2002 primarily due to increases in repurchase agreements, which were used to fund asset growth. For the nine months ended September 30, 2003, issuances and repayments of long-term debt were $7.7 billion and $9.6 billion, respectively.

Subsequent to September 30, 2003 and through November 3, 2003, we issued $3.3 billion of long-term senior debt, with maturities ranging from 2006 to 2010.

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Obligations and Commitments

We have contractual obligations to make future payments on debt and lease agreements. These types of obligations are more fully discussed in Note 5 of the consolidated financial statements and Notes 11 and 12 of the consolidated financial statements of the Corporation s 2002 Annual Report.

Many of our lending relationships contain both funded and unfunded elements. The funded portion is represented by the average balance sheet levels. The unfunded component of these commitments is not recorded on our balance sheet until a draw is made under the loan facility. Loan commitments were flat at September 30, 2003 compared to December 31, 2002 as an increase in consumer commitments of $3.6 billion, primarily related to home equity lines of credit, was offset by a $2.0 billion decrease in commercial commitments.

These commitments, as well as guarantees, are more fully discussed in Note 5 of the consolidated financial statements.

Table 7 summarizes the total unfunded, or off-balance sheet, credit extension commitment amounts by expiration date. As of September 30, 2003, charge cards (nonrevolving card lines) to individuals and government entities guaranteed by the U.S. government in the amount of $39.3 billion were not included in credit card line commitments in the table below. At September 30, 2003, the outstandings related to these charge cards were $284 million.

Table 7

Credit Extension Commitments

September 30, 2003 *(Dollars in millions)*	**Expires in 1 year or less**	**Thereafter**	**Total**
Loan commitments[1]	$ 86,305	$ 127,998	$ 214,303
Standby letters of credit and financial guarantees	18,348	11,083	29,431
Commercial letters of credit	3,409	336	3,745
Legally binding commitments	108,062	139,417	247,479
Credit card lines	83,600	8,922	92,522
Total	$ 191,662	$ 148,339	$ 340,001

(1)

Equity commitments of $1,962 primarily related to obligations to fund existing equity investments were included in loan commitments at September 30, 2003.

Off-Balance Sheet Financing Entities

In addition to traditional lending, we also support our customers financing needs by facilitating their access to the commercial paper markets. These markets provide an attractive, lower-cost financing alternative for our customers. Our customers sell assets, such as high-grade trade or other receivables or leases, to a commercial paper financing entity, which in turn issues high-grade short-term commercial paper that is collateralized by the assets sold. The purpose and use of these types of entities are more fully discussed in the Corporation s 2002 Annual Report beginning on page 39.

We receive fees for providing combinations of liquidity, standby letters of credit (SBLCs) or similar loss protection commitments, and derivatives to the commercial paper financing entities. We manage our credit risk on these commitments by subjecting them to our normal underwriting and risk management processes. At September 30, 2003 and December 31, 2002, we had off-balance sheet liquidity commitments and SBLCs to these financing entities of $11.8 billion and $34.2 billion, respectively. Substantially all of these liquidity commitments and SBLCs mature within one year. Net revenues earned from fees associated with these financing entities were approximately $31 million and $400 million for the nine months ended September 30, 2003 and 2002, respectively.

In January 2003, the Financial Accounting Standards Board (FASB) issued FASB Interpretation 46 Consolidation of Variable Interest Entities, an interpretation of ARB No. 51 (FIN 46) that addresses off-balance financing entities. As of October 9, 2003, the FASB deferred compliance under FIN 46 from July 1, 2003 to the first period ending after December 15, 2003 for VIEs created prior to February 1, 2003. However, the Corporation adopted FIN 46 on July 1, 2003, as originally issued and consolidated the assets and liabilities related to certain of its multi-seller asset-backed commercial paper conduits. As of September 30, 2003, these assets and liabilities were approximately $12.2 billion. There was no material impact to Tier 1 Capital as a result of consolidation. Prior periods were not restated. Subsequent to September 30, 2003, the Corporation closed a transaction related to these conduits that resulted in the de-consolidation of approximately $8.0 billion of assets and liabilities. There was no impact to net income as a result of the de-consolidation. FIN 46 requires that when entities are consolidated, the assets should be initially recorded at their carrying amounts at the date the requirements of FIN 46 first apply. If determining carrying amounts as required is impractical, then the assets are to be measured at fair value on the first date FIN 46 applies. Any difference between the net amount added to our Consolidated Balance Sheet and the amount of any previously recognized interest in the newly consolidated entity shall be recognized as the cumulative effect of an accounting change. There was no material impact to net income as a result of applying FIN 46 on July 1, 2003. At September 30, 2003, the consolidated assets and liabilities were reflected in other assets, and commercial paper and other short-term borrowings in the *Global Corporate and Investment Banking* business segment. The Corporation s loss exposure associated with these entities including unfunded commitments was approximately $17.3 billion. See Note 1 of the consolidated financial statements in the Corporation s 2002 Annual Report for a discussion regarding management s estimated impact of FIN 46 in 2003.

In addition, to control our capital position, diversify funding sources and provide customers with commercial paper investments, from time to time we will sell assets to off-balance sheet commercial paper entities. These entities are not subject to the provisions of FIN 46. The commercial paper entities are special purpose entities that have been isolated beyond our reach or that of our creditors, even in the event of bankruptcy or other receivership. Assets sold to the entities consist primarily of high-grade corporate or municipal bonds, collateralized debt obligations and asset-backed securities. The purpose and use of these types of entities are more fully discussed in the Corporation s 2002 Annual Report beginning on page 39.

We also receive fees for the services we provide to the entities, and we manage any credit or market risk on commitments or derivatives through normal underwriting and risk management processes. Derivative activity related to these entities is included in Note 3 of the consolidated financial statements. At both September 30, 2003 and December 31, 2002, we had off-balance sheet liquidity commitments, SBLCs and other financial guarantees to the financing entities of $5.3 billion and $4.5 billion, respectively. Substantially all of these liquidity commitments, SBLCs and other financial guarantees mature within one year. Net revenues earned from fees associated with these entities were $29 million and $30 million for the nine months ended September 30, 2003 and 2002, respectively.

Because we provide liquidity and credit support to these financing entities, our credit ratings and changes thereto will affect the borrowing cost and liquidity of these entities. In addition, significant changes in counterparty asset valuation and credit standing may also affect the liquidity of the commercial paper issuance. Disruption in the commercial paper markets may result in our having to fund under these commitments and SBLCs discussed above. We manage these risks, along with all other credit and liquidity risks, within our policies and practices. See Note 1 of the Corporation s 2002 Annual Report and Note 8 of the consolidated financial statements for additional discussion of off-balance sheet financing entities.

Capital Management

Shareholders equity was $50.4 billion at September 30, 2003 compared to $50.3 billion at December 31, 2002, an increase of $126 million. The increase was driven by net income and shares issued under employee plans mostly offset by share repurchases, dividends paid and the net change in accumulated other comprehensive income. The net impact to earnings per share of share repurchases and issuances under employee plans for the nine months ended September 30, 2003 was $0.02 per share. We will continue to repurchase shares, from time to time, in the open market or private transactions through our previously approved repurchase plan. For additional discussion on share repurchases, see Note 6 of the consolidated financial statements.

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As part of the SVA calculation, equity is allocated to business units based on an assessment of risk. The allocated amount of capital varies according to the characteristics of the individual product offerings within the business units. Capital is allocated separately based on the following types of risk: credit, market, country and operational. For additional information on economic capital, see Capital Management on page 41 of the Corporation s 2002 Annual Report.

