UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

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

For the fiscal year ended December 31, 2003

OR

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

For the transition period from to

Commission file number 1-6523

Bank of America Corporation
(Exact name of registrant as specified in its charter)

Delaware	56-0906609
(State or other jurisdiction of Incorporation or Organization)	**(IRS Employer Identification No.)**
Bank of America Corporate Center Charlotte, North Carolina	28255
(address of principal executive offices)	**(Zip Code)**

(704) 386-8486
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	**Name of each exchange on which registered**
Common Stock	New York Stock Exchange London Stock Exchange Pacific Stock Exchange Tokyo Stock Exchange
DJIA℠ Return Linked Notes, due 2005	American Stock Exchange
S&P 500 Index® Return Linked Notes, due 2007	American Stock Exchange
5 1/2% Subordinated InterNotes℠, due 2033	New York Stock Exchange
5 7/8% Subordinated InterNotes℠, due 2033	New York Stock Exchange
6 1/2% Subordinated InterNotes℠, due 2032	New York Stock Exchange
8 1/2% Subordinated Notes, due 2007	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

The aggregate market value of the registrant's common stock ("Common Stock") held by non-affiliates is approximately $116,840,744,050 (based on the June 30, 2003 closing price of Common Stock of $79.03 per share). As of February 27, 2004, there were 1,448,991,040 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Document of the Registrant	**Form 10-K Reference Locations**
Portions of the 2003 Annual Report to Stockholders	PARTS I, II and IV
Portions of the 2004 Proxy Statement	PART III

PART I

Item 1. BUSINESS

General

Bank of America Corporation (the "Corporation") is a Delaware corporation, a bank holding company and a financial holding company under the Gramm-Leach-Bliley Act. The principal executive offices of the Corporation are located in the Bank of America Corporate Center, Charlotte, North Carolina 28255.

Primary Market Areas

Through its banking subsidiaries (the "Banks") and various nonbanking subsidiaries, the Corporation provides a diversified range of banking and nonbanking financial services and products, primarily throughout the Mid-Atlantic (Maryland, Virginia and the District of Columbia), the Midwest (Illinois, Iowa, Kansas and Missouri), the Southeast (Florida, Georgia, North Carolina, South Carolina and Tennessee), the Southwest (Arizona, Arkansas, New Mexico, Oklahoma and Texas), the Northwest (Oregon and Washington) and the West (California, Idaho and Nevada) regions of the United States and in selected international markets. Management believes that these are desirable regions in which to be located. Based on the most recent available data, personal income in the states in these regions as a whole rose 3.8 percent year-to-year through the third quarter of 2003, compared to growth of 3.3 percent in the rest of the United States. In addition, the population in these states as a whole rose an estimated 1.3 percent between 2002 and 2003, compared to growth of 0.5 percent in the rest of the United States. Through December 2003, the average rate of unemployment in these states was 5.6 percent, ranging from Virginia's 3.6 percent to Oregon's 7.2 percent, compared to a rate of unemployment of 5.8 percent in the rest of the United States. The number of housing permits authorized in 2003 was 9 percent higher than in 2002 in these states as a whole.

The Corporation has the leading bank deposit market share position in California, Florida, Maryland and Washington. In addition, the Corporation ranks second in terms of bank deposit market share in Arizona, Kansas, Missouri, New Mexico, North Carolina, South Carolina and Texas; third in Arkansas, Georgia, Nevada and the District of Columbia; fourth in Idaho, Oregon and Virginia; fifth in Oklahoma and Tennessee; sixth in Iowa; and thirteenth in Illinois.

Acquisition and Disposition Activity

As part of its operations, the Corporation regularly evaluates the potential acquisition of, and holds discussions with, various financial institutions and other businesses of a type eligible for financial holding company ownership or control. In addition, the Corporation regularly analyzes the values of, and submits bids for, the acquisition of customer-based funds and other liabilities and assets of such financial institutions and other businesses. The Corporation also regularly considers the potential disposition of certain of its assets, branches, subsidiaries or lines of businesses. As a general rule, the Corporation publicly announces any material acquisitions or dispositions when a definitive agreement has been reached.

On October 27, 2003, the Corporation and FleetBoston Financial Corporation ("FleetBoston") announced they had signed an Agreement and Plan of Merger dated October 27, 2003. The merger agreement has been approved by the boards of directors of the Corporation and FleetBoston and is subject to customary closing conditions, including regulatory and stockholders' approvals. Closing is expected in April of 2004. Additional information on the merger with FleetBoston is included under Note 2 of the Notes to the Consolidated Financial Statements in the 2003 Annual Report to Stockholders (the "2003 Annual Report") which is incorporated herein by reference.

Government Supervision and Regulation

The following discussion describes elements of an extensive regulatory framework applicable to bank holding companies, financial holding companies and banks and specific information about the Corporation and its subsidiaries. Federal regulation of banks, bank holding companies and financial holding companies is intended primarily for the protection of depositors and the Bank Insurance Fund rather than for the protection of stockholders and creditors.

General

As a registered bank holding company and financial holding company, the Corporation is subject to the supervision of, and regular inspection by, the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). The Banks are organized as national banking associations, which are subject to regulation, supervision and examination by the Office of the Comptroller of the Currency (the "Comptroller" or "OCC"), the Federal Deposit Insurance Corporation (the "FDIC"), the Federal Reserve Board and other federal and state regulatory agencies. In addition to banking laws, regulations and regulatory agencies, the Corporation and its subsidiaries and affiliates are subject to various other laws and regulations and supervision and examination by other regulatory agencies, all of which directly or indirectly affect the operations and management of the Corporation and its ability to make distributions to stockholders.

A financial holding company, and the companies under its control, are permitted to engage in activities considered "financial in nature" as defined by the Gramm-Leach-Bliley Act and Federal Reserve Board interpretations (including, without limitation, insurance and securities activities), and therefore may engage in a broader range of activities than permitted for bank holding companies and their subsidiaries. A financial holding company may engage directly or indirectly in activities considered financial in nature, either de novo or by acquisition, provided the financial holding company gives the Federal Reserve Board after-the-fact notice of the new activities. The Gramm-Leach-Bliley Act also permits national banks, such as the Banks, to engage in activities considered financial in nature through a financial subsidiary, subject to certain conditions and limitations and with the approval of the Comptroller.

Interstate Banking

Bank holding companies (including bank holding companies that also are financial holding companies) also are required to obtain the prior approval of the Federal Reserve Board before acquiring more than five percent of any class of voting stock of any non-affiliated bank. Pursuant to the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "Interstate Banking and Branching Act"), a bank holding company may acquire banks located in states other than its home state without regard to the permissibility of such acquisitions under state law, but subject to any state requirement that the bank has been organized and operating for a minimum period of time, not to exceed five years, and the requirement that the bank holding company, after the proposed acquisition, controls no more than 10 percent of the total amount of deposits of insured depository institutions in the United States and no more than 30 percent or such lesser or greater amount set by state law of such deposits in that state.

Subject to certain restrictions, the Interstate Banking and Branching Act also authorizes banks to merge across state lines to create interstate banks. The Interstate Banking and Branching Act also permits a bank to open new branches in a state in which it does not already have banking operations if such state enacts a law permitting de novo branching. The Corporation has consolidated its retail subsidiary banks into a single interstate bank (Bank of America, N.A.), headquartered in Charlotte, North Carolina, with full service branch offices in 21 states and the District of Columbia. In addition, the Corporation operates a nationally chartered credit card bank (Bank of America, N.A. (USA)), headquartered in Phoenix, Arizona, and three nationally chartered bankers' banks: Bank of America Oregon, N.A., headquartered in Portland, Oregon; Bank of America California, N.A., headquartered in San Francisco, California; and Bank of America Georgia, N.A., headquartered in Atlanta, Georgia.

Changes in Regulations

Proposals to change the laws and regulations governing the banking industry are frequently introduced in Congress, in the state legislatures and before the various bank regulatory agencies. The likelihood and timing of any proposals or legislation and the impact they might have on the Corporation and its subsidiaries cannot be determined at this time.

Capital and Operational Requirements

The Federal Reserve Board, the Comptroller and the FDIC have issued substantially similar risk-based and leverage capital guidelines applicable to United States banking organizations. In addition, these regulatory agencies may from time to time require that a banking organization maintain capital above the minimum levels, whether because of its financial condition or actual or anticipated growth. The Federal

Reserve Board risk-based guidelines define a three-tier capital framework. Tier 1 capital includes common shareholders' equity and qualifying preferred stock, less goodwill and other adjustments. Tier 2 capital consists of preferred stock not qualifying as Tier 1 capital, mandatory convertible debt, limited amounts of subordinated debt, other qualifying term debt and the allowance for credit losses up to 1.25 percent of risk-weighted assets. Tier 3 capital includes subordinated debt that is unsecured, fully paid, has an original maturity of at least two years, is not redeemable before maturity without prior approval by the Federal Reserve Board and includes a lock-in clause precluding payment of either interest or principal if the payment would cause the issuing bank's risk-based capital ratio to fall or remain below the required minimum. The sum of Tier 1 and Tier 2 capital less investments in unconsolidated subsidiaries represents the Corporation's qualifying total capital. Risk-based capital ratios are calculated by dividing Tier 1 and total capital by risk-weighted assets. Assets and off-balance sheet exposures are assigned to one of four categories of risk-weights, based primarily on relative credit risk. The minimum Tier 1 capital ratio is four percent and the minimum total capital ratio is eight percent. The Corporation's Tier 1 and total risk-based capital ratios under these guidelines at December 31, 2003 were 7.85 percent and 11.87 percent, respectively. At December 31, 2003, the Corporation had no subordinated debt that qualified as Tier 3 capital.

The leverage ratio is determined by dividing Tier 1 capital by adjusted average total assets. Although the stated minimum ratio is 100 to 200 basis points above three percent, banking organizations are required to maintain a ratio of at least five percent to be classified as well capitalized. The Corporation's leverage ratio at December 31, 2003 was 5.73 percent. The Corporation meets its leverage ratio requirement.

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), among other things, identifies five capital categories for insured depository institutions (well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized) and requires the respective federal regulatory agencies to implement systems for "prompt corrective action" for insured depository institutions that do not meet minimum capital requirements within such categories. FDICIA imposes progressively more restrictive constraints on operations, management and capital distributions, depending on the category in which an institution is classified. Failure to meet the capital guidelines could also subject a banking institution to capital raising requirements. An "undercapitalized" bank must develop a capital restoration plan and its parent holding company must guarantee that bank's compliance with the plan. The liability of the parent holding company under any such guarantee is limited to the lesser of five percent of the bank's assets at the time it became "undercapitalized" or the amount needed to comply with the plan. Furthermore, in the event of the bankruptcy of the parent holding company, such guarantee would take priority over the parent's general unsecured creditors. In addition, FDICIA requires the various regulatory agencies to prescribe certain non-capital standards for safety and soundness relating generally to operations and management, asset quality and executive compensation and permits regulatory action against a financial institution that does not meet such standards.

The various regulatory agencies have adopted substantially similar regulations that define the five capital categories identified by FDICIA, using the total risk-based capital, Tier 1 risk-based capital and leverage capital ratios as the relevant capital measures. Such regulations establish various degrees of corrective action to be taken when an institution is considered undercapitalized. Under the regulations, a "well capitalized" institution must have a Tier 1 risk-based capital ratio of at least six percent, a total risk-based capital ratio of at least ten percent and a leverage ratio of at least five percent and not be subject to a capital directive order. Under these guidelines, each of the Banks was considered well capitalized as of December 31, 2003.

Regulators also must take into consideration (a) concentrations of credit risk; (b) interest rate risk (when the interest rate sensitivity of an institution's assets does not match the sensitivity of its liabilities or its off-balance-sheet position); and (c) risks from non-traditional activities, as well as an institution's ability to manage those risks, when determining the adequacy of an institution's capital. This evaluation will be made as a part of the institution's regular safety and soundness examination. In addition, the Corporation, and any Bank with significant trading activity, must incorporate a measure for market risk in their regulatory capital calculations.

Distributions

The Corporation's funds for cash distributions to its stockholders are derived from a variety of sources, including cash and temporary investments. The primary source of such funds, and funds used to pay principal and interest on its indebtedness, is dividends received from the Banks. Each of the Banks is subject to various regulatory policies and requirements relating to the payment of dividends, including requirements to maintain capital above regulatory minimums. The appropriate federal regulatory authority is authorized to determine under certain circumstances relating to the financial condition of a bank or bank holding company that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof.