As a regulated financial services company, we are governed by certain regulatory capital requirements. Presented in Table 8 are the regulatory risk-based capital ratios, actual capital amounts and minimum required capital amounts for the Corporation, Bank of America, N.A. and Bank of America, N.A. (USA) at September 30, 2003 and December 31, 2002.

The capital treatment of Trust Preferred Securities (Trust Securities) is currently under review by the Federal Reserve Board on account of the issuing trust companies being de-consolidated under FIN 46. Depending on the capital treatment resolution, Trust Securities may no longer qualify for Tier I capital treatment, but instead would qualify for Tier II capital. On July 2, 2003, the Federal Reserve issued a Supervision and Regulation Letter (the Letter) requiring that Bank Holding Companies continue to follow the current instructions for reporting Trust Securities in its regulatory reports. Accordingly, the Corporation will continue to report Trust Securities in Tier I capital until further notice from the Federal Reserve Board. On September 2, 2003, the Federal Reserve Board and other regulatory agencies, issued the Interim Final Capital Rule for Consolidated Asset-Backed Commercial Paper Program Assets (the Interim Rule). The Interim Rule allows companies to exclude from risk weighted assets, the newly consolidated assets of asset-backed commercial paper programs required by FIN 46, when calculating Tier 1 and Total risk-based capital ratios through March 31, 2004. As of September 30, 2003, the Corporation consolidated approximately $12.2 billion of assets from multi-seller asset-backed commercial paper conduits, in accordance with FIN 46, as originally issued. See Notes 1 and 8 of the consolidated financial statements for additional information on FIN 46.

As of September 30, 2003, the Corporation was classified as well-capitalized for regulatory purposes, the highest classification. The Corporation s classification would have remained well-capitalized even if the Federal Reserve had not issued its July 2, 2003 guidance regarding Trust Securities.

Table 8

Regulatory Capital

	September 30, 2003			December 31, 2002		
	Actual		Minimum	Actual		Minimum
(Dollars in millions)	Ratio	Amount	Required[1]	Ratio	Amount	Required[1]
Tier 1 Capital						
Bank of America Corporation	**8.25%**	**$ 46,094**	**$ 22,339**	8.22%	$ 43,012	$ 20,930
Bank of America, N.A.	**8.41**	**40,778**	**19,406**	8.61	40,072	18,622
Bank of America, N.A. (USA)	**8.78**	**2,912**	**1,327**	8.95	2,346	1,049
Total Capital						
Bank of America Corporation	**12.17**	**67,991**	**44,678**	12.43	65,064	41,860
Bank of America, N.A.	**11.00**	**53,375**	**38,811**	11.40	53,091	37,244
Bank of America, N.A. (USA)	**11.42**	**3,791**	**2,655**	11.97	3,137	2,098

Leverage						
Bank of America Corporation	**5.96**	**46,094**	**30,943**	6.29	43,012	27,335
Bank of America, N.A.	**6.68**	**40,778**	**24,406**	7.02	40,072	22,846
Bank of America, N.A. (USA)	**9.69**	**2,912**	**1,202**	9.58	2,346	980

(1) Dollar amount required to meet guidelines for adequately capitalized institutions.

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Credit Risk Management

Credit risk arises from the inability of a customer to meet its repayment obligation and exists in our outstanding loans and leases, derivative assets, letters of credit and financial guarantees, acceptances and unfunded loan commitments. For additional information on derivatives and credit extension commitments, see Notes 3 and 5 of the consolidated financial statements. Credit exposure (defined to include loans and leases, letters of credit, derivatives, acceptances, assets held for sale and binding unfunded commitments) associated with a client represents the maximum loss potential arising from all these product classifications, except for derivative positions where current mark to market values represent credit exposure without giving consideration to future mark to market changes. Our commercial and consumer credit extension and review procedures take into account credit exposures that are both funded and unfunded.

Commercial and Consumer Portfolio Credit Risk Management

We manage credit risk associated with our business activities based on the risk profile of the borrower, repayment source and the nature of underlying collateral given current events and conditions. At a macro level, we segregate our loans into two major groups commercial and consumer. For a detailed discussion of our credit risk management process associated with these portfolios, see pages 41 through 42 of the Corporation s 2002 Annual Report.

Table 9

Outstanding Loans and Leases

	September 30, 2003		December 31, 2002	
(Dollars in millions)	**Amount**	**Percent**	**Amount**	**Percent**
Commercial - domestic	**$ 94,870**	**25.4%**	$ 105,053	30.6%
Commercial - foreign	**17,097**	**4.6**	19,912	5.8
Commercial real estate - domestic	**19,377**	**5.2**	19,910	5.8
Commercial real estate - foreign	**305**	**0.1**	295	0.1
Total commercial	**131,649**	**35.3**	145,170	42.3
Residential mortgage	**146,424**	**39.3**	108,197	31.6
Home equity lines	**22,675**	**6.1**	23,236	6.8
Direct/Indirect consumer	**33,391**	**8.9**	31,068	9.1
Consumer finance	**6,020**	**1.6**	8,384	2.4
Credit card	**30,993**	**8.3**	24,729	7.2
Foreign consumer	**1,946**	**0.5**	1,971	0.6
Total consumer	**241,449**	**64.7**	197,585	57.7
Total	**$ 373,098**	**100.0%**	$ 342,755	100.0%

Concentrations of Credit Risk

Portfolio credit risk is evaluated with a goal that concentrations of credit exposure do not result in unacceptable levels of risk. Concentrations of credit exposure can be measured by industry, product, geography and customer relationship. Risk due to borrower concentrations is more prevalent in the commercial portfolio. We review non-real estate commercial loans by industry and commercial real estate loans by geographic location and by property type. Additionally, within our international portfolio, we also evaluate borrowings by region and by country. Tables 10, 11 and 12 summarize these concentrations.

From the perspective of portfolio risk management, customer concentration management is most relevant in *Global Corporate and Investment Banking*. Within *Global Corporate and Investment Banking*, it continues to be addressed through the underwriting and ongoing monitoring processes, the established strategy of originate to distribute and partly through the purchase of credit protection through credit derivatives. We use credit default swaps based on our assessment of credit risk to hedge our economic risk to certain credit counterparties. However, this gives rise to accounting asymmetry as we mark-to-market our credit default swaps under SFAS 133, while the loans are recorded at historical cost or the lower of cost or market.

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As previously discussed, the credit derivative hedge portfolio incurred a reduction in value as a result of narrowing spreads due to improved credit quality in the large corporate sector of $267 million for the nine months ended September 30, 2003 compared to an increase in value of $182 million for the nine months ended September 30, 2002. However, the improvement in credit quality contributed to a $142 million, or 21 percent, decrease in provision for credit losses reported in *Global Corporate and Investment Banking*. At September 30, 2003 and December 31, 2002, the notional amount of these credit derivatives was $16.8 billion and $16.7 billion, respectively.

Table 10 reflects significant industry non-real estate outstanding commercial loans and leases by Standard and Poor s industry classifications. As depicted in the table, we believe that the non-real estate commercial loan portfolio is well diversified across a range of industries.

Table 10

Significant Industry Non-Real Estate Outstanding

Commercial Loans and Leases

(Dollars in millions)	**September 30, 2003**	**December 31, 2002**
Retailing	**$ 10,941**	$ 10,572
Transportation	**8,013**	8,030
Leisure and sports, hotels and restaurants	**7,557**	8,139
Food, beverage and tobacco	**7,126**	7,335
Education and government	**6,767**	5,624
Capital goods	**6,225**	7,088
Commercial services and supplies	**6,001**	6,449
Materials	**5,945**	7,972
Diversified financials	**5,863**	8,344
Health care equipment and services	**4,291**	3,912
Utilities	**3,480**	5,590
Media	**3,353**	5,911
Religious and social organizations	**2,831**	2,426
Energy	**2,562**	3,076
Consumer durables and apparel	**2,459**	2,591
Telecommunications services	**2,064**	3,105
Banks	**1,755**	1,881
Food and drug retailing	**1,296**	1,344
Technology hardware and equipment	**1,130**	1,368
Automobiles and components	**1,129**	1,024
Insurance	**943**	1,616
Other [(1)]	**20,236**	21,568
Total	**$ 111,967**	$ 124,965

(1) At September 30, 2003 and December 31, 2002, Other includes $9,486 and $9,090, respectively, of loans outstanding to individuals and trusts, representing 2.5% and 2.7% of total outstanding loans and leases,

respectively. The remaining balance in Other includes loans to industries which primarily include software and services, pharmaceuticals and biotechnology, and household and personal products.

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Table 11 presents outstanding commercial real estate loans by geographic region and by property type. The amounts presented do not include outstanding loans and leases which were made on the general creditworthiness of the borrower, for which real estate was obtained as security and for which the ultimate repayment of the credit is not dependent on the sale, lease, rental or refinancing of the real estate. Accordingly, the outstandings presented do not include commercial loans secured by owner-occupied real estate. As depicted in the table, we believe the commercial real estate portfolio is well diversified in terms of both geographic region and property type.

Table 11

Outstanding Commercial Real Estate Loans

(Dollars in millions)	**September 30, 2003**	**December 31, 2002**
By Geographic Region (1)		
California	**$ 4,700**	$ 4,769
Southwest	**2,811**	2,945
Florida	**2,639**	2,424
Northwest	**2,024**	2,067
Midwest	**1,443**	1,696
Mid-Atlantic	**1,401**	1,332
Carolinas	**1,306**	1,324
Midsouth	**1,171**	1,166
Geographically diversified	**943**	1,075
Northeast	**488**	667
Other states	**451**	445
Non-US	**305**	295
Total	**$ 19,682**	$ 20,205
By Property Type		
Residential	**$ 3,644**	$ 3,153
Office buildings	**3,529**	3,978
Apartments	**3,416**	3,556
Shopping centers/retail	**2,323**	2,549
Industrial/warehouse	**1,943**	1,898
Land and land development	**1,408**	1,309
Multiple use	**593**	718
Hotels/motels	**544**	853
Miscellaneous commercial	**307**	378
Other	**1,975**	1,813
Total	**$ 19,682**	$ 20,205

(1) Distribution based on geographic location of collateral.

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Foreign Portfolio

Table 12 sets forth regional foreign exposure to countries defined as emerging markets at September 30, 2003.

Table 12

Emerging Markets

(Dollars in millions)	Loans and Loan Commitments	Other Financing[1]	Derivative Assets	Securities/ Other Investments[2]	Total Cross-border Exposure[3]	Gross Local Country Exposure[4]	Total Foreign Exposure September 30, 2003	Increase/ (Decrease) from December 31, 2002
Region/Country								
Asia								
China	$ 56	$ 7	$ 54	$ 24	$ 141	$ 69	**$ 210**	$ (34)
Hong Kong [5]	142	66	93	106	407	3,496	**3,903**	99
India	329	335	54	251	969	1,104	**2,073**	700
Indonesia	49		15	19	83	6	**89**	(31)
Malaysia	7	6	1	16	30	141	**171**	(69)
Philippines	22	16	4	64	106	66	**172**	16
Singapore	198	10	74	1	283	1,151	**1,434**	(234)
South Korea	518	718	49	38	1,323	715	**2,038**	802
Taiwan	259	147	41		447	548	**995**	(94)
Thailand	36	4	12	37	89	284	**373**	110
Other	7	17	2		26	90	**116**	13
Total	1,623	1,326	399	556	3,904	7,670	**11,574**	1,278
Central and Eastern Europe								
Turkey	9	8		19	36		**36**	(22)
Other	15	14	36	210	275	1	**276**	(30)
Total	24	22	36	229	311	1	**312**	(52)
Latin America								
Argentina	152	29	2	88	271	83	**354**	(111)
Brazil	170	329	8	95	602	223	**825**	(350)
Chile	74	48	6	14	142		**142**	1
Colombia	37	15	1	7	60		**60**	(28)
Mexico	638	164	140	1,879	2,821	163	**2,984**	1,395
Venezuela	95	1		131	227		**227**	(5)

Other	96	70		24	190		**190**	(35)
Total	1,262	656	157	2,238	4,313	469	**4,782**	867
Total	$ 2,909	$ 2,004	$ 592	$ 3,023	$ 8,528	$ 8,140	**$ 16,668**	$ 2,093

(1) Includes acceptances, standby letters of credit, commercial letters of credit and formal guarantees.

(2) Amounts outstanding in the table above for Philippines, Argentina, Mexico, Venezuela and Latin America Other have been reduced by $13, $44, $0, $141, and $39, respectively, at September 30, 2003, and $12, $90, $505, $131 and $37, respectively, at December 31, 2002. Such amounts represent the fair value of U.S. Treasury securities held as collateral outside the country of exposure.

(3) Cross-border exposure includes amounts payable to the Corporation by residents of countries other than the one in which the credit is booked, regardless of the currency in which the claim is denominated, consistent with Federal Financial Institutions Examinations Council (FFIEC) reporting rules.

(4) Gross local country exposure includes amounts payable to the Corporation by residents of countries in which the credit is booked, regardless of the currency in which the claim is denominated. Management does not net local funding or liabilities against local exposures as allowed by the FFIEC.

(5) Gross local country exposure to Hong Kong consisted of $1,885 of consumer loans and $1,611 of commercial exposure at September 30, 2003 compared to $1,828 of consumer loans and $1,572 of commercial exposure at December 31, 2002. The consumer loans were collateralized primarily by residential real estate. The commercial exposure was primarily to local clients and was diversified across many industries.

At September 30, 2003, foreign exposure to entities in countries defined as emerging markets increased 14 percent to $16.7 billion compared to December 31, 2002 with the bulk of the emerging markets exposure in Asia. Growth in Asian emerging markets was largely concentrated in South Korea due to loan growth in the banking sector as well as an increase in acceptances. India also contributed in Asian emerging markets due to increases in central bank reserves, acceptances and increased trading of Indian government securities. Offsetting growth in Asian emerging markets was a decline in Singapore due to a decrease in client activity. Growth in Latin America was attributable to our investment in the Mexican entity GFSS, partially offset by a reduction in Brady Bonds that were called during the second quarter. Exposure was down in the rest of Latin America, particularly in Brazil due to decreased trading activity with the Federative Republic of Brazil as well as reductions in loans and equity investments.

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During the first nine months of 2003, economic volatility in Latin America declined; Latin American economies are expected to grow in 2004, albeit modestly. Our business strategy has been the active reduction of our loan and loan-related activities in much of Latin America, particularly in Brazil and Argentina. We will continue to participate in trading activities to take advantage of favorable market conditions.

The primary components of our exposure in Brazil at September 30, 2003 were $488 million of traditional credit exposure (loans, letters of credit, etc.) and $172 million of Brazilian government securities. Derivatives exposure totaled $8 million. At September 30, 2003 and December 31, 2002, the allowance for credit losses related to Brazil consisted of $66 million and $60 million, respectively, related to traditional credit exposure. Nonperforming loans in Brazil were $60 million at September 30, 2003 compared to $90 million at December 31, 2002.

The primary components of our exposure in Argentina at September 30, 2003, were $189 million of traditional credit exposure (loans, letters of credit, etc.) and $90 million of Argentina government securities. Derivatives exposure totaled $2 million. The allowance for credit losses related to Argentina s traditional credit exposure was $94 million and $177 million at September 30, 2003 and December 31, 2002, respectively. At September 30, 2003 and December 31, 2002, Argentina nonperforming loans were $159 million and $278 million, respectively. For the nine months ended September 30, 2003, net charge-offs totaled $65 million.