In addition, the ability of the Corporation and the Banks to pay dividends may be affected by the various minimum capital requirements and the capital and non-capital standards established under FDICIA, as described above. The right of the Corporation, its stockholders and its creditors to participate in any distribution of the assets or earnings of its subsidiaries is further subject to the prior claims of creditors of the respective subsidiaries.

Source of Strength

According to Federal Reserve Board policy, bank holding companies are expected to act as a source of financial strength to each subsidiary bank and to commit resources to support each such subsidiary. This support may be required at times when a bank holding company may not be able to provide such support. Similarly, under the cross-guarantee provisions of the Federal Deposit Insurance Act, in the event of a loss suffered or anticipated by the FDIC – either as a result of default of a banking subsidiary or related to FDIC assistance provided to a subsidiary in danger of default – the other Banks may be assessed for the FDIC's loss, subject to certain exceptions.

Competition

The activities in which the Corporation and its four business segments (Consumer and Commercial Banking, Asset Management, Global Corporate and Investment Banking, and Equity Investments) engage are highly competitive. Generally, the lines of activity and markets served involve competition with other banks, thrifts, credit unions and other nonbank financial institutions, such as investment banking firms, investment advisory firms, brokerage firms, investment companies and insurance companies. The Corporation also competes against banks and thrifts owned by nonregulated diversified corporations and other entities which offer financial services, located both domestically and internationally and through alternative delivery channels such as the Internet. The methods of competition center around various factors, such as customer services, interest rates on loans and deposits, lending limits and customer convenience, such as location of offices.

The commercial banking business in the various local markets served by the Corporation's business segments is highly competitive. The four business segments compete with other banks, thrifts, finance companies and other businesses which provide similar services. The business segments actively compete in commercial lending activities with local, regional and international banks and nonbank financial organizations, some of which are larger than certain of the Corporation's nonbanking subsidiaries and the Banks. In its consumer lending operations, the competitors of the business segments include other banks, thrifts, credit unions, finance companies and other nonbank organizations offering financial services. In the investment banking, investment advisory and brokerage business, the Corporation's nonbanking subsidiaries compete with other banking and investment banking firms, investment advisory firms, brokerage firms, investment companies, other organizations offering similar services and other investment alternatives available to investors. The Corporation's mortgage banking units compete with banks, thrifts, government agencies, mortgage brokers and other nonbank organizations offering mortgage banking services. In the trust business, the Banks compete with other banks, investment counselors and insurance companies in national markets for institutional funds and insurance agents, thrifts, financial counselors and other fiduciaries for personal trust business. The Corporation and its four business segments also actively compete for funds. A primary source of funds for the Banks is deposits, and competition for deposits includes other deposit-taking organizations, such as banks, thrifts, and credit unions, as well as money market mutual funds.

The Corporation's ability to expand into additional states remains subject to various federal and state laws. See "Government Supervision and Regulation – General" for a more detailed discussion of interstate banking and branching legislation and certain state legislation.

Employees

As of December 31, 2003, there were 133,549 full-time equivalent employees within the Corporation and its subsidiaries. Of the foregoing employees, 84,647 were employed within Consumer and Commercial Banking, 6,618 were employed within Asset Management, 6,439 were employed within Global Corporate and Investment Banking and 185 were employed within Equity Investments. The remainder were employed elsewhere within the Corporation and its subsidiaries.

None of the domestic employees within the Corporation is subject to a collective bargaining agreement. Management considers its employee relations to be good.

Additional Information

The following additional information set forth in the 2003 Annual Report is incorporated herein by reference: Business Segment Operations (under the caption "Business Segment Operations" in the Management's Discussion and Analysis of Results of Operations and Financial Condition (the "MD&A") and in Note 20 of the Notes to the Consolidated Financial Statements (the "Notes")); Net Interest Income (under the captions "Financial Highlights" and "Supplemental Financial Data" in the MD&A and Tables II and III of the Statistical Financial Information); Securities (under the caption "Interest Rate Risk Management —Securities" in the MD&A and Notes 1 and 4 of the Notes); Outstanding Loans and Leases (under the caption "Credit Risk Management" in the MD&A, Tables IV, VIII, IX and X of the Statistical Financial Information, and Notes 1 and 7 of the Notes); Deposits (under the caption "Liquidity Risk Management—Deposits and Other Funding Sources" in the MD&A and Note 11 of the Notes); Short-Term Borrowings (in Table V of the Statistical Financial Information and Note 12 of the Notes); Trading Liabilities (in Note 5 of the Notes); Market Risk Management (under the caption "Market Risk Management" in the MD&A); Liquidity Risk Management (under the caption "Liquidity Risk Management" in the MD&A); Operational Risk Management (under the caption "Operational Risk Management" in the MD&A); and Performance by Geographic Area (under Note 22 of the Notes).

The Corporation's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available on the Corporation's website (www.bankofamerica.com under the "About Bank of America—Investor Relations—10-Qs and 10-Ks" and "About Bank of America—Investor Relations—Complete SEC Filings" captions) as soon as reasonably practicable after the Corporation electronically files such material with, or furnishes it to the Securities and Exchange Commission.

Item 2. PROPERTIES

As of December 31, 2003, the principal offices of the Corporation and each of its business segments were located in the 60-story Bank of America Corporate Center in Charlotte, North Carolina, which is owned by a subsidiary of the Corporation. The Corporation occupies approximately 679,000 square feet and leases approximately 521,000 square feet to third parties at market rates, which represents substantially all of the space in this facility. In addition to this facility, the Corporation also leases or owns a significant amount of space worldwide. As of December 31, 2003, the Corporation and its subsidiaries owned or leased approximately 17,500 locations in 44 states, the District of Columbia and 30 foreign countries.

Item 3. LEGAL PROCEEDINGS

In the ordinary course of business, the Corporation and its subsidiaries are routinely defendants in or parties to a number of pending and threatened legal actions and proceedings, including actions brought on behalf of various classes of claimants. In certain of these actions and proceedings, claims for substantial monetary damages are asserted against the Corporation and its subsidiaries and certain of these actions and proceedings are based on alleged violations of consumer protection, securities, environmental, banking and other laws.

In view of the inherent difficulty of predicting the outcome of such matters, the Corporation cannot state what the eventual outcome of pending matters will be; however, based on current knowledge, management does not believe that liabilities, if any, arising from pending litigation or regulatory matters, including the litigation and regulatory matters described below, will have a material adverse effect on the consolidated financial position or liquidity of the Corporation but may be material to the Corporation's operating results for any particular quarter.

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 are currently leading an independent review of the Corporation's mutual fund policies and practices, including a complete legal and regulatory compliance review of the Corporation's mutual fund business, and coordinating 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 and regulatory proceedings 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, the Investment Company Act of 1940, 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 or regulatory proceedings 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

The Corporation was named as a defendant, along with a number of commercial and investment banks and their holding companies, certain former Enron officers and directors, law firms and accountants, in a putative consolidated class action pending in the United States District Court for the Southern District of Texas filed on April 8, 2002 entitled Newby v. Enron. The amended complaint, which was filed in May 2003 and is now the operative complaint, alleges claims against the Corporation and BAS under Sections 11, 12 and 15 of the Securities Act of 1933 related to the role of BAS as an underwriter of two public offerings of Enron debt and as an initial purchaser in a private placement of debt issued by an Enron-affiliated company. The Corporation and BAS have moved to dismiss all of the claims asserted against them in the operative complaint. That motion is fully briefed and remains pending. Plaintiffs' motion for class certification is fully briefed and remains pending.

In addition, the Corporation and certain of its affiliates have been named as defendants or third-party defendants, along with other commercial and investment banks and many other parties, in various other individual and putative class actions relating to Enron. The complaints assert claims under federal securities laws, state securities laws and/or state common law or statutes. The majority of these actions were either filed in or have been transferred to the United States District Court for the Southern District of Texas and consolidated or coordinated with Newby v. Enron.

The corporation cannot determine at this time the eventual outcome, timing or impact of these matters.

WorldCom, Inc. (WorldCom) Securities Litigation

BAS, Banc of America Securities Limited (BASL), and other underwriters of WorldCom bonds issued in 2000 and 2001, as well as former officers and directors of WorldCom and other parties, have been named as defendants in a class action lawsuit filed in the United States District Court for the Southern District of New York entitled WorldCom Securities Litigation. The operative complaint alleges claims against BAS and BASL under Sections 11 and 12 of the Securities Act of 1933 in connection with 2000 and 2001 public bond offerings and is brought on behalf of purchasers and acquirers of bonds issued in or traceable to these offerings. On October 24, 2003, United States District Court Judge Denise Cote certified 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." Fact discovery is presently proceeding in this class action and a trial date has been set for January 10, 2005.

In addition, the Corporation, BAS and BASL, along with other underwriters, certain holding companies affiliated with the underwriters, a former Salomon Smith Barney telecommunications analyst, certain former officers and directors of WorldCom and WorldCom's former auditors have been named as defendants in numerous individual actions that were filed in either federal or state courts arising out of alleged accounting irregularities of the books and records of WorldCom. Plaintiffs in these actions are typically institutional investors, including state pension funds, who allegedly purchased debt securities issued by WorldCom pursuant to public offerings in 1997, 1998, 2000 or 2001. The majority of the complaints assert only claims under Section 11 of the Securities Act of 1933, but some complaints also include claims under the Exchange Act of 1934, state securities laws, other state statutes and under common law theories. Most of these cases were filed in state court and subsequently removed (as related to WorldCom's bankruptcy) by defendants to federal courts and then transferred by the Judicial Panel for Multidistrict Litigation to the United States District Court for the Southern District of New York to be consolidated with WorldCom

Securities Litigation for pre-trial purposes. Seven of these actions, which had been removed, were remanded to state courts in Alabama (2), Tennessee, Pennsylvania (3) and Illinois.

Certain plaintiffs in actions transferred to the Southern District of New York have filed an appeal to the Second Circuit Court of Appeals arguing that their actions were not properly removed to federal court because a provision in the Securities Act prevented such removals. Defendants, including the underwriters, have argued that removal was proper.

Additional complaints were filed on behalf of purchasers of WorldCom stock in state courts in Mississippi against the Corporation and BAS, as well as certain former officers and directors of WorldCom, other commercial and investment banks and other parties. These cases have also been transferred to the United States District Court for the Southern District of New York and consolidated with WorldCom Securities Litigation for pre-trial purposes.

The corporation cannot determine at this time the eventual outcome, timing or impact of these matters.

Adelphia Communications Corporation (Adelphia) Securities Litigation

Bank of America, N.A. (BANA) and BAS are defendants in several private civil actions relating to Adelphia which have been consolidated for pre-trial purposes and are currently pending in the United States District Court for the Southern District of New York. The actions include a class action and various individual actions. BAS was a member of seven underwriting syndicates of securities issued by Adelphia, and BANA was an agent and/or lender in connection with five credit facilities in which Adelphia subsidiaries were borrowers. Additional defendants include other members of those syndicates, underwriters for additional Adelphia securities offerings, lenders and agents for that and other credit facilities, former Adelphia insiders and members of its board of directors, and Adelphia's outside auditors and counsel. The complaints allege claims under the Securities Act of 1933 and the Securities Exchange Act of 1934.

BANA and BAS are also defendants in an adversary proceeding pending in the United States Bankruptcy Court for the Southern District of New York. The proceeding is brought by the Official Committee of Unsecured Creditors in the Adelphia Bankruptcy Proceedings (the "Creditors Committee") on behalf of Adelphia; however, the Bankruptcy Court has not yet given the Creditors Committee authority to bring this lawsuit. The adversary proceeding complaint names over 400 defendants and asserts over 50 claims under federal statute (including Bank Holding Company Act), state common law and various provisions of the Bankruptcy Code. The Creditors Committee seeks avoidance and recovery of payments, equitable subordination, disallowance and recharacterization of claims and recovery of damages in an unspecified amount. BANA, BAS and other investment bank defendants have filed motions to dismiss. The Official Committee of Equity Security Holders in the Adelphia Bankruptcy Proceedings has filed a motion seeking to intervene in the adversary proceeding and to file its own complaint. The proposed complaint is similar to the Creditor's Committee complaint, except that it also asserts claims under RICO and various state law theories.

The Corporation cannot determine at this time the eventual outcome, timing or impact of these matters.

Paul J. Miller v. Bank of America, N.A.