Nonperforming Assets and Net Charge-offs

We routinely review the loan and lease portfolio to determine if any credit exposure should be placed on nonperforming status. An asset is placed on nonperforming status when it is determined that principal and interest are not expected to be fully collected in accordance with its contractual terms. Nonperforming assets, presented in Table 13, declined $1.6 billion from December 31, 2002 primarily due to decreases in the nonperforming commercial loans. Nonperforming commercial domestic loans decreased $920 million and represented 1.96 percent of commercial domestic loans at September 30, 2003 compared to 2.65 percent at December 31, 2002. Nonperforming commercial foreign loans decreased $603 million and represented 4.42 percent of commercial foreign loans at September 30, 2003 compared to 6.83 percent at December 31, 2002. Decreases in total nonperforming commercial loans were due to reduced levels of inflows, loan sales, paydowns and payoffs, primarily due to increased refinancings in the capital markets, and charge-offs. Most of the reduction in nonperforming commercial loans was in our large corporate portfolio.

Within the consumer portfolio, nonperforming loans decreased $77 million to $656 million, and represented 0.27 percent of consumer loans at September 30, 2003 compared to $733 million, representing 0.37 percent of consumer loans at December 31, 2002. The decrease in nonperforming consumer loans was driven by loan sales, while the improvement in the percentage of nonperforming consumer loans to the total consumer portfolio was due to growth in residential mortgages.

Sales of nonperforming assets for the nine months ended September 30, 2003 totaled $1.2 billion, comprised of $1.1 billion of nonperforming commercial loans, $101 million of nonperforming consumer loans and $48 million of foreclosed properties. Sales of nonperforming assets for the nine months ended September 30, 2002 totaled $477 million, comprised of $255 million of nonperforming commercial loans, $105 million of nonperforming consumer loans and $117 million of foreclosed properties.

We also had approximately $11 million and $4 million of troubled debt restructured loans at September 30, 2003 and December 31, 2002, respectively, that were accruing interest and were not included in nonperforming assets.

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Table 13

Nonperforming Assets

(Dollars in millions)	September 30, 2003	December 31, 2002
Nonperforming loans and leases		
Commercial - domestic	**$ 1,861**	$ 2,781
Commercial - foreign	**756**	1,359
Commercial real estate - domestic	**154**	161
Commercial real estate - foreign	**2**	3
Total commercial	**2,773**	4,304
Residential mortgage	**563**	612
Home equity lines	**42**	66
Direct/Indirect consumer	**32**	30
Consumer finance	**12**	19
Foreign consumer	**7**	6
Total consumer	**656**	733
Total nonperforming loans and leases	**3,429**	5,037
Foreclosed properties	**228**	225
Total nonperforming assets	**$ 3,657**	$ 5,262
Nonperforming assets as a percentage of :		
Total assets	**0.50%**	0.80%
Outstanding loans, leases and foreclosed properties	**0.98**	1.53
Nonperforming loans as a percentage of outstanding loans and leases	**0.92**	1.47

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Table 14 presents the additions to and reductions in nonperforming assets in the commercial and consumer portfolios during the most recent five quarters.

Table 14

Nonperforming Assets Activity

(Dollars in millions)	**Third Quarter 2003**	**Second Quarter 2003**	**First Quarter 2003**	**Fourth Quarter 2002**	**Third Quarter 2002**
Balance, beginning of period	**$ 4,430**	$ 5,033	$ 5,262	$ 5,131	$ 4,939
Commercial					
Additions to nonperforming assets:					
New nonaccrual loans and foreclosed properties	**419**	410	731	1,327	1,140
Advances on loans	**11**	59	99	57	39
Total commercial additions	**430**	469	830	1,384	1,179
Reductions in nonperforming assets:					
Paydowns, payoffs and sales	**(745)**	(697)	(673)	(505)	(498)
Returns to performing status	**(22)**	(32)	(34)	(23)	(45)
Charge-offs[1]	**(362)**	(332)	(368)	(735)	(499)
Total commercial reductions	**(1,129)**	(1,061)	(1,075)	(1,263)	(1,042)
Total commercial net additions to (reductions in) nonperforming assets	**(699)**	(592)	(245)	121	137
Consumer					
Additions to nonperforming assets:					
New nonaccrual loans and foreclosed properties	**393**	395	428	472	442
Transfers from assets held for sale [2]	**2**				2
Total consumer additions	**395**	395	428	472	444
Reductions in nonperforming assets:					
Paydowns, payoffs and sales	**(204)**	(185)	(132)	(230)	(186)
Returns to performing status	**(235)**	(185)	(263)	(198)	(183)
Charge-offs[1]	**(30)**	(36)	(17)	(34)	(20)
Total consumer reductions	**(469)**	(406)	(412)	(462)	(389)
Total consumer net additions to (reductions in) nonperforming assets	**(74)**	(11)	16	10	55

Total net additions to (reductions in) nonperforming assets	**(773)**	(603)	(229)	131	192
Balance, end of period	**$ 3,657**	$ 4,430	$ 5,033	$ 5,262	$ 5,131

(1) Certain loan products, including commercial credit card, consumer credit card and consumer non-real estate loans, are not classified as nonperforming; therefore, the charge-offs on these loans are not included above.

(2) Includes assets held for sale that were foreclosed and transferred to foreclosed properties.

Domestic commercial loans past due 90 days or more and still accruing interest were $142 million and $223 million at September 30, 2003 and December 31, 2002, respectively. Consumer loans past due 90 days or more and still accruing interest were $617 million and $541 million at September 30, 2003 and December 31, 2002, respectively.

As a matter of corporate practice, we do not discuss specific client relationships; however, due to the publicity and interest surrounding Enron Corporation and its related entities (Enron), we made an exception. At September 30, 2003 and December 31, 2002, our exposure (after charge-offs and loan sales) related to Enron was $108 million and $185 million, respectively, of which $91 million and $150 million was secured. Nonperforming loans related to Enron declined $75 million, primarily due to charge-offs and loan sales.

Included in Other Assets are loans held for sale and leveraged lease partnership interests of $12.1 billion and $349 million, respectively, at September 30, 2003 and $13.8 billion and $387 million, respectively, at December 31, 2002. Loans held for sale decreased, even with the continued strong mortgage production, due to higher third party sales volumes. Included in these balances are nonperforming loans held for sale and leveraged lease partnership interests of $79 million and $3 million, respectively, at September 30, 2003 and $118 million and $2 million, respectively, at December 31, 2002.

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Commercial domestic loan net charge-offs decreased $330 million to $663 million during the nine months ended September 30, 2003 compared to the same period in 2002, primarily due to lower domestic gross charge-offs reflecting reduction in our telecommunications services sector exposure.

Commercial foreign loan net charge-offs were $230 million during the nine months ended September 30, 2003 compared to $317 million in the same period in 2002. The decrease was primarily attributable to reductions in exposure to the telecommunications sector. The largest concentration of commercial foreign loan net charge-offs during the nine months ended September 30, 2003 was attributable to Argentina.

Credit card net charge-offs increased $295 million to $1.1 billion during the nine months ended September 30, 2003 compared to the same period in 2002, of which $141 million were from new advances on previously securitized balances. Such advances under these previously securitized balances are recorded on our balance sheet after the revolving period of the securitization, which has the effect of increasing loans on our balance sheet, increasing net interest income and increasing charge-offs, with a corresponding reduction in noninterest income. Major factors driving the remaining increase were continued seasoning of outstandings from new credit card growth and economic conditions including higher bankruptcy filings.

Allowance for Credit Losses

To help us identify credit risks and assess the overall collectibility of our lending portfolios, we conduct periodic and systematic detailed reviews of those portfolios. The allowance for credit losses represents management s estimate of probable losses in the portfolio. Additional information on the allowance for credit losses is included in the Corporation s 2002 Annual Report on page 46.

Additions to the allowance for credit losses are made by charges to the provision for credit losses. Credit exposures (excluding derivatives and loans held for sale) deemed to be uncollectible are charged against the allowance for credit losses.

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Table 15 presents the activity in the allowance for credit losses for the three months and nine months ended September 30, 2003 and 2002.

Table 15

Allowance for Credit Losses

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in millions)	**2003**	**2002**	**2003**	**2002**
Balance, beginning of period	**$ 6,841**	$ 6,873	**$ 6,851**	$ 6,875
Loans and leases charged off				
Commercial - domestic	**(282)**	(344)	**(828)**	(1,268)
Commercial - foreign	**(74)**	(153)	**(266)**	(351)
Commercial real estate - domestic	**(14)**	(8)	**(36)**	(33)
Total commercial	**(370)**	(505)	**(1,130)**	(1,652)
Residential mortgage	**(21)**	(10)	**(41)**	(35)
Home equity lines	**(10)**	(8)	**(30)**	(30)
Direct/Indirect consumer	**(72)**	(80)	**(243)**	(264)
Consumer finance	**(59)**	(72)	**(210)**	(239)
Credit card	**(426)**	(310)	**(1,191)**	(882)
Other consumer - domestic	**(15)**	(15)	**(42)**	(42)
Foreign consumer	**(2)**	(2)	**(5)**	(3)
Total consumer	**(605)**	(497)	**(1,762)**	(1,495)
Total loans and leases charged off	**(975)**	(1,002)	**(2,892)**	(3,147)
Recoveries of loans and leases previously charged off				
Commercial - domestic	**79**	104	**165**	275
Commercial - foreign	**16**	5	**35**	34
Commercial real estate - domestic	**1**	2	**4**	6
Total commercial	**96**	111	**204**	315
Residential mortgage	**7**	5	**14**	11
Home equity lines	**8**	3	**16**	10
Direct/Indirect consumer	**33**	32	**110**	114
Consumer finance	**15**	18	**52**	62
Credit card	**36**	25	**100**	86
Other consumer - domestic	**4**	4	**15**	17
Total consumer	**103**	87	**307**	300

Total recoveries of loans and leases previously charged off	**199**	198	**511**	615
Net charge-offs	**(776)**	(804)	**(2,381)**	(2,532)
Provision for credit losses	**651**	804	**2,256**	2,532
Other, net		(12)	**(10)**	(14)
Balance, end of period	**$ 6,716**	$ 6,861	**$ 6,716**	$ 6,861
Loans and leases outstanding at end of period	**$ 373,098**	$ 341,091	**$ 373,098**	$ 341,091
Allowance for credit losses as a percentage of loans and leases outstanding at end of period	**1.80%**	2.01%	**1.80%**	2.01%
Average loans and leases outstanding during the period	**$ 357,288**	$ 340,484	**$ 351,119**	$ 334,703
Annualized net charge-offs as a percentage of average outstanding loans and leases during the period	0.86%	0.94%	0.91%	1.01%
Allowance for credit losses as a percentage of nonperforming loans at end of period	**195.84**	141.50	**195.84**	141.50
Ratio of the allowance for credit losses at end of period to annualized net charge-offs	**2.18**	2.15	**2.11**	2.03

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For reporting purposes, we have allocated the allowance between commercial and consumer portfolios; however, the allowance is available to absorb all credit losses without restriction. Table 16 presents an allocation by component.

Table 16

Allocation of the Allowance for Credit Losses

(Dollars in millions)	September 30, 2003	December 31, 2002
Commercial non-impaired	$ **2,585**	$ 2,807
Commercial impaired	**454**	919
Total commercial	**3,039**	3,726
Total consumer	**2,281**	1,881
General	**1,396**	1,244
Total	$ **6,716**	$ 6,851

We believe the overall credit environment has been stabilizing throughout the year and more recently we have seen signs of improvement in the commercial portfolio. The allowance for commercial non-impaired loans declined $222 million for the nine months ended September 30, 2003, primarily due to paydowns and payoffs, and overall credit quality improvements. At September 30, 2003, total commercial impaired loans decreased $1.4 billion to $2.6 billion primarily due to reduced levels of inflows, loan sales, paydowns and payoffs largely due to increased refinancings in the capital markets, and net charge-offs. Reserves on the commercial impaired loans declined $465 million for the nine months ended September 30, 2003, reflecting these changes. The allowance for credit losses in the consumer portfolio increased $400 million from December 31, 2002 primarily attributable to portfolio growth, new advances on previously securitized consumer credit card balances, continued seasoning of outstandings from new consumer credit card growth and economic conditions including higher bankruptcy filings. General reserves at September 30, 2003 were $1.4 billion, up $152 million from December 31, 2002, reflecting the uncertainty around the extent and depth of the domestic recovery, the impact of rising interest rates on sectors of the portfolio, and the uncertainty in the global arena. Given management s overall assessment of inherent loss in the portfolio, the allowance for credit losses was reduced by $135 million from December 31, 2002.

Problem Loan Management

In 2001, we realigned certain problem loan management activities into a wholly-owned subsidiary, Banc of America Strategic Solutions, Inc. (SSI). SSI was established to better align the management of commercial loan credit workout operations. For the nine months ended September 30, 2003, Bank of America, N.A., a wholly-owned subsidiary of the Corporation, sold loans with a gross book balance of approximately $3.0 billion to SSI. The tax and accounting treatment of this sale had no financial statement impact on the Corporation. For additional discussion on Problem Loan Management, see page 48 of the Corporation s 2002 Annual Report.

Market Risk Management

Market risk is the potential loss due to adverse changes in market prices and yields. Market risk is inherent in most of our operating positions and/or activities including customers loans, deposits, securities and long-term debt (interest rate risk), trading assets and liability positions, and derivatives. Our market-sensitive assets and liabilities are generated through our customer and proprietary trading operations, ALM activities and to a lesser degree from our mortgage banking activities. Loans and deposits generated through our traditional banking business generate interest income and expense, respectively, and the value of the cash flows change based on general economic levels, most importantly, the level of interest rates. More detailed information on our market risk management processes is included in the Corporation s 2002 Annual Report on pages 49 through 53.

Trading Risk Management

A histogram of daily revenue or loss is a simple graphic depicting trading volatility and tracking success of trading-related revenue. Trading-related revenue encompasses both proprietary trading and customer-related

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activities. During the twelve months ended September 30, 2003, positive trading-related revenue was recorded for 219 of 250 trading days. Furthermore, of the 31 days that showed negative revenue, only two were greater than $20 million, and the largest loss was approximately $41 million.

To evaluate risk in our trading activities, we focus on the actual and potential volatility of individual positions as well as portfolios. At a portfolio and corporate level, we use Value-at-Risk (VAR) modeling and stress testing. VAR is a key limit used to measure market risk. A VAR model estimates a range of hypothetical scenarios within which the next day s profit or loss is expected. These estimates are impacted by the nature of the positions in the portfolio and the correlation within the portfolio. Within any VAR model, there are significant and numerous assumptions that will differ from company to company. Our VAR model assumes a 99 percent confidence level. Statistically this means that losses will exceed VAR, on average, one out of 100 trading days, or two to three times a year. Actual losses exceeded VAR twice for the twelve months ended September 30, 2003.

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Table 17 presents actual daily VAR for the twelve months ended September 30, 2003 and 2002.