On August 13, 1998, BANA's predecessor was named as a defendant in this class action challenging its practice, consistent with the banking industry, of debiting accounts that receive, by direct deposit, governmental benefits to repay fees incurred in those accounts. The action alleges fraud, negligent misrepresentation, and violations of certain California laws. On October 16, 2001, a class was certified consisting of more than one million California residents who have, had or will have, at any time after August 13, 1994, a deposit account with BANA into which payments of public benefits are or have been directly deposited by the government. The case proceeded to trial on January 20, 2004.

On February 25, 2004, at the conclusion of the jury phase of the trial, the jury found in BANA's favor on three of the four claims presented to the jury. As to the fourth claim, alleging that BANA violated certain California laws, the jury imposed damages of approximately $75 million and awarded the class representative $275,000 in emotional distress damages. The jury also assessed a $1,000 penalty as to those members of the class suffering substantial economic or emotional harm as a result of the practice but did not

determine which or how many class members are entitled to the penalty. This and other legal issues remain outstanding in the trial court.

The Corporation believes that this case is without merit and plans to appeal any adverse judgment. The Corporation cannot determine at this time the eventual outcome, timing or impact of this matter.

D.E. Shaw Litigation

Following the merger of NationsBank Corporation and BankAmerica Corporation in September 1998, the Corporation and certain of its officers and directors were named as defendants in class actions brought on behalf of persons who purchased NationsBank or BankAmerica shares between August 4, 1998 and September 30, 1998; persons who purchased shares of the Corporation between October 1 and October 13, 1998, and persons who held NationsBank or BankAmerica shares as of the merger. The claims on behalf of the purchasers and the persons who held NationsBank shares as of the merger principally rested on the allegation that the Corporation or its predecessors failed to disclose material facts concerning a $1.4 billion financial relationship between BankAmerica Corporation and D.E. Shaw & Co. that resulted in a $372 million charge to the Corporation's earnings in the quarter ending September 30, 1998. The claims of the persons who held BankAmerica shares as of the merger principally rested on the allegation that the defendants misrepresented a "takeover" of BankAmerica Corporation as a "merger of equals."

On November 2, 2002, the United States District Court for the Eastern District of Missouri (the Federal Court), the Court to which all federal actions had been transferred, entered a final judgment dismissing the actions with prejudice. The Federal Court entered the judgment after approving a settlement providing for payment of $333 million to the classes of purchasers and holders of NationsBank shares and $157 million to the classes of purchasers of BankAmerica and Corporation shares and holders of BankAmerica shares (all amounts to bear interest at the 90-day Treasury Bill Rate from March 6, 2002 to the date of payment). The Eighth Circuit Court of Appeals affirmed the judgment on appeal by certain objecting plaintiffs and class members on December 2, 2003, and denied a petition for rehearing on January 9, 2004. It is expected that, in accordance with its terms, the settlement will become final in April 2004 unless further review is sought in the Supreme Court of the United States. There remain pending several actions in California that have been stayed since April 2000, when the Federal Court enjoined the plaintiffs in those actions from purporting to prosecute their claims on behalf of a class.

Regulatory

In the course of its business, the Corporation is subject to regulatory examinations, information gathering requests, inquiries and investigations. Two of the Corporation's subsidiaries, BAS and Banc of America Investment Services, Inc. ("BAI"), are registered broker/dealers under the federal securities laws and are subject to regulation by the SEC, the National Association of Securities Dealers, the New York Stock Exchange and state securities regulators. In connection with several, formal and informal, investigations by those agencies, BAS and BAI have received numerous requests, subpoenas and orders for documents, testimony and information in connection with various aspects of its regulated activities.

The SEC is currently conducting a formal investigation with respect to certain trading and research- related activities of BAS during the period 1999 through 2001. To date, the SEC staff has not indicated whether it intends to recommend any enforcement action in connection with these trading and research-related activities. On December 30, 2003, however, BAS was advised by the SEC staff that it does intend to recommend action against BAS with respect to alleged books and records violations related to the preservation and production of materials requested during the investigation of the trading and research-related activities. BAS is cooperating with the SEC staff with respect to the ongoing investigation and is also working with the staff to reach a resolution of the books and records matter.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of stockholders during the quarter ended December 31, 2003.

Item 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

Pursuant to the Instructions to Form 10-K and Item 401(b) of Regulation S-K, the name, age and position of each current executive officer of the Corporation are listed below along with such officer's business experience during the past five years. Officers are appointed annually by the Board of Directors at the meeting of directors immediately following the annual meeting of stockholders.

Amy Woods Brinkley, age 48, Chief Risk Officer. Ms. Brinkley was named to her present position in April 2002. From July 2001 to April 2002, she served as Chairman, Credit Policy and Deputy Corporate Risk Management Executive; from August 1999 to July 2001, she served as President, Consumer Products; and from 1993 to August 1999, she served as Marketing Group Executive. She first became an officer in 1979. She also serves as Chief Risk Officer and a director of Bank of America, N.A.

Edward J. Brown III, age 55, President, Global Corporate and Investment Banking. Mr. Brown was named to his present position in August 2000. From September 1998 to August 2000, he served as President, Global Capital Raising and Global Capital Markets; and from June 1997 to September 1998, he served as President, Global Finance. He first became an officer in 1974. He also serves as President, Global Corporate and Investment Banking and a director of Bank of America, N.A.

Richard M. DeMartini, age 51, President, Asset Management. Mr. DeMartini was named to his present position in February 2001. From January 1999 to February 2001, he served as Chairman, International Private Client Group, Morgan Stanley Dean Witter; and from March 1997 to January 1999, he served as President Individual Asset Management Group, Morgan Stanley Dean Witter. He first became an officer in February 2001. He also serves as President, Asset Management of Bank of America, N.A.

Barbara J. Desoer, age 51, President, Consumer Products. Ms. Desoer was named to her present position in July 2001. From September 1999 to July 2001, she served as Director of Marketing; from May 1999 to September 1999, she served as Banking Group President, California Retail Bank; and from December 1996 to May 1999, she served as Regional Executive, California Retail Bank. She first became an officer in 1977. She also serves as President, Consumer Products and a director of Bank of America, N.A.

James H. Hance, Jr., age 59, Vice Chairman and Chief Financial Officer. Mr. Hance was named Chief Financial Officer in August 1988, and was named Vice Chairman in October 1993. He first became an officer in 1987. He also serves as a director of the Corporation and as Vice Chairman, Chief Financial Officer and a director of Bank of America, N.A.

Kenneth D. Lewis, age 56, Chairman, President and Chief Executive Officer. Mr. Lewis was named Chairman and Chief Executive Officer in April 2001 and President in January 1999. From October 1998 to January 1999, he served as President, Consumer and Commercial Banking; from 1993 to October 1998, he served as President; and from October 1999 to April 2001, he served as Chief Operating Officer. He first became an officer in 1971. Mr. Lewis also serves as a director of the Corporation and as Chairman, President, Chief Executive Officer and a director of Bank of America, N.A.

R. Eugene Taylor, age 56, President, Consumer and Commercial Banking. Mr. Taylor was named to his present position in June 2000. From February 2000 to June 2000, he served as President, Central Region; from October 1998 to June 2000, he served as President, West Region; and from December 1997 to October 1998, he served as President, Florida. He first became an officer in 1970. He also serves as President, Consumer and Commercial Banking and a director of Bank of America, N.A.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCK HOLDER MATTERS

The principal market on which the Common Stock is traded is the New York Stock Exchange. The Common Stock is also listed on the London Stock Exchange and the Pacific Stock Exchange, and certain shares are listed on the Tokyo Stock Exchange. The following table sets forth the high and low closing sales prices of the Common Stock on the New York Stock Exchange for the periods indicated:

	Quarter	High	Low
2003	first	$72.48	$65.63
	second	79.89	68.00
	third	83.53	74.87
	fourth	82.50	72.85
2002	first	69.18	58.85
	second	76.90	67.45
	third	71.94	57.90
	fourth	71.42	54.15

As of February 27, 2004, there were 226,796 record holders of Common Stock. During 2002 and 2003, the Corporation paid dividends on the Common Stock on a quarterly basis. The following table sets forth dividends paid per share of Common Stock for the periods indicated:

	Quarter	Dividend
2003	first	$.64
	second	.64
	third	.80
	fourth	.80
2002	first	.60
	second	.60
	third	.60
	fourth	.64

For additional information regarding the Corporation's ability to pay dividends, see "Government Supervision and Regulation – Distributions". In addition, Note15 of the Notes in the 2003 Annual Report is incorporated herein by reference.

Information on the Corporation's equity compensation plans included under Note 17 of the Notes in the 2003 Annual Report is incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA

The information set forth in Table 1 of the MD&A and Table XIX of the Statistical Financial Information of the 2003 Annual Report is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information set forth in the 2003 Annual Report in the MD&A is incorporated by reference herein in its entirety, and the Report of Management in the 2003 Annual Report is also incorporated herein by reference.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth in the 2003 Annual Report under the caption "Market Risk Management" in the MD&A is incorporated herein by reference.

Item 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following information set forth in the 2003 Annual Report is incorporated herein by reference: the Consolidated Financial Statements and Notes to Consolidated Financial Statements of Bank of America Corporation and Subsidiaries,

together with the report thereon of PricewaterhouseCoopers LLP dated January 15, 2004 and the Selected Quarterly Financial Data in Table XIX of the Statistical Financial Information.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in or disagreements with accountants on accounting and financial disclosure.

Item 9A. 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 Corporation's fourth fiscal quarter that have materially affected or are reasonably likely to materially affect, the internal control over financial reporting.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information included under the following captions in the Corporation's proxy statement relating to its 2004 annual meeting of stockholders (the "2004 Proxy Statement") is incorporated herein by reference:

- "The Nominees";
- "Section 16(a) Beneficial Ownership Reporting Compliance";
- "Special Compensation Arrangements-Employment Agreements with Certain Executive Officers"; and
- "Corporate Governance."

Additional information required by Item 10 with respect to executive officers is set forth in Part I, Item 4A hereof.

Item 11. EXECUTIVE COMPENSATION

Information included under the following captions in the 2004 Proxy Statement is incorporated herein by reference:

- "Director Compensation";
- "Executive Compensation";
- "Special Compensation Arrangements";
- "Compensation Committee Interlocks and Insider Participation"; and
- "Certain Transactions."

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information included under the following caption in the 2004 Proxy Statement is incorporated herein by reference:

- "Stock Ownership."

Information included under Note 17 of the Notes in the 2003 Annual Report, including the table presenting equity compensation plan information, is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information included under the following captions in the 2004 Proxy Statement is incorporated herein by reference:

- "Compensation Committee Interlocks and Insider Participation"; and
- "Certain Transactions."

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information included under the following captions in the 2004 Proxy Statement is incorporated herein by reference:

- "Ratification of Independent Public Accountants."

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

a. The following documents are filed as part of this report:

(1) Financial Statements:

Report of Independent Accountants*

Consolidated Statement of Income for the years ended December 31, 2003, 2002 and 2001*

Consolidated Balance Sheet at December 31, 2003 and 2002*

Consolidated Statement of Changes in Shareholders' Equity for the years ended December 31, 2003, 2002 and 2001*

Consolidated Statement of Cash Flows for the years ended December 31, 2003, 2002 and 2001

Notes to Consolidated Financial Statements*

*Incorporated by reference from the 2003 Annual Report.

(2) Schedules:

None

(3) The exhibits filed as part of this report and exhibits incorporated herein by reference to other documents are listed in the Index to Exhibits to this Annual Report on Form 10-K (pages E-1 through E-5, including executive compensation plans and arrangements which are identified separately by asterisk).

b. The following reports on Form 8-K were filed by the registrant during the quarter ended December 31, 2003:

Current Report on Form 8-K dated and filed October 14, 2003, Items 12, 5, 7, and 9.

Current Report on Form 8-K dated September 3, 2003 and filed October 14, 2003, Items 5 and 7

Current Report on Form 8-K dated October 16, 2003 and filed October 21, 2003, Items 11 and 7

Current Report on Form 8-K dated and filed October 27, 2003, Items 5 and 7.

Current Report on Form 8-K dated October 27, 2003 and filed October 28, 2003, Items 5 and 7.

Current Report on Form 8-K dated and filed November 5, 2003, Item 5.

Current Report on Form 8-K dated November 13, 2003 and filed November 20, 2003, Items 5 and 7.

Current Report on Form 8-K dated and filed on December 2, 2003, Items 7 and 9.

Current Report on Form 8-K dated and filed on December 5, 2003, Item 5.

Current Report on Form 8-K dated December 4, 2003 and filed December 12, 2003, Items 5 and 7.

With the exception of the information expressly incorporated herein by reference, the 2003 Annual Report and the 2004 Proxy Statement are not to be deemed filed as part of this Annual Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 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.