Table 17

Trading Activities Market Risk

	Twelve Months Ended September 30					
	2003			2002		
(Dollars in millions)	Average VAR (1)	High VAR (2)	Low VAR (2)	Average VAR (1)	High VAR (2)	Low VAR (2)
Foreign exchange	**$ 4.0**	**$ 7.8**	**$ 1.5**	$ 3.6	$ 10.4	$ 0.5
Interest rate	**28.6**	**65.2**	**15.1**	29.9	40.3	17.3
Credit (3)	**19.3**	**24.8**	**14.9**	13.8	21.6	6.5
Real estate/mortgage(4)	**14.2**	**41.4**	**2.5**	22.7	61.6	8.1
Equities	**18.1**	**53.8**	**5.0**	10.5	18.2	4.3
Commodities	**10.3**	**19.3**	**5.5**	8.2	12.4	3.4
Total trading portfolio	**33.3**	**91.0**	**11.2**	43.8	69.8	29.7

(1) The average VAR for the total portfolio is less than the sum of the VARs of the individual portfolios due to risk offsets arising from the diversification of the portfolio.

(2) The high and low for the total portfolio may not equal the sum of the individual components as the highs or lows of the individual portfolios may have occurred on different trading days.

(3) Credit includes fixed income and credit default swaps used for credit risk management.

(4) Real estate/mortgage, which is included in the fixed income category in Table 6, includes capital market real estate and mortgage banking certificates.

During the fourth quarter of 2002, we completed an enhancement of our methodology used in the VAR risk aggregation calculation. This approach utilizes historical market conditions over the last three years to derive estimates of trading risk and provides for the natural aggregation of trading risk across different groups. Historically, we used a mathematical method to allocate risk across different trading groups that did not assume the benefit of correlation across markets. This change resulted in a lower VAR calculation.

The reduction in VAR for the twelve months ended September 30, 2003 was primarily due to a decline in real estate/mortgage and the 2002 methodology enhancements, partially offset by increases primarily in credit fixed income, equities and commodities. The large increase in the interest rate and total trading portfolio high VAR was due to activities on one day during the period. The next highest VAR for these categories was $47.4 million and $61.2 million, respectively. The increase in equities VAR was primarily due to the increased economic risk emanating from customer facilitated business that was held in inventory and sold subsequent to September 30, 2003. Risk exposures can vary considerably based on continuously changing market conditions.

Interest Rate Risk Management

Our ALM process, managed through the Asset and Liability Committee (ALCO), is used to manage interest rate risk associated with non-trading related activities. Interest rate risk represents the most significant market risk exposure to our non-trading financial instruments. The Corporation regularly reviews the impact on net interest income of parallel and non-parallel shifts in the yield curve over different horizons. The overall interest rate risk position and strategies are reviewed on an ongoing basis with ALCO and other committees as appropriate.

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Table 18 provides our estimated net interest income at risk over the subsequent year from September 30, 2003, resulting from a 100 basis point (bp) gradual (over 12 months) increase or decrease in interest rates from the forward curve calculated as of September 30, 2003. Beginning in the third quarter 2003, these shocks are applied to the forward interest rate curve implied by the financial markets. Previously, these shocks were applied to current interest rates held stable. This change more closely aligns these risk measures with management s view of this risk.

Table 18

Estimated Net Interest Income at Risk

	-100bp	+100bp
September 30, 2003 [(1)]	(0.6)%	(0.2)%

(1) Under the previous methodology, the estimated net interest income at risk would have been (1.7) percent and 0.0 percent for a -100 bp and a +100 bp parallel shift, respectively. The variance between the results of the two methodologies at September 30, 2003 would not necessarily be consistent with such variances in prior periods.

Securities

The securities portfolio is integral to our ALM activities. The decision to purchase or sell securities is based upon the current assessment of economic and financial conditions, including the interest rate environment, liquidity and regulatory requirements and on- and off-balance sheet positions. During the nine months ended September 30, 2003 and 2002, we purchased securities of $178.0 billion and $123.1 billion, respectively, sold $155.9 billion and $103.8 billion, respectively, and received paydowns of $25.3 billion and $17.2 billion, respectively. Not included in the purchases above are $42.2 billion of forward purchase contracts of mortgage-backed securities at September 30, 2003 settling from November 2003 to February 2004 with an average yield of 5.96 percent and $1.5 billion of forward purchase contracts of mortgage-backed securities at September 30, 2002 settling in February 2003 with an average yield of 5.84 percent. These forward purchase contracts were accounted for as derivatives and the forward purchase contracts at September 30, 2003 were included in Table 19. The pre-tax unrealized gain, included in accumulated other comprehensive income (OCI), in these forward purchase contracts at September 30, 2003 and 2002 was $1.5 billion and $5 million, respectively. There were $6.5 billion of forward sale contracts of mortgage-backed securities at September 30, 2002 settling in October 2002 with an average yield of 5.11 percent and a pre-tax unrealized loss, included in accumulated OCI, of $38 million. We continuously monitored the interest rate risk position of the portfolio and repositioned the securities portfolio in order to manage convexity risk and to take advantage of interest rate fluctuations. Through sales of the securities portfolio, we realized $802 million in gains on sales of securities for the nine months ended September 30, 2003 compared to $326 million for the nine months ended September 30, 2002.

Residential Mortgage Portfolio

Residential mortgages grew primarily through whole loan purchase activity. For the nine months ended September 30, 2003 and 2002, we purchased $89.1 billion and $41.8 billion, respectively, of residential mortgages in the wholesale market for our ALM portfolio and interest rate risk management. Not included in the purchases above are $7.0 billion of forward purchase contracts of mortgage loans at September 30, 2003 settling from January 2004 to February 2004 with an average yield of 6.05 percent, which were accounted for as derivatives and included in Table 19. There were no such forward purchase contracts at September 30, 2002. During the same periods, we sold $24.2 billion and $17.3

billion, respectively, of whole mortgage loans to manage prepayment risk due to the longer than anticipated low interest rate environment, recognizing $723 million and $328 million, respectively, in gains on sales included in other noninterest income. Additionally, during the same periods, we received paydowns of $54.2 billion and $22.3 billion, respectively.

Interest Rate and Foreign Exchange Derivative Contracts

Interest rate derivative contracts and foreign exchange derivative contracts are utilized in our ALM process and serve as an efficient, low-cost tool to manage our interest rate risk. We use derivatives to hedge or offset the changes in cash flows or market values of our balance sheet. See Note 3 of the consolidated financial statements for additional information on the Corporation s hedging activities.

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Our interest rate contracts are generally non-leveraged generic interest rate and basis swaps, options, futures and forwards. In addition, we use foreign currency contracts to manage the foreign exchange risk associated with foreign-denominated assets and liabilities, as well as our equity investments in foreign subsidiaries. Table 19 reflects the notional amounts, fair value, weighted average receive fixed and pay fixed rates, expected maturity and estimated duration of our ALM derivatives at September 30, 2003 and December 31, 2002.