Date: March 1, 2004

BANK OF AMERICA CORPORATION

By: */s/ KENNETH D. LEWIS

Kenneth D. Lewis
Chairman, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
*/s/ KENNETH D. LEWIS **Kenneth D. Lewis**	Chairman, President, Chief Executive Officer and Director (Principal Executive Officer)	March 1, 2004
*/s/ JAMES H. HANCE, JR. **James H. Hance, Jr.**	Vice Chairman, Chief Financial Officer and Director (Principal Financial Officer)	March 1, 2004
*/s/ MARC D. OKEN **Marc D. Oken**	Executive Vice President and Principal Financial Executive (Principal Accounting Officer)	March 1, 2004
*/s/ JOHN R. BELK **John R. Belk**	Director	March 1, 2004
*/s/ CHARLES W. COKER **Charles W. Coker**	Director	March 1, 2004
*/s/ FRANK DOWD, IV **Frank Dowd, IV**	Director	March 1, 2004
*/s/ KATHLEEN F. FELDSTEIN **Kathleen F. Feldstein**	Director	March 1, 2004
*/s/ PAUL FULTON **Paul Fulton**	Director	March 1, 2004
*/s/ DONALD E. GUINN **Donald E. Guinn**	Director	March 1, 2004
*/s/ WALTER E. MASSEY **Walter E. Massey**	Director	March 1, 2004
*/s/ C. STEVEN MCMILLAN **C. Steven McMillan**	Director	March 1, 2004
*/s/ PATRICIA E. MITCHELL **Patricia E. Mitchell**	Director	March 1, 2004

Signature	Title	Date
*/s/ EDWARD L. ROMERO **Edward L. Romero**	Director	March 1, 2004
*/s/ O. TEMPLE SLOAN, JR. **O. Temple Sloan, Jr.**	Director	March 1, 2004
*/s/ MEREDITH R. SPANGLER **Meredith R. Spangler**	Director	March 1, 2004
*/s/ RONALD TOWNSEND **Ronald Townsend**	Director	March 1, 2004
*/s/ JACKIE M. WARD **Jackie M. Ward**	Director	March 1, 2004
*/s/ VIRGIL R. WILLIAMS **Virgil R. Williams**	Director	March 1, 2004

*By: /s/ RACHEL R. CUMMINGS

Rachel R. Cummings
Attorney-in-Fact

INDEX TO EXHIBITS

Exhibit No.	Description
2	Agreement and Plan of Merger, dated as of October 27, 2003, by and between FleetBoston Financial Corporation and Bank of America Corporation, incorporated by reference to Exhibit 99.1 of registrant's Current Report on Form 8-K filed October 28, 2003.
3(a)	Amended and Restated Certificate of Incorporation of registrant, as in effect on the date hereof, incorporated by reference to Exhibit 99.1 of registrant's Current Report on Form 8-K filed May 7, 1999.
(b)	Amended and Restated Bylaws of registrant, as in effect on the date hereof, incorporated by reference to Exhibit 99.1 of registrant's Current Report on Form 8-K filed October 14, 2003.
4(a)	Specimen certificate of registrant's Common Stock, incorporated by reference to Exhibit 4.13 of registrant's Registration No. 333-83503.
(b)	Specimen certificate of registrant's ESOP Convertible Preferred Stock, Series C, incorporated by reference to Exhibit 4(c) of registrant's 1991 Annual Report on Form 10-K (the "1991 10-K").
(c)	Specimen certificate of registrant's 7% Cumulative Redeemable Preferred Stock, Series B, incorporated by reference to Exhibit 4(c) of registrant's 1998 Annual Report on Form 10-K (the "1998 10-K").
(d)	Indenture dated as of September 1, 1989 between registrant (successor to NationsBank Corporation, formerly known as NCNB Corporation) and The Bank of New York, pursuant to which registrant issued its 9 3/8% Subordinated Notes, due 2009; and its 10.20% Subordinated Notes, due 2015, incorporated by reference to Exhibit 4.1 of registrant's Registration No. 33-30717; and First Supplemental Indenture thereto dated as of August 28, 1998, incorporated by reference to Exhibit 4(f) of the 1998 10-K.
(e)	Indenture dated as of November 1, 1992 between registrant (successor to NationsBank Corporation) and The Bank of New York, pursuant to which registrant issued its 6 7/8% Subordinated Notes, due 2005, incorporated by reference to Exhibit 4.1 of registrant's Amendment to Application or Report on Form 8-K dated March 1, 1993; First Supplemental Indenture thereto dated as of July 1, 1993 pursuant to which registrant issued its Subordinated Medium-Term Notes, Series B; and its 7 3/4% Subordinated Notes, due 2004, incorporated by reference to Exhibit 4.4 of registrant's Current Report on Form 8-K dated July 6, 1993; and Second Supplemental Indenture thereto dated as of August 28, 1998, incorporated by reference to Exhibit 4(i) of the 1998 10-K.
(f)	Indenture dated as of January 1, 1995 between registrant (successor to NationsBank Corporation) and U.S. Bank Trust National Association (successor to BankAmerica National Trust Company), pursuant to which registrant issued its 6 3/8% Senior Notes, due 2005; its 6 1/8% Senior Notes, due 2004; its 5 7/8% Senior Notes, due 2009; its 6 5/8% Senior Notes, due 2004; its 7 7/8% Senior Notes, due 2005; its 7 1/8% Senior Notes, due 2006; its 4 3/4% Senior Notes, due 2006; its 5 1/4% Senior Notes, due 2007; its 6 1/4% Senior Notes, due 2012; its 4 7/8% Senior Notes due 2012; its 5 1/8% Senior Notes, due 2014; its 3.761% Senior Notes, due 2007; its 3 7/8% Senior Notes, due 2008; its 4 7/8% Senior Notes, due 2013; its 3 5/8% Senior Notes, due 2008; its 3 1/4% Senior Notes, due 2008; its 4 3/8% Senior Notes, due 2010; its 3 1/4% Senior Notes, due 2010; and its Senior Medium-Term Notes, Series E, F, G, H, I and J, incorporated by reference to Exhibit 4.1 of registrant's Registration No. 33-57533; First Supplemental Indenture thereto dated as of September 18, 1998, incorporated by reference to Exhibit 4.3 of registrant's Current Report on Form 8-K filed November 18, 1998; and Second Supplemental Indenture thereto dated as of May 7, 2001 between registrant, U.S. Bank Trust National Association, as Prior Trustee, and the Bank of New York, as Successor Trustee, incorporated by reference to Exhibit 4.4 of registrant's Current Report on Form 8-K dated June 5, 2001.

Exhibit No.	Description
(g)	Indenture dated as of January 1, 1995 between registrant (successor to NationsBank Corporation) and The Bank of New York, pursuant to which registrant issued its 7 5/8% Subordinated Notes, due 2005; its 7 3/4% Subordinated Notes, due 2015; its 7 1/4% Subordinated Notes, due 2025; its 6 1/2% Subordinated Notes, due 2006; its 7 1/2% Subordinated Notes, due 2006; its 7.80% Subordinated Notes, due 2016; its 6 3/8% Subordinated Notes, due 2008; its 6.80% Subordinated Notes, due 2028; its 6.60% Subordinated Notes, due 2010; its 7.80% Subordinated Notes due 2010; its 7.40% Subordinated Notes, due 2011; its 4 3/4% Subordinated Notes, due 2013; its 5 1/4% Subordinated Notes, due 2015; and its Subordinated Medium-Term Notes, Series F and H, incorporated by reference to Exhibit 4.8 of registrant's Registration No. 33-57533; and First Supplemental Indenture thereto dated as of August 28, 1998, incorporated by reference to Exhibit 4.8 of registrant's Current Report on Form 8-K filed November 18, 1998.
(h)	Amended and Restated Agency Agreement dated as of August 1, 2003 between registrant, Bank of America, N.A., JPMorgan Chase, London Branch, and J.P. Morgan Luxembourg S.A.
(i)	Issuing and Paying Agency Agreement dated as of August 1, 2000 between Bank of America, N.A., as Issuer, and Bankers Trust Company, as Issuing and Paying Agent, incorporated by reference to Exhibit 4(m) of registrant's 2000 Annual Report on Form 10-K (the ''2000 10-K").
(j)	Indenture dated as of November 27, 1996 between registrant (successor to NationsBank Corporation) and The Bank of New York, incorporated by reference to Exhibit 4.10 of registrant's Registration No. 333-15375.
(k)	Second Supplemental Indenture dated as of December 17, 1996 to the Indenture dated as of November 27, 1996 between registrant (successor to NationsBank Corporation) and The Bank of New York pursuant to which registrant issued its 7.83% Junior Subordinated Deferrable Interest Notes due 2026, incorporated by reference to Exhibit 4.3 of registrant's Current Report on Form 8-K dated December 10, 1996.
(l)	Third Supplemental Indenture dated as of February 3, 1997 to the Indenture dated as of November 27, 1996 between registrant (successor to NationsBank Corporation) and The Bank of New York pursuant to which registrant issued its Floating Rate Junior Subordinated Deferrable Interest Notes due 2027, incorporated by reference to Exhibit 4.3 of registrant's Current Report on Form 8-K dated January 22, 1997.
(m)	Fourth Supplemental Indenture dated as of April 22, 1997 to the Indenture dated as of November 27, 1996 between registrant (successor to NationsBank Corporation) and The Bank of New York pursuant to which registrant issued its 8 1/4% Junior Subordinated Deferrable Interest Notes, due 2027, incorporated by reference to Exhibit 4.3 of registrant's Current Report on Form 8-K dated April 15, 1997.
(n)	Fifth Supplemental Indenture dated as of August 28, 1998 to the Indenture dated as of November 27, 1996 between registrant and The Bank of New York, incorporated by reference to Exhibit 4(t) of the 1998 10-K.
(o)	Indenture dated as of November 27, 1996, between Barnett Banks, Inc. and Bank One (successor to The First National Bank of Chicago), as Trustee, and First Supplemental Indenture dated as of January 9, 1998, among NationsBank Corporation, NB Holdings Corporation, Barnett Banks, Inc. and The First National Bank of Chicago (predecessor to Bank One), as Trustee, pursuant to which registrant (as successor to NationsBank Corporation) issued its 8.06% Junior Subordinated Debentures, due 2026, incorporated by reference to Exhibit 4(u) of registrant's 1997 Annual Report on Form 10-K (the "1997 10-K").
(p)	Indenture dated as of November 1, 1991 between the former BankAmerica Corporation and J.P. Morgan Trust Company, National Association, as successor trustee to the former Manufacturers Hanover Trust Company of California, pursuant to which registrant (as successor to the former BankAmerica Corporation) issued its 7.20% Subordinated Notes due 2006; its 7 5/8% Subordinated Notes due 2004; its 6 3/4% Subordinated Notes due 2005; its 6.20% Subordinated Notes due 2006; its 7 1/8% Subordinated Notes due 2006; its 6 5/8% Subordinated Notes due 2007; its 6 5/8% Subordinated Notes due 2007; its 7 1/8% Subordinated Notes due 2009; its 7 1/8% Subordinated Notes due 2011; and its 6 1/4% Subordinated Notes due 2008; First Supplemental Indenture thereto dated as of September 8, 1992; and Second Supplemental Indenture thereto dated as of September 15, 1998, incorporated by reference to Exhibit 4(w) of the 1998 10-K.