Table 19

Asset and Liability Management Interest Rate and Foreign Exchange Contracts

September 30, 2003

(Dollars in millions, average estimated duration in years)	Fair Value	Expected Maturity Total	2003	2004	2005	2006	2007	Thereafter	Average Estimated Duration
Open interest rate contracts									
Total receive fixed swaps [1]	$ 1,139								5.59
Notional amount		$ 140,886			$ 2,580	$ 4,363	$ 23,182	$ 110,761	
Weighted average receive rate		3.87%			4.78%	5.22%	3.26%	3.93%	
Total pay fixed swaps [1]	(2,852)								4.68
Notional amount		$ 142,903	$ 10	$ 82	$ 3,692	$ 38,592	$ 44,259	$ 56,268	
Weighted average pay rate		3.41%	5.15%	6.01%	1.61%	2.30%	3.02%	4.58%	
Basis swaps	(1)								
Notional amount		$ 15,766		$ 9,000	$ 500	$ 4,400	$ 45	$ 1,821	
Total swaps	(1,714)								
Option products[2]	911								
Net notional amount [3]		$ 84,940		$ 1,267	$ 50,000	$ 3,000		$ 30,673	
Futures and forward rate contracts[4]	1,776								
Net notional amount [3]		$ 48,964	$ 1,714	$ 47,250					
Total open interest rate contracts	973								
Closed interest rate contracts[5,6]	29								
Net interest rate contract position	1,002								
Open foreign exchange contracts	421								
Notional amount		$ 6,008	$ 502	$ 230	$ 1,806	$ 97	$ 1,232	$ 2,141	
Total ALM contracts	$ 1,423								

December 31, 2002

(Dollars in millions, average	Fair Value	Expected Maturity Total	2003	2004	2005	2006	2007	Thereafter	Average Estimated

estimated duration in years)									Duration
Open interest rate contracts									
Total receive fixed swaps (1)	$ 4,449								4.89
Notional amount		$ 116,520	$ 3,132	$ 3,157	$ 5,719	$ 14,078	$ 16,213	$ 74,221	
Weighted average receive rate		4.29%	1.76%	3.17%	4.66%	4.50%	3.90%	4.46%	
Total pay fixed swaps (1)	(1,825)								4.07
Notional amount		$ 61,680	$ 10,083	$ 5,694	$ 7,993	$ 15,068	$ 6,735	$ 16,107	
Weighted average pay rate		3.60%	1.64%	2.46%	3.90%	3.17%	3.62%	5.48%	
Basis swaps	(3)								
Notional amount		$ 15,700		$ 9,000	$ 500	$ 4,400		$ 1,800	
Total swaps	2,621								
Option products(2)	650								
Net notional amount (3)		$ 48,374	$ 1,000	$ 6,767	$ 40,000			$ 607	
Futures and forward rate contracts(4)	(88)								
Net notional amount (3)		$ 8,850	$ (6,150)	$ 15,000					
Total open interest rate contracts	3,183								
Closed interest rate contracts(5,6)	955								
Net interest rate contract position	4,138								
Open foreign exchange contracts	313								
Notional amount		$ 4,672	$ 78	$ 648	$ 102	$ 1,581	$ 96	$ 2,167	
Total ALM contracts	$ 4,451								

(1) At September 30, 2003, $2.0 billion of the receive fixed swap notional and $106.3 billion of the pay fixed swap notional represented forward starting swaps that will not be effective until their respective contractual start dates. At December 31, 2002, $39.0 billion of the receive fixed swap notional and $22.4 billion of the pay fixed swap notional represented forward starting swaps that will not be effective until their respective contractual start dates.

(2) Option products include caps, floors and exchange traded options on index futures contracts. These strategies may include option collars or spread strategies, which involve the buying and selling of options on the same underlying security or interest rate index.

(3) Reflects the net of long and short positions.

(4) Futures and forward rate contracts include Euro dollar futures, U. S. Treasury futures and forward purchase and sale contracts. Included are $49.2 billion of forward purchase contracts of mortgage-backed securities and mortgage loans, at September 30, 2003, as discussed on page 53. At December 31, 2002 the forward purchase and sale contracts of mortgage-backed securities and mortgage loans amounted to $3.5 billion and $19.7 billion, respectively.

(5) Represents the unamortized net realized deferred gains associated with closed contracts. As a result, no notional amount is reflected for expected maturity.

(6) The $29 million and $955 million deferred gains on closed interest rate contracts primarily consisted of gains on closed ALM swaps. Of these unamortized net realized deferred gains, $639 million loss was included in accumulated other comprehensive income and $668 million gain was primarily included as a basis adjustment of long-term debt at September 30, 2003. As of December 31, 2002, $234 million was included in accumulated other comprehensive income and the remainder was primarily a basis adjustment of long-term debt.

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Consistent with our strategy of managing interest rate sensitivity, the notional amount of our interest rate swap position changed to a net pay fixed position of $2.0 billion at September 30, 2003 from a net receive fixed position of $54.8 billion at December 31, 2002, while our net option position increased $36.5 billion to $84.9 billion at September 30, 2003 compared to $48.4 billion at December 31, 2002.

Mortgage Banking Risk

Mortgage production activities create unique interest rate and prepayment risk between the loan commitment date (pipeline) and the date the loan is sold to the secondary market. To manage interest rate risk, we enter into various financial instruments including interest rate swaps, forward delivery contracts, Euro dollar futures and option contracts. The notional amount of such contracts was $35.3 billion at September 30, 2003 with associated net unrealized losses of $271 million. At December 31, 2002, the notional amount of such contracts was $25.3 billion with associated net unrealized losses of $224 million. Of these net unrealized losses, $60 million and $140 million, respectively, were recorded in accumulated other comprehensive income. These unrealized losses at September 30, 2003 and December 31, 2002 were offset by unrealized gains in the warehouse and pipeline.

Prepayment risk represents the loss in value associated with a high rate loan paying off in a low rate environment and the loss of servicing value when loans prepay. We manage prepayment risk using various financial instruments including purchased options and swaps. The notional amounts of such contracts at September 30, 2003 and December 31, 2002 were $58.8 billion and $53.1 billion, respectively. The related life-to-date unrealized loss was $45 million at September 30, 2003. The contracts had a life-to-date unrealized gain of $955 million at December 31, 2002.

Operational Risk Management

Operational risk is the potential for loss resulting from events involving people, processes, technology, legal/regulatory issues, external events, execution and reputation. Successful operational risk management is particularly important to a diversified financial services company like ours because of the very nature, volume and complexity of our various businesses. For additional detail on operational risk management activities, see pages 53 through 54 of the Corporation s 2002 Annual Report.

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Selected Quarterly Financial Data

(Dollars in millions, except per share information)	2003 Quarters Third	Second	First
Income statement			
Net interest income	**$ 5,304**	$ 5,365	$ 5,209
Noninterest income	**4,439**	4,255	3,685
Total revenue	**9,743**	9,620	8,894
Provision for credit losses	**651**	772	833
Gains on sales of securities	**233**	296	273
Noninterest expense	**5,070**	5,058	4,717
Income before income taxes	**4,255**	4,086	3,617
Income tax expense	**1,333**	1,348	1,193
Net income	**2,922**	2,738	2,424
Average common shares issued and outstanding (in thousands)	**1,490,103**	1,494,094	1,499,405
Average diluted common shares issued and outstanding (in thousands)	**1,519,641**	1,523,306	1,526,288
Performance ratios			
Return on average assets	**1.48%**	1.42%	1.38%
Return on average common shareholders equity	**23.74**	21.86	19.92
Total equity to total assets (period end)	**6.84**	6.63	7.36
Total average equity to total average assets	**6.22**	6.49	6.93
Dividend payout	**40.85**	35.06	39.64
Per common share data			
Earnings	**$ 1.96**	$ 1.83	$ 1.62
Diluted earnings	**1.92**	1.80	1.59
Dividends paid	**0.80**	0.64	0.64
Book value	**33.83**	34.06	33.38
Average balance sheet			
Total loans and leases	**$ 357,288**	$ 350,279	$ 345,662
Total assets	**785,681**	774,644	713,299
Total deposits	**414,569**	405,307	385,760
Long-term debt [(1)]	**66,788**	68,927	67,399
Common shareholders equity	**48,816**	50,212	49,343
Total shareholders equity	**48,871**	50,269	49,400
Capital ratios (period end)			
Risk-based capital:			
Tier 1	**8.25%**	8.08%	8.20%
Total	**12.17**	11.95	12.29
Leverage	**5.96**	5.93	6.25
Market price per share of common stock			
Closing	**$ 78.04**	$ 79.03	$ 66.84
High	**84.90**	80.00	72.50

Low	**74.58**	67.20	64.26

(1) Includes long-term debt related to trust preferred securities.