Exhibit No.	Description
(q)	Junior Subordinated Indenture dated as of November 27, 1996 between the former BankAmerica Corporation and Bankers Trust Company, pursuant to which registrant (as successor to the former BankAmerica Corporation) issued its 8.07% Junior Subordinated Debentures Series A due 2026; and its 7.70% Junior Subordinated Debentures Series B due 2026; and First Supplemental Indenture thereto dated as of September 15, 1998, incorporated by reference to Exhibit 4(z) of the 1998 10-K.
(r)	Junior Subordinated Indenture dated as of December 20, 1996 between the former BankAmerica Corporation and Bankers Trust Company, pursuant to which registrant (as successor to the former BankAmerica Corporation) issued its 8.00% Junior Subordinated Deferrable Interest Debentures, Series 2 due 2026 and its Floating Rate Junior Subordinated Deferrable Interest Debentures, Series 3 due 2027; and First Supplemental Indenture thereto dated as of September 15, 1998, incorporated by reference to Exhibit 4(aa) of the 1998 10-K.
(s)	Restated Senior Indenture dated as of January 1, 2001 between registrant and The Bank of New York, pursuant to which registrant issued its Senior InterNotes[SM], incorporated by reference to Exhibit 4.1 of registrant's Registration No. 333-47222.
(t)	Restated Subordinated Indenture dated as of January 1, 2001 between registrant and The Bank of New York, pursuant to which registrant issued its Subordinated InterNotes[SM], incorporated by reference to Exhibit 4.2 of registrant's Registration No. 333-47222.
(u)	Amended and Restated Senior Indenture dated as of July 1, 2001 between registrant and The Bank of New York, pursuant to which registrant issued its Senior InterNotes[SM], incorporated by reference to Exhibit 4.1 of registrant's Registration No. 333-65750.
(v)	Amended and Restated Subordinated Indenture dated as of July 1, 2001 between registrant and The Bank of New York, pursuant to which registrant issued its Subordinated InterNotes[SM], incorporated by reference to Exhibit 4.2 of registrant's Registration No. 333-65750.
(w)	Restated Indenture dated as of November 1, 2001 between registrant and The Bank of New York, incorporated by reference to Exhibit 4.10 of registrant's Registration No. 333-70984.
(x)	First Supplemental Indenture dated as of December 14, 2001 to the Restated Indenture dated as of November 1, 2001 between registrant and The Bank of New York pursuant to which registrant issued its 7% Junior Subordinated Notes due 2031, incorporated by reference to Exhibit 4.3 of registrant's Current Report on Form 8-K dated December 6, 2001.
(y)	Second Supplemental Indenture dated as of January 31, 2002 to the Restated Indenture dated as of November 1, 2001 between registrant and The Bank of New York pursuant to which registrant issued its 7% Junior Subordinated Notes due 2032, incorporated by reference to Exhibit 4.3 of registrant's Current Report on Form 8-K dated January 24, 2002.
(z)	Third Supplemental Indenture dated as of August 9, 2002 to the Restated Indenture dated as of November 1, 2001 between registrant and The Bank of New York pursuant to which registrant issued its 7% Junior Subordinated Notes due 2032, incorporated by reference to Exhibit 4.3 of registrant's Current Report on Form 8-K dated August 2, 2002.
(aa)	Fourth Supplemental Indenture dated as of April 30, 2003 between registrant and The Bank of New York pursuant to which registrant issued its 5 7/8% Junior Subordinated Notes due 2033, incorporated by reference to Exhibit 4.3 of registrant's Current Report on Form 8-K dated April 23, 2003.

Exhibit No.	Description	
The registrant has other long-term debt agreements, but these are not material in amount. Copies of these agreements will be furnished to the Commission on request.		
10(a)	NationsBank Corporation and Designated Subsidiaries Supplemental Executive Retirement Plan, incorporated by reference to Exhibit 10(j) of the 1994 10-K; Amendment thereto dated as of June 28, 1989, incorporated by reference to Exhibit 10(g) of registrant's 1989 Annual Report on Form 10-K (the "1989 10-K"); Amendment thereto dated as of June 27, 1990, incorporated by reference to Exhibit 10(g) of registrant's 1990 Annual Report on Form 10-K (the "1990 10-K"); Amendment thereto dated as of July 21, 1991, incorporated by reference to Exhibit 10(bb) of the 1991 10-K; Amendments thereto dated as of December 3, 1992 and December 15, 1992, incorporated by reference to Exhibit 10(l) of registrant's 1992 Annual Report on Form 10-K (the "1992 10-K"); Amendment thereto dated as of September 28, 1994, incorporated by reference to Exhibit 10(j) of registrant's 1994 Annual Report on Form 10-K (the "1994 Form 10-K"); Amendments thereto dated March 27, 1996 and June 25, 1997, incorporated by reference to Exhibit 10(c) of the 1997 10-K; Amendments thereto dated April 10, 1998, June 24, 1998 and October 1, 1998, incorporated by reference to Exhibit 10(b) of the 1998 10-K; Amendment thereto dated December 14, 1999, incorporated by reference to Exhibit 10(b) of registrant's 1999 Annual Report on Form 10-K (the "1999 10-K"); and Amendment thereto dated as of March 28, 2001, incorporated by reference to Exhibit 10(b) of registrant's 2001 Annual Report on Form 10-K (the "2001 10-K"); and Amendment thereto dated December 10, 2002, incorporated by reference to Exhibit 10(b) of registrant's 2002 Annual Report on Form 10-K (the "2002 10-K").	*
(b)	NationsBank Corporation and Designated Subsidiaries Deferred Compensation Plan for Key Employees, incorporated by reference to Exhibit 10(k) of the 1994 10-K; Amendment thereto dated as of June 28, 1989, incorporated by reference to Exhibit 10(h) of the 1989 10-K; Amendment thereto dated as of June 27, 1990, incorporated by reference to Exhibit 10(h) of the 1990 10-K; Amendment thereto dated as of July 21, 1991, incorporated by reference to Exhibit 10(bb) of the 1991 10-K; Amendment thereto dated as of December 3, 1992, incorporated by reference to Exhibit 10(m) of the 1992 10-K; and Amendments thereto dated April 10, 1998 and October 1, 1998, incorporated by reference to Exhibit 10(b) of the 1998 10-K.	*
(c)	Bank of America Pension Restoration Plan, as amended and restated effective January 1, 2002, incorporated by reference to Exhibit 10(d) of the 2002 10-K.	*
(d)	NationsBank Corporation Benefit Security Trust dated as of June 27, 1990, incorporated by reference to Exhibit 10(t) of the 1990 10-K; First Supplement thereto dated as of November 30, 1992, incorporated by reference to Exhibit 10(v) of the 1992 10-K; and Trustee Removal/Appointment Agreement dated as of December 19, 1995, incorporated by reference to Exhibit 10(o) of registrant's 1995 Annual Report on Form 10-K.	*
(e)	Bank of America 401(k) Restoration Plan, as amended and restated effective January 1, 2002, incorporated by reference to Exhibit 10(f) of the 2002 10-K.	*
(f)	Bank of America Executive Incentive Compensation Plan, as amended and restated effective December 10, 2002, incorporated by reference to Exhibit 10(g) of the 2002 10-K.	*
(g)	Bank of America Director Deferral Plan, as amended and restated effective January 27, 1999, incorporated by reference to Exhibit 10(i) of the 1998 10-K; Amendment thereto dated April 24, 2002, incorporated by reference to Exhibit 10(h) of the 2002 10-K; and Bank of America Corporation Director Deferral Plan, as amended and restated, effective December 10, 2002, incorporated by reference to Exhibit 10(h) of the 2002 10-K.	*
(h)	Bank of America Corporation Directors' Stock Plan, as amended and restated effective January 1, 2002, incorporated by reference to Exhibit 10(j) of the 2001 10-K; Amendment thereto dated April 24, 2002, incorporated by reference to Exhibit 10(i) of the 2002 10-K; and Bank of America Corporation Directors' Stock Plan, as amended and restated effective December 10, 2002, incorporated by reference to Exhibit 10(i) of the 2002 10-K.	*
(i)	Bank of America Corporation 2003 Key Associate Stock Plan, effective January 1, 2003, incorporated by reference to Exhibit 10(j) of the 2002 10-K.	*

Exhibit No.	Description	
(j)	Split Dollar Life Insurance Agreement dated as of October 16, 1998 between registrant and NationsBank, N. A., as Trustee under that certain Irrevocable Trust Agreement No. 2 dated October 1, 1998, by and between James H. Hance, Jr., as Grantor, and NationsBank, N. A., as Trustee, incorporated by reference to Exhibit 10(dd) of the 1998 10-K; and Amendment thereto dated January 24, 2002, incorporated by reference to Exhibit 10(o) of the 2001 10-K.	*
(k)	Split Dollar Life Insurance Agreement dated as of September 28, 1998 between registrant and J. Steele Alphin, as Trustee under that certain Irrevocable Trust Agreement dated June 23, 1998, by and between Kenneth D. Lewis, as Grantor, and J. Steele Alphin, as Trustee, incorporated by reference to Exhibit 10(ee) of the 1998 10-K; and Amendment thereto dated January 24, 2002, incorporated by reference to Exhibit 10(p) of the 2001 10-K.	*
(l)	Employment Agreement dated as of April 10, 1998 between registrant and James H. Hance, Jr., incorporated by reference to Exhibit 10.4 of registrant's Registration No. 333-60553; and Amendment thereto dated January 24, 2001, incorporated by reference to Exhibit 10(q) of the 2000 10-K.	*
(m)	Employment Agreement dated as of April 10, 1998 between registrant and Kenneth D. Lewis, incorporated by reference to Exhibit 10.5 of registrant's Registration No. 333-60553; and Amendment thereto dated January 24, 2001, incorporated by reference to Exhibit 10(r) of the 2000 10-K.	*
(n)	Termination Agreement dated December 9, 2003 between registrant and Kenneth D. Lewis	
(o)	Global Corporate and Investment Banking Equity Incentive Plan, as established effective January 1, 2000, incorporated by reference to Exhibit 10(t) of the 2000 10-K.	*
(p)	Relocation Agreement dated October 5, 1998 between registrant and Edward J. Brown III, incorporated by reference to Exhibit 10(w) of the 2000 10-K.	*
(q)	Employment Agreement dated April 24, 2001 between registrant and Richard M. DeMartini, incorporated by reference to Exhibit 10(x) of the 2001 10-K.	*
(r)	Letter agreement dated February 18, 2004 between registrant and Richard M. DeMartini.	*
(s)	Bank of America Corporation 2002 Associates Stock Option Plan, effective February 1, 2002, incorporated be reference to Exhibit 10(s) of the 2002 10-K.	
(t)	Take Ownership!, The BankAmerica Global Associate Stock Option Program, effective October 1, 1998, incorporated by reference to Exhibit 10(t) of the 2002 10-K.	
(u)	Barnett Bank Employee Stock Option Plan, effective January 13, 1997, incorporated by reference to Exhibit 10(u) of the 2002 10-K.	
(v)	Amendment to various plans in connection with FleetBoston Financial Corporation merger.	
12	Ratio of Earnings to Fixed Charges.	
	Ratio of Earnings to Fixed Charges and Preferred Dividends.	
13	2003 Annual Report to Stockholders. This exhibit contains only those portions of the 2003 Annual Report that are incorporated by reference herein.	
21	List of Subsidiaries.	
23	Consent of PricewaterhouseCoopers LLP.	
24(a)	Power of Attorney.	
(b)	Corporate Resolution.	
31(a)	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
(b)	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
32(a)	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	
(b)	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	

* *Denotes executive compensation plan or arrangement.*

Exhibit 4(h)

AMENDED AND RESTATED
AGENCY AGREEMENT

relating to

BANK OF AMERICA CORPORATION
and
BANK OF AMERICA, N.A.

U.S. $25,000,000,000

Euro Medium-Term Note Program

among

BANK OF AMERICA CORPORATION
and
BANK OF AMERICA, N.A.
as Issuers

and

JPMORGAN CHASE BANK, LONDON BRANCH
as Issuing and Principal Paying Agent

and

J.P. MORGAN BANK LUXEMBOURG S.A.
as Paying Agent

DATED AS OF AUGUST 1, 2003

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THIS AMENDED AND RESTATED AGENCY AGREEMENT (this "Agreement") dated as of August 1, 2003 is made by and among:

(i) Bank of America Corporation, a Delaware corporation (the "Corporation"), and Bank of America, N.A., a national banking association (the "Bank"; the Bank and the Corporation are each an "Issuer" and collectively, the "Issuers");

(ii) JPMorgan Chase Bank, London Branch (the "Agent" and the "Issuing and Principal Paying Agent"); and

(iii) J.P. Morgan Bank Luxembourg S.A. (the "Paying Agent").

WHEREAS, the Corporation, the Bank, the Agent and the Paying Agent wish to update the arrangements originally agreed among them pursuant to that certain Agency Agreement dated November 8, 1995, as amended and restated to the date hereof, including the amendment and restatement dated July 27, 2001, and the amendment and restatement dated July 29, 2002 (the "Original Agency Agreement");

WHEREAS, the Issuers propose to issue up to U.S. $15,000,000,000 with respect to the Corporation and U.S. $10,000,000,000 with respect to the Bank (or its equivalent in other currencies) in aggregate principal amount of Euro Medium-Term Notes (the "Notes") outstanding at any one time as provided in an Amended and Restated Program Agreement of even date among the Issuers, the Arranger and the Dealers named therein (the "Program Agreement") and as described in an Offering Circular of even date (the "Offering Circular");

WHEREAS, Notes will be issued in the denominations specified in the applicable Pricing Supplement issued in connection with each Series and each Tranche of Notes; and

WHEREAS, unless otherwise determined by an Issuer and specified in the applicable Pricing Supplement, beneficial interests in each Tranche of Notes initially will be represented by a Temporary Global Note, exchangeable, as provided in such Temporary Global Note, for beneficial interests in a Permanent Global Note and, only under limited circumstances, beneficial interests in a Global Note may be exchangeable for Definitive Notes, in each case in accordance with the terms of the Global Notes.

NOW, THEREFORE, it is agreed as follows:

1. *Definitions and Interpretation*

(1) Terms and expressions defined in the Program Agreement or the Notes or used in the applicable Pricing Supplement shall have the same meanings in this Agreement, except where the context requires otherwise.

(2) Without prejudice to the foregoing in this Agreement:

"outstanding" means, in relation to the Notes, all the Notes issued other than (a) those which have been redeemed in accordance with the Terms and Conditions, (b) those in respect of which the redemption date in accordance with the Terms and Conditions has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest or other amounts payable under the Terms and Conditions after such date) have been duly paid to the Agent as provided in this Agreement and remain available for payment against presentation and surrender of Notes and/or Receipts and/or Coupons, as the case may be, (c) those which have become void under Condition 8, (d) those which have been purchased and canceled as provided in Condition 5 (or as provided in the Global Notes), (e) those mutilated or defaced Notes which have been surrendered in exchange for replacement Notes pursuant to Condition 10, (f) (for purposes only of determining how many Notes are outstanding and without prejudice to their status for any other purpose) those Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Notes have been issued pursuant to Condition 10, (g) any Temporary Global Note to the extent that it shall have been exchanged for a Permanent Global Note, in each case pursuant to their respective provisions; provided that for the purposes of (i) ascertaining the right to attend and vote at any meeting of the Noteholders and (ii) the determination of how many Notes are outstanding for the purposes of Schedule 7, those Notes which are beneficially held by, or are held on behalf of, an Issuer or any of its affiliates shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

"Paying Agents" means the Issuing and Principal Paying Agent and the Paying Agent referred to above and such other Paying Agent or Agents as may be appointed from time to time hereunder; and

(3) The term "Notes" as used in this Agreement shall include the Temporary Global Note and the Permanent Global Note, Definitive Notes and Coupons. The term "Notes" may also include "InterNotes," which are certain fixed rate senior Notes that the Corporation may issue from time to time pursuant to sale arrangements to be entered into with Banc of America Securities Limited and Incapital Europe Limited, as arrangers, and dealers to be identified as InterNotes Dealers in a Subscription Agreement in substantially the form of Schedule E attached to the Program Agreement. The term "Global Note" as used in this Agreement shall include both the Temporary Global Note and the Permanent Global Note, each of which is a "Global Note." The term "Noteholders" as used in this Agreement shall mean the several persons who are for the time being the holders of the Notes, which expression, while the Notes are represented by a Global Note, shall mean (other than with respect to the payment of principal and interest on the Notes, the right to which shall be vested as against the relevant Issuer solely in the bearer of such Global Note in accordance with and subject to its terms) the persons for the time being shown in the records of a common depositary on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") or Clearstream Banking, société anonyme ("Clearstream, Luxembourg") (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear, and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) as the Noteholders of particular principal amounts of Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of Notes standing to the credit of the account of any person shall be conclusive and binding for all purposes).

(4) For purposes of this Agreement, the Notes of each Series shall form a separate series of Notes and the provisions of this Agreement shall apply*mutatis mutandis* separately and independently to the Notes of each Series and in such provisions the expressions "Notes," "Noteholders," "Receipts," "Receiptholders," "Coupons," "Couponholders," "Talons" and "Talonholders" shall be construed accordingly.

(5) All references in this Agreement to principal and/or interest or both in respect of the Notes or to any moneys payable by an Issuer under this Agreement shall have the meaning set out in Condition 4.

(6) All references in this Agreement to the "relevant currency" shall be construed as references to the currency in which the relevant Notes and/or Coupons are denominated (or payable in the case of Dual Currency Notes).

(7) In this Agreement, Clause headings are inserted for convenience and ease of reference only and shall not affect the interpretation of this Agreement. All references in this Agreement to the provisions of any statute shall be deemed to be references to that statute as from time to time modified, extended, amended or re-enacted or to any statutory instrument, order or regulation made thereunder or under such re-enactment.

(8) All references in this Agreement to an agreement, instrument or other document (including, without limitation, this Agreement, the Program Agreement, the Notes and any Terms and Conditions appertaining thereto) shall be construed as a reference to that agreement, instrument or document as the same may be amended, modified, varied or supplemented from time to time.

(9) Any references herein to Euroclear or Clearstream, Luxembourg shall be deemed to include, whenever the context permits, a reference to any additional or alternative clearance system approved by the Issuers and the Agent.

2. *Appointments of Agent, Paying Agents and Calculation Agents*

(1) The Issuers hereby continue the appointment of JPMorgan Chase Bank, London Branch, as agent, and JPMorgan Chase Bank, London Branch, hereby acknowledges its continued acceptance of such appointment as agent of the Issuers, upon the terms and subject to the conditions set out below, for the purposes of:

(a) completing, authenticating and delivering Global Notes and (if required) authenticating and delivering Definitive Notes;

(b) exchanging Temporary Global Notes for Permanent Global Notes or Definitive Notes, as the case may be, in accordance with the terms of such Temporary Global Notes;

(c) under limited circumstances, exchanging Permanent Global Notes for Definitive Notes in accordance with the terms of such Permanent Global Notes;

(d) paying sums due on Global Notes and Definitive Notes, Receipts and Coupons;

(e) determining the end of the Restricted Period applicable to each Tranche;

(f) unless otherwise specified in the applicable Pricing Supplement, determining the interest or other amounts payable in respect of the Notes in accordance with the Terms and Conditions;

(g) arranging on behalf of the Issuers for notices to be communicated to the Noteholders;

(h) preparing and sending any required periodic reports to the Ministry of Finance of Japan (the "MoF"), or other appropriate authority and, subject to confirmation from the relevant Issuer for the need for such further reporting, ensuring that all necessary action is taken to comply with any reporting requirements of any competent authority of any relevant currency as may be in force from time to time with respect to the Notes to be issued under the Program;

(i) subject to the Procedures Memorandum, submitting to the appropriate stock exchange such number of copies of each Pricing Supplement which relates to Notes which are to be listed on that stock exchange as it may reasonably require;

(j) receiving notice from Euroclear or Clearstream, Luxembourg relating to the certificates of non-United States beneficial ownership of the Notes; and

(k) performing all other obligations and duties imposed upon it by the Terms and Conditions, this Agreement or as may be agreed between the relevant Issuer and the Agent in connection with a particular Series or Tranche of Notes.

(2) The relevant Issuer, in its discretion, may appoint (or remove) one or more agents outside the United States and its possessions (each, a "Paying Agent") for the payment (subject to applicable laws and regulations) of the principal of, any interest, other amounts payable and Additional Amounts, if any, (as defined in Section 7 of the Terms and Conditions) on the Notes. Each Issuer hereby appoints J.P. Morgan Bank Luxembourg S.A., at its office in Luxembourg at 5 Rue Plaetis, L-2338 Luxembourg-Grund, as its Paying Agent in Luxembourg. Upon its written acceptance of such appointment or execution of a copy of this Agreement, each Paying Agent shall have the powers and authority granted to and conferred upon it herein and in the Notes, and such further powers and authority, acceptable to it, to act on behalf of the relevant Issuer as such Issuer hereafter may grant to or confer upon it in writing. As used herein, "paying agencies" shall mean paying agencies maintained by a Paying Agent on behalf of an Issuer as provided elsewhere herein.

(3) The Issuers will appoint an agent to make certain calculations with respect to the Notes (the "Calculation Agent") pursuant to the Terms and Conditions.

(4) The obligations of the Paying Agents under this Agreement shall be several and not joint.

3. *Issue of Temporary Global Notes*

(1) Subject to sub-clause (2), following receipt of a notification from an Issuer in respect of an issue of Notes (such notification being by receipt of a confirmation (a "Confirmation"), substantially in the applicable form set out in the Procedures Memorandum) the Agent will take the steps required of the Agent in the Procedures Memorandum. For this purpose the Agent is hereby authorized on behalf of such Issuer:

(a) to prepare a Temporary Global Note in accordance with such Confirmation by attaching a copy of the applicable Pricing Supplement to a copy of the relevant master Temporary Global Note;

(b) to authenticate (or cause to be authenticated) such Temporary Global Note;

(c) to deliver such Temporary Global Note to the specified common depositary of Euroclear and/or Clearstream, Luxembourg in accordance with the Confirmation against receipt from the common depositary of confirmation that such common depositary is holding the Temporary Global Note in safe

custody for the account of Euroclear and/or Clearstream, Luxembourg and to instruct Euroclear or Clearstream, Luxembourg or both of them (as the case may be) unless otherwise agreed in writing between the Agent and the relevant Issuer (i) in the case of an issue of Notes on a non-syndicated basis, to credit the Notes represented by such Temporary Global Note to the Agent's distribution account, and (ii) in the case of Notes issued on a syndicated basis, to hold the Notes represented by such Temporary Global Note pursuant to the relevant Issuer's order; and

(d) to ensure that the Notes of each Tranche are assigned a common code ("Common Code") and International Security Identification Number ("ISIN") by Euroclear and Clearstream, Luxembourg which are different from the Common Code and ISIN assigned to Notes of any other Tranche of the same Series until 40 days after the completion of the distribution of the Notes of such Tranche as notified by the Agent to the relevant Dealer.

(2) The Agent shall only be required to perform its obligations under sub-clause (1) if it holds:

(a) master Temporary Global Notes, duly executed by a person or persons authorized to execute the same on behalf of the relevant Issuer, which may be used by the Agent for the purpose of preparing Temporary Global Notes in accordance with paragraph 3(1)(a); and

(b) master Permanent Global Notes, duly executed by a person or persons authorized to execute the same on behalf of the relevant Issuer, which may be used by the Agent for the purpose of preparing Permanent Global Notes in accordance with Clause 4 below.

(3) The Agent will provide Euroclear and/or Clearstream, Luxembourg with the notifications, instructions or other information to be given by the Agent to Euroclear and/or Clearstream, Luxembourg in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg.

4. *Determination of Exchange Date, Issue of Permanent Global Notes or Definitive Notes and Determination of Restricted Period*

(1) (a) The Agent shall determine the Exchange Date for each Temporary Global Note in accordance with the terms thereof. Forthwith upon determining the Exchange Date in respect of any Tranche, the Agent shall notify such determination to the relevant Issuer, the relevant Dealer, Euroclear and Clearstream, Luxembourg.

(b) The Agent shall deliver, upon notice from Euroclear or Clearstream, Luxembourg, a Permanent Global Note or Definitive Notes, as the case may be, in accordance with the terms of the Temporary Global Note in each case against certification of non-U.S. beneficial ownership as required by U.S. Treasury Regulations unless such Certification has already been given. Upon any such exchange of a portion of a Temporary Global Note for an interest in a Permanent Global Note the Agent is hereby authorized on behalf of the relevant Issuer:

(i) for the first Tranche of any Series of Notes, to prepare and complete a Permanent Global Note in accordance with the terms of the Temporary Global Note applicable to such Tranche by attaching a copy of the applicable Pricing Supplement to a copy of the relevant master Permanent Global Note;

(ii) for the first Tranche of any Series of Notes, to authenticate such Permanent Global Note;

(iii) for the first Tranche of any Series of Notes, to deliver such Permanent Global Note to the common depositary which is holding the Temporary Global Note applicable to such Tranche for the time being on behalf of Euroclear and/or Clearstream, Luxembourg either in exchange for such Temporary Global Note or, in the case of a partial exchange, on entering details of such partial exchange of the Temporary Global Note in the relevant spaces in Schedule 2 of both the Temporary Global Note and the Permanent Global Note, and in either case against receipt from the common depositary of confirmation that such common depositary is holding the Permanent Global Note in safe custody for the account of Euroclear and/or Clearstream, Luxembourg; and

(iv) in any other case, to attach a copy of the applicable Pricing Supplement to the Permanent Global Note applicable to the relevant Series and enter details of any exchange in whole or part as aforesaid.

(2) (a) For a Tranche in respect of which there is only one Dealer, the Agent will determine the end of the Restricted Period in respect of such Tranche as being the fortieth day following the date certified by the relevant Dealer to the Agent as being the date as of which distribution of the Notes of that Tranche was completed.