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Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Management s Discussion and Analysis of Results of Operations and Financial Condition - Market Risk Management beginning on page 50 and the sections referenced therein for Quantitative and Qualitative Disclosures about Market Risk.

Item 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

As of the end of the period covered by this report and pursuant to Rule 13a-15 of the Securities Exchange Act of 1934 (the Exchange Act), the Corporation s management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness and design of the Corporation s disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based upon that evaluation, the Corporation s Chief Executive Officer and Chief Financial Officer concluded, as of the end of the period covered by this report, that the Corporation s disclosure controls and procedures were effective in recording, processing, summarizing and reporting information required to be disclosed by the Corporation, within the time periods specified in the Securities and Exchange Commission s rules and forms.

Changes in internal controls

In addition and as of the end of the period covered by this report, there have been no changes in internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter to which this report relates that have materially affected or is reasonably likely to materially affect, the internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

The following supplements the discussion in the Corporation s Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

Mutual Fund Operations

On September 3, 2003, the Office of the Attorney General for the State of New York (NYAG) simultaneously filed and settled a complaint against Canary Capital Partners, LLC, et al. (collectively, Canary). The complaint alleged, among other things, that Canary engaged in improper trading with certain mutual funds in the Nations Funds family (Nations Funds). Specifically, the NYAG alleged that Canary engaged in activities that it characterized as market timing and late trading. The Corporation is cooperating fully with the NYAG, the U.S. Securities and Exchange Commission (SEC) and other regulators in connection with these inquiries.

On September 16, 2003, the NYAG announced a criminal action, and the SEC announced a civil action, against a former employee of Banc of America Securities LLC (BAS). The complaints allege that this former employee played a key role in enabling Canary to engage in late trading of shares of Nations Funds and other mutual funds in violation of state and federal law.

The Corporation has announced that it will establish a restitution fund for shareholders of the Nations Funds who were harmed by Canary s late trading and market timing practices. In addition, the Corporation announced that it will provide restitution for shareholders of third party mutual funds who were harmed by any late trading activities by Canary that are found to have occurred through the Corporation in the event restitution is not otherwise available from Canary, its affiliates, its investors or from any other third parties. The Corporation has also committed to return to the Nations Funds all funds management and advisory fees related to the Canary market timing agreement.

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The Corporation has named several key leaders and advisors external to the Corporation to review mutual fund practices. These individuals will lead an independent review of the Corporation s mutual fund policies and practices, conduct a complete legal and regulatory compliance review of the Corporation s mutual fund business, and coordinate a detailed review of all technology, control, and compliance systems related to the mutual fund business, including all systems relating to sales, clearing, and derivative and brokerage operations.

The Corporation is developing new policies to eliminate all lending, derivatives, brokerage services or any other services relating to mutual fund trading activity by clients known to the Corporation to engage in active mutual fund market timing not permitted by the targeted funds. The Corporation has committed that the market timing policies being established will no longer permit special exceptions.

The independent trustees of the Board of Trustees of the Nations Funds have retained an independent firm to evaluate the extent of any adverse monetary impact to any Nations Fund in which the Nations Funds adviser permitted a discretionary market-timing agreement. They also announced that they would evaluate whether any additional steps are appropriate to assure Nations Funds shareholders that the Nations Funds are being managed in their best interests. In addition, the independent trustees announced that the Board of Trustees, with the assistance of the independent firm, will conduct a review of the issues relating to late trading in Nations Funds, consider the results of the review of these issues being conducted by the Corporation, and take action as appropriate.

As of the date hereof, a number of lawsuits have been filed against the Corporation, its affiliates and associates in connection with these circumstances, alleging, among other things, breaches of fiduciary duties, federal securities laws, the ERISA Act, and the Investment Advisers Act of 1940 as well as contractual and other common law claims. The Corporation has also received shareholder derivative actions purportedly brought on behalf of the Corporation alleging various claims, including breach of fiduciary duty, against the Board of Directors in connection with these matters. Additional lawsuits presenting similar or additional allegations and requests for relief arising out of these circumstances could be filed in the future against the Corporation and related parties.

During the quarter ended September 30, 2003, the Corporation recognized a $100 million charge to income in connection with these matters. The Corporation, however, cannot determine at this time the eventual outcome, timing or impact of these matters. Accordingly, it is possible that additional charges in the future may be required.

Enron Corporation (Enron) Securities Litigation

On September 29, 2003, plaintiffs in the Enron Securities Litigation and certain financial institution defendants, including the Corporation, participated in a nonbinding mediation of claims presented in both the Enron Securities Litigation and the Enron bankruptcy. The mediation failed to resolve any of the subject claims. A further session of the mediation is scheduled for January 8, 2004.

WorldCom, Inc. (WorldCom) Securities Litigation

The number of actions, in addition to WorldCom Securities Litigation, in which the Corporation or BAS has been named as a defendant arising out of alleged accounting irregularities in the books

and records of WorldCom, has increased to approximately 69 actions. Of these actions, approximately 42 have been consolidated with WorldCom Securities Litigation pending in the United States District Court for the Southern District of New York.

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On October 3, 2003, the parties to the WorldCom Securities Litigation were ordered to attend a mandatory settlement conference on October 16, 2003. No claims were resolved and further sessions are scheduled for November 2003.

On October 24, 2003, a class consisting of all persons and entities who purchased or otherwise acquired publicly traded securities of WorldCom during the period beginning April 29, 1999 through and including June 25, 2002 and who were injured thereby, was certified by the United States District Court in the WorldCom Securities Litigation.

Regulatory

In the ordinary course of business, the Corporation is routinely subject to regulatory examinations, information gathering requests, inquiries and investigations. One of the Corporation s subsidiaries, BAS, is a registered broker/dealer under the federal securities laws and is subject to regulation by the SEC, the National Association of Securities Dealers, the New York Stock Exchange and state securities regulators. In connection with on-going investigations by those agencies, BAS has received numerous requests and orders for documents, testimony, and information in connection with various aspects of its regulated activities. In each instance, BAS is cooperating with the requesting agency. BAS has not been advised that any enforcement action against BAS is currently contemplated. There can be no assurance, however, that the investigations will not in the future result in such action.

Item 2. Changes in Securities and Use of Proceeds

As of September 30, 2003, all put options under this program had matured and there were no remaining put options outstanding.

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

Exhibit 11	Earnings Per Share Computation - included in Note 6 of the consolidated financial statements
Exhibit 12	Ratio of Earnings to Fixed Charges Ratio of Earnings to Fixed Charges and Preferred Dividends
Exhibit 31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

b) Reports on Form 8-K

The following reports on Form 8-K were filed by the Corporation during the quarter ended September 30, 2003:

Current Report on Form 8-K dated and filed July 14, 2003, Items 5, 7 and 9.

Current Report on Form 8-K dated July 15, 2003 and filed July 23, 2003, Items 5 and 7.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Bank of America Corporation
Registrant

Date: November 10, 2003

/s/ Marc D. Oken

MARC D. OKEN

Executive Vice President and

Principal Financial Executive

(Duly Authorized Officer and

Chief Accounting Officer)

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Bank of America Corporation

Form 10-Q

Index to Exhibits

Exhibit	Description
11	Earnings Per Share Computation - included in Note 6 of the consolidated financial statements
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