(b) For a Tranche in respect of which there is more than one Dealer but is not issued on a syndicated basis, the Agent will determine the end of the Restricted Period in respect of such Tranche as being the fortieth day following the latest of the dates certified by all the relevant Dealers to the Agent as being the respective dates as of which distribution of the Notes of that Tranche purchased by each such dealer was completed.

(c) For a Tranche issued on a syndicated basis, the Agent will determine the end of the Restricted Period in respect of such Tranche as being the fortieth day following the date certified by the Lead Manager to the Agent as being the date as of which distribution of the Notes of that Tranche was completed.

(d) Forthwith upon determining the end of the Restricted Period in respect of any Tranche, the Agent shall notify such determination to the relevant Issuer and the relevant Dealer or the Lead Manager in the case of a syndicated issue.

5. *Issue of Definitive Notes*

(1) Interests in a Global Note will be exchangeable for Definitive Notes with Coupons attached only if: (i) an Event of Default (as defined in the Terms and Conditions) occurs and is continuing, or (ii) the relevant Issuer is notified that either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) after the original issuance of the Notes or has announced an intention permanently to cease business or has in fact done so and no alternative clearance system approved by the Noteholders is available, or (iii) the relevant Issuer, after notice to the Agent, determines to issue Notes in Definitive form. Upon the occurrence of these events, the Agent shall deliver the relevant Definitive Note(s) in accordance with the terms of the relevant Global Note. For this purpose the Agent is hereby authorized on behalf of the relevant Issuer:

(a) to authenticate such Definitive Note(s) in accordance with the provisions of this Agreement; and

(b) to deliver such Definitive Note(s) to or to the order of Euroclear and/or Clearstream, Luxembourg in exchange for such Global Note.

The Agent shall notify the relevant Issuer forthwith upon receipt of a request for issue of Definitive Note(s) in accordance with the provisions of a Global Note and this Agreement (and the aggregate principal amount of such Temporary Global Note or Permanent Global Note, as the case may be, to be exchanged in connection therewith).

(2) The relevant Issuer undertakes to deliver to the Agent sufficient numbers of executed Definitive Notes with, if applicable, Receipts, Coupons and Talons attached to enable the Agent to comply with its obligations under this Clause 5.

6. *Terms of Issue*

(1) The Agent shall cause all Temporary Global Notes, Permanent Global Notes and Definitive Notes delivered to and held by it under this Agreement to be maintained in safe custody and shall ensure that such Notes are issued only in accordance with the provisions of this Agreement and the relevant Global Note and Terms and Conditions.

(2) Subject to the procedures set out in the Procedures Memorandum, for the purposes of Clause 3(1) the Agent is entitled to treat a telephone, telex or facsimile communication from a person purporting to be (and who the Agent believes in good faith to be) the authorized representative of the relevant Issuer named in the lists referred to in, or notified pursuant to, Clause 17(7) as sufficient instructions and authority of such Issuer for the Agent to act in accordance with Clause 3(l).

(3) If a person who has signed on behalf of the relevant Issuer any Note not yet issued but held by the Agent in accordance with Clause 3(1) ceases to be authorized as described in Clause 17(7), the Agent (unless such Issuer gives notice to the Agent that Notes signed by that person do not constitute valid and binding obligations of such Issuer or otherwise until replacements have been provided to the Agent) shall continue to have authority to issue any such Notes, and the relevant Issuer hereby warrants to the Agent that such Notes shall be, unless notified as aforesaid, valid and binding obligations of such Issuer. Promptly upon such person ceasing to be authorized, the relevant Issuer shall provide the Agent with replacement Notes and upon receipt of such replacement Notes the Agent shall cancel and destroy the Notes held by it which are signed by such person and shall provide to the relevant Issuer a confirmation of destruction in respect thereof specifying the Notes so canceled and destroyed.

(4) If the Agent pays an amount (the "Advance") to an Issuer on the basis that a payment (the "Payment") has been, or will be, received from a Dealer and if the Payment is not received by the Agent on the date the Agent pays such Issuer, the Agent shall notify such Issuer by tested telex or facsimile that the Payment has not been received and such Issuer shall repay to the Agent the Advance and shall pay interest on the Advance (or the unreimbursed portion thereof) from (and including) the date such Advance is made to (but excluding) the earlier of repayment of the Advance and receipt by the Agent of the Payment (at a rate quoted at that time by the Agent as its cost of funding the Advance).

(5) Except in the case of issues where the Agent does not act as receiving bank for the relevant Issuer in respect of the purchase price of the Notes being issued, if on the relevant Issue Date a Dealer does not pay the full purchase price due from it in respect of any Note (the "Defaulted Note") and, as a result, the Defaulted Note remains in the Agent's distribution account with Euroclear and/or Clearstream, Luxembourg) after such Issue Date, the Agent will continue to hold the Defaulted Note pursuant to the order of the relevant Issuer. The Agent shall notify the relevant Issuer forthwith of the failure of the Dealer to pay the full purchase price due from it in respect of any Defaulted Note and, subsequently, shall notify such Issuer forthwith upon receipt from the Dealer of the full purchase price in respect of such Defaulted Note.

7. *Payments*

(1) The Agent shall advise the relevant Issuer, no later than 10 Business Days (as defined below) immediately preceding the date on which any payment is to be made to the Agent pursuant to this sub-clause (1) of the payment amount, value date and payment instructions and the relevant Issuer will before 10:00 a.m. New York time on each date on which any payment in respect of any Notes issued by it becomes due, transfer to an account specified by the Agent such amount in the relevant currency as shall be sufficient for the purposes of such payment in funds settled through such payment system as the Agent and the relevant Issuer may agree.

(2) The relevant Issuer will ensure that no later than 4:00 p.m. (London time) on the second Business Day (as defined below) immediately preceding the date on which any payment is to be made to the Agent pursuant to sub-clause (1), the Agent shall receive from the paying bank of the relevant Issuer an irrevocable confirmation in the form of a SWIFT message or tested telex that such payment shall be made. For the purposes of this Clause 7, "Business Day" means a day which is both:

(a) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Charlotte, North Carolina and any additional business center(s) specified in the applicable Pricing Supplement ("Additional Business Center(s)"); and

(b) either (1) for any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center (the "Principal Financial Center") of the country of the relevant Specified Currency (if other than London) or (2) for any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ("TARGET System") or any successor thereto is operating. Unless otherwise provided in the applicable Pricing Supplement, the Principal Financial Center of any

country for the purpose of these Terms and Conditions shall be as provided in the ISDA Definitions, except that the Principal Financial Center of Australia shall be Melbourne and Sydney, the Principal Financial Center of Canada shall be Toronto and the Principal Financial Center of New Zealand shall be Wellington.

(3) The Agent shall ensure that payments of both principal and interest in respect of any Temporary Global Note will be made only to the extent that certification of non-U.S. beneficial ownership as required by U.S. securities laws and U.S. Treasury regulations (in the form set out in the Temporary Global Note) has been received from Euroclear and/or Clearstream, Luxembourg in accordance with the terms thereof.

(4) Subject to the receipt by the Agent of the payment confirmation as provided in sub-clause (2) above, the Agent or the relevant Paying Agent shall pay or cause to be paid all amounts due in respect of the Notes on behalf of the relevant Issuer in the manner provided in the Terms and Conditions. If any payment provided for in sub-clause (l) is made late but otherwise in accordance with the provisions of this Agreement, the Agent and each Paying Agent shall nevertheless make payments in respect of the Notes as aforesaid following receipt by it of such payment.

(5) If for any reason the Agent considers in its sole discretion that the amounts to be received by the Agent pursuant to sub-clause (1) will be, or the amounts actually received by it pursuant thereto are, insufficient to satisfy all claims in respect of all payments then falling due in respect of the Notes, neither the Agent nor any Paying Agent shall be obliged to pay any such claims until the Agent has received the full amount of all such payments. Should the Agent or any Paying Agent elect not to make payment of amounts falling due in respect of the Notes as aforesaid, it shall advise the relevant Issuer of any such decision as soon as practicable by telephone with confirmation by telefax.

(6) Without prejudice to sub-clauses (4) and (5), if the Agent pays any amounts to the holders of Notes, Receipts or Coupons or to any Paying Agent at a time when it has not received payment in full in respect of the relevant Notes in accordance with sub-clause (1) (the excess of the amounts so paid over the amounts so received being the "Shortfall"), the relevant Issuer will, in addition to paying amounts due under sub-clause (l), pay to the Agent on demand interest (at a rate which represents the Agent's cost of funding the Shortfall) on the Shortfall (or the unreimbursed portion thereof) until the receipt in full by the Agent of the Shortfall.

(7) The Agent shall on demand promptly reimburse each Paying Agent for payments in respect of Notes properly made by such Paying Agent in accordance with this Agreement and the Terms and Conditions unless the Agent has notified the Paying Agent, prior to the opening of business in the location of the office of the Paying Agent through which payment in respect of the Notes can be made prior to the day on which such Agent has to give payment instructions in respect of the due date of a payment in respect of the Notes, that the Agent does not expect to receive sufficient funds to make payment of all amounts falling due in respect of such Notes.

(8) If the Agent pays out on or after the due date therefor, or becomes liable to pay out, funds on the assumption that a corresponding payment by the relevant Issuer has been or will be made and such payment has in fact not been made by such Issuer, then such Issuer shall on demand reimburse the Agent for the relevant amount, and pay interest to the Agent on such amount from the date on which it is paid out to the date of reimbursement at a rate per annum equal to the cost to the Agent of funding the amount paid out, as certified by the Agent and expressed as a rate per annum. For the avoidance of doubt, the provisions of the Terms and Conditions as to subordination shall not apply to the relevant Issuer's obligations under this sub-clause (8).

(9) While any Notes are represented by a Global Note or Global Notes, all payments due in respect of such Notes shall be made to, or to the order of, the holder of the Global Note or Global Notes, subject to, and in accordance with, the provisions of the Global Note or Global Notes. The Paying Agent to which any Global Note was presented for the purpose of making such payment shall cause the appropriate Schedule to the relevant Global Note to be annotated so as to evidence the amounts and dates of such payments of principal and/or interest as applicable.

(10) If the amount of principal and/or interest then due for payment is not paid in full (otherwise than by reason of a deduction required by law to be made therefrom), the Paying Agent to which a Note is presented for the purpose of making such payment shall make a record of such shortfall on the Note and such record shall, in the absence of manifest error, be prima facie evidence that the payment in question has not to that extent been made.

8. *Determinations and Notifications in Respect of Notes and Interest Determination*

(a) *Determinations and Notifications*

(1) The Agent shall make all such determinations and calculations (howsoever described) as it is required to do under the Terms and Conditions, all subject to and in accordance with the Terms and Conditions, provided that certain calculations with respect to the Notes, and associated publication or notification, shall be made by the Calculation Agent in accordance with the Terms and Conditions.

(2) The Agent or the Calculation Agent, as the case may be, shall not be responsible to the relevant Issuer or to any third party (except in the event of gross negligence, default or bad faith of the Agent or the Calculation Agent) as a result of the Agent or the Calculation Agent having acted in good faith on any quotation given by any Reference Bank which subsequently may be found to be incorrect.

(3) The Agent or the Calculation Agent, as the case may be, promptly shall notify (and confirm in writing to) the relevant Issuer, the other Paying Agents and (in respect of a Series of Notes listed on a stock exchange) the relevant stock exchange of, *inter alia*, each Rate of Interest, Interest Amount and Interest Payment Date and all other amounts, rates and dates which it is obliged to determine or calculate under the Terms and Conditions as soon as practicable after the determination thereof (and in any event no later than the tenth Business Day as defined in Clause 7(2) immediately preceding the date on which payment is to be made to the Agent pursuant to Clause 7(l)) and of any subsequent amendment thereto pursuant to the Terms and Conditions.

(4) The Agent or the Calculation Agent, as the case may be, shall use its best efforts to cause each Rate of Interest, Interest Amount and Interest Payment Date and all other amounts, rates and dates which it is obliged to determine or calculate under the Terms and Conditions to be published as required in accordance with the Terms and Conditions as soon as possible after their determination or calculation.

(5) If the Agent or the Calculation Agent, as the case may be, does not at any material time for any reason determine and/or calculate and/or publish the Rate of Interest, Interest Amount and/or Interest Payment Date in respect of any Interest Period or any other amount, rate or date as provided in this Clause 8, it forthwith shall notify the relevant Issuer and the Paying Agents of such fact.

(6) Determinations with regard to Notes (including, without limitation, Indexed Notes and Dual Currency Notes) shall be made by the Calculation Agent specified in the applicable Pricing Supplement in the manner specified in the applicable Pricing Supplement. Unless otherwise agreed between the relevant Issuer and the relevant Dealer, such determinations shall be made on the basis of a Calculation Agency Agreement substantially in the form of Schedule 9 to this Agreement.

(7) For the purposes of monitoring the aggregate principal amount of Notes issued under the Program, the Agent shall determine the U.S. Dollar equivalent of the principal amount of each issue of Notes denominated in another currency, each issue of Dual Currency Notes, each Issue of Partly Paid Notes and each issue of Indexed Notes as follows:

(a) the U.S. Dollar equivalent of Notes denominated in a currency other than U.S. Dollars shall be determined as of the Agreement Date for such Notes on the basis of the spot rate for the sale of the U.S. Dollar against the purchase of the relevant currency quoted by a foreign exchange dealer selected by the relevant Issuer on the relevant day of calculation;

(b) the U.S. Dollar equivalent of Dual Currency Notes and Indexed Notes (other than Indexed Redemption Amount Notes) shall be calculated as specified above by reference to the original nominal amount of such Notes;

(c) the U.S. Dollar equivalent of Zero Coupon Notes, other Notes issued at a discount or premium and Indexed Redemption Amount Notes shall be calculated as specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue; and

(d) the U.S. Dollar equivalent of Partly Paid Notes shall be determined as specified above by reference to the original principal amount of such Notes regardless of the amount paid on the Notes.

(b) *Interest Determination, Screen Rate Determination including Fallback Provisions*

(1) Where screen rate determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, ("Screen Rate Determination") the Rate of Interest for each Interest Period will be, subject as provided below, either:

(a) the offered quotation (if there is only one quotation on the relevant screen page (the "Relevant Screen Page")), whatever its designation; or

(b) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum), for the rate (the "Reference Rate") by reference to the Rate of Interest which appears or appear, as the case may be, on the Relevant Screen Page on which the Reference Rate is for the time being displayed on the Reuter Monitor Money Rates Service or the appropriate display on Bridge Telerate, Inc. (or such service as is specified in the applicable Pricing Supplement) at 11:00 a.m. (London time in the case of Libor, or Brussels time in the case of Euribor) on the dates on which the Rate of Interest is to be determined (each, an "Interest Determination Date") plus or minus the Margin, if any (as indicated in the applicable Pricing Supplement), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, only one of such quotations) and the lowest (or, if there is more than one such lowest quotation, only one of such quotations) shall be disregarded by the Calculation Agent for purposes of determining the arithmetic mean of such offered quotations.

(2) If the Relevant Screen Page is not available or if, in the case of sub-clause (b)(1)(a) above, no such offered quotation appears or, in the case of sub-clause (b)(1)(b) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Calculation Agent shall at its sole discretion request the principal London office of each of the Reference Banks (defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for the relevant Interest Period to leading banks in the London interbank market at approximately 11:00 a.m. (London time in the case of LIBOR, or Brussels time in the case of Euribor) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin, if any, all as determined by the Calculation Agent.

(3) If on any Interest Determination Date only one or none of the Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded as provided above) of the rates, as communicated to (and at the request of) the Calculation Agent by any two or more of the Reference Banks, at which such banks were offered, at approximately 11:00 a.m. (London time in the case of LIBOR, or Brussels time in the case of Euribor) on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in the London interbank market in the case of LIBOR, or leading banks in the Euro-Zone interbank market in the case of Euribor, plus or minus (as appropriate) the Margin, if any. If fewer than two of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest shall be the offered quotation for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered quotations for deposits in the Specified Currency for the relevant Interest Period, at which, at approximately 11:00 a.m. (London time in the case of LIBOR, or Brussels time in the case of Euribor) on the relevant Interest Determination Date, any one or more banks

informs the Calculation Agent it is quoting to leading banks in the London interbank market in the case of LIBOR, or leading banks in the EuroZone interbank market in the case of Euribor, plus or minus (as appropriate) the Margin, if any, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

(4) If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or Euribor, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

In this Clause 3, the expression "Reference Banks" means, in the case of sub-clause (b)(1)(a) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and in the case of sub-clause (b)(1)(b) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

The expression "Euro-Zone" means, the region comprised of member states of the European Union that have adopted the euro as the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, as amended by the Treaty of Amsterdam.

9. *Notice of any Withholding or Deduction*

If the relevant Issuer, in respect of any payment, is compelled to withhold or deduct any amount for or on account of taxes, duties, assessments or governmental charges as specifically contemplated under the Terms and Conditions, the relevant Issuer shall give notice thereof to the Agent as soon as it becomes aware of the requirement to make such withholding or deduction and shall give to the Agent such information as it shall require to enable it to comply with such requirement.

10. *Duties of the Agent in Connection with Early Redemption*

(1) If the relevant Issuer decides to redeem any outstanding Notes (in whole or in part) for the time being outstanding prior to their Maturity Date or the Interest Payment Date falling in the Redemption Month (as the case may be) in accordance with the Terms and Conditions, such Issuer shall give notice of such decision to the Agent not less than seven London Business Days before the date on which such Issuer will give notice of such redemption to the Noteholders in accordance with the Terms and Conditions in order to enable the Agent to undertake its obligations herein and in the Terms and Conditions.

(2) If only some of the Notes of like tenor and of the same Series are to be redeemed on such date, the Agent shall make the required drawing in accordance with the Terms and Conditions but shall give the relevant Issuer reasonable notice of the time and place proposed for such drawing. Where partial redemptions are to be effected when there are Definitive Notes outstanding, the Issuing and Principal Paying Agent will select by lot the Notes to be redeemed from the outstanding Notes in compliance with all applicable laws and stock exchange requirements and deemed by the Agent to be appropriate and fair; and where partial redemptions are to be effected when there are no Definitive Notes outstanding, the rights of Noteholders will be governed by the standard provisions of Euroclear and Clearstream, Luxembourg. Notice of any partial redemption and, when there are Definitive Notes outstanding, of the serial numbers of the Notes so drawn, will be given by the Agent to the Noteholders in accordance with the terms of the Notes and this Agreement.

(3) On behalf of and at the expense of the relevant Issuer, the Agent shall publish the notice required in connection with any such redemption and shall at the same time also publish a separate list of the serial numbers of any Notes previously drawn and not presented for redemption. Such notice shall specify the date fixed for redemption, the redemption amount, the manner in which redemption will be effected and, in the case of a partial redemption, the serial numbers of the Notes to be redeemed. Such notice will be published in accordance with the Terms and Conditions. The Agent also will notify the other Paying Agents of any date fixed for redemption of any Notes.

(4) Immediately prior to the date on which any notice of redemption is to be given to the Noteholders, the relevant Issuer shall deliver to the Agent a certificate stating that such Issuer is entitled to effect such redemption and setting forth in reasonable detail a statement of facts showing that all conditions precedent to such redemption have occurred or been satisfied and shall comply with all notice requirements provided for in the Terms and Conditions.

(5) Each Paying Agent will keep a stock of notices (each, a "Put Notice") in the form set out in Schedule 8 and will make such notices available on demand to Noteholders, the Terms and Conditions of which provide for redemption at the option of Noteholders. Upon receipt of any Note deposited in the exercise of such option in accordance with the Terms and Conditions, the Paying Agent with which such Note is deposited shall hold such Note (together with any Coupons, if any, relating to it and deposited with it) on behalf of the depositing Noteholder (but shall not, save as provided below, release it) until the due date for redemption of the relevant Note consequent upon the exercise of such option, when, subject as provided below, it shall present such Note (and any such Coupons, if any) to itself for payment of the amount due thereon together with any interest due on such date in accordance with the Terms and Conditions and shall pay such moneys in accordance with the directions of the Noteholder contained in the Put Notice. If, prior to such due date for its redemption, such Note becomes immediately due and payable or if upon due presentation payment of such redemption moneys is improperly withheld or refused, the Paying Agent concerned shall post such Note (together with any such Coupons, if any) by uninsured post to, and at the risk of, the relevant Noteholder unless the Noteholder has otherwise requested and paid the costs of such insurance to the relevant Paying Agent at the time of depositing the Notes at such address as may have been given by the Noteholder in the Put Notice. At the end of each period for the exercise of such option, each Paying Agent shall promptly notify the Agent of the principal amount of the Notes in respect of which such option has been exercised with it together with their serial numbers and the Agent shall promptly notify such details to the relevant Issuer.

11. *Receipt and Publication of Notices; Receipt of Certificates*

(1) Upon the receipt by the Agent of a demand or notice from any Noteholder in accordance with the Terms and Conditions, the Agent shall forward a copy thereof to the relevant Issuer.

(2) On behalf of and at the request and expense of the relevant Issuer, the Agent shall cause to be published all notices required to be given by such Issuer to the Noteholders in accordance with the Terms and Conditions.

(3) The Agent shall have no responsibility to obtain the certificate of the relevant Issuer delivered by such Issuer to the Agent pursuant to Condition 9 if such a certificate is required to be issued, nor shall the Agent have any responsibility to notify the relevant Issuer that the Agent has not obtained such a certificate from such Issuer if such a certificate is required to be issued.

12. *Cancellation of Notes, Receipts, Coupons and Talons*

(1) All Notes which are redeemed, all Receipts or Coupons which are paid and all Talons which are exchanged shall be delivered outside the United States to the Agent, and shall be canceled by the Agent. In addition, all Notes which are purchased by or on behalf of the relevant Issuer or any of its subsidiaries and are surrendered to the Agent for cancellation, together (in the case of Notes in Definitive form) with all unmatured Receipts, Coupons or Talons (if any) attached thereto or surrendered therewith, shall be canceled by the Agent.

(2) The relevant Issuer shall have the right to request that the Agent provide, without limitation, the following information:

(a) the aggregate principal amount of Notes which have been redeemed and the aggregate amount paid in respect thereof;

(b) the number of Notes canceled together (in the case of Definitive Notes, if any) with details of all unmatured Receipts, Coupons or Talons (if any) attached thereto or delivered therewith;

(c) the aggregate amount paid in respect of interest on the Notes;

(d) the total number by maturity date of Receipts, Coupons and Talons so canceled; and

(e) in the case of Definitive Notes, if any, the serial numbers of such Notes, which shall be given to the relevant Issuer by the Agent as soon as reasonably practicable and in any event within three months after the date of such repayment or, as the case may be, payment or exchange.

(3) The Agent shall destroy all canceled Notes, Receipts, Coupons and Talons.

(4) The Agent shall keep a full and complete record of all Notes, Receipts, Coupons and Talons (other than serial numbers of Coupons, except those which have been replaced pursuant to Condition 10) and of all replacement Notes, Receipts, Coupons or Talons issued in substitution for mutilated, defaced, destroyed, lost or stolen Notes, Receipts, Coupons or Talons. The Agent shall at all reasonable times make such record available to the relevant Issuer and any persons authorized by it for inspection and for the taking of copies thereof or extracts therefrom.

(5) All records and certificates made or given pursuant to this Clause 12 and Clause 13 shall make a distinction between Notes, Receipts, Coupons and Talons of each Series.

13. *Issue of Replacement Notes, Receipts, Coupons and Talons*

(1) The Issuers will cause a sufficient quantity of additional forms of Notes, Receipts, Coupons and Talons to be available, upon request to the Agent in Luxembourg (in such capacity, the "Replacement Agent") at its specified office for the purpose of issuing replacement Notes, Receipts, Coupons and Talons as provided below.

(2) The Replacement Agent will, subject to, and in accordance with, the Terms and Conditions and the following provisions of this Clause 13, authenticate and cause to be delivered any replacement Notes, Receipts, Coupons and Talons which the relevant Issuer may determine to issue in place of Notes, Receipts, Coupons and Talons which have been lost, stolen, mutilated, defaced or destroyed.

(3) In the case of a mutilated or defaced Note, the Replacement Agent shall ensure that (unless otherwise covered by such indemnity as the relevant Issuer may reasonably require) any replacement Note will only have attached to it Receipts, Coupons and Talons corresponding to those (if any) attached to the mutilated or defaced Note which is presented for replacement.

(4) The Replacement Agent shall not issue any replacement Note, Receipt, Coupon or Talon unless and until the applicant therefor shall have:

(a) paid such reasonable costs and expenses as may be incurred in connection therewith, including any tax or other governmental charge that may be imposed in relation thereto;

(b) furnished it with such evidence and indemnity as the relevant Issuer may reasonably require; and

(c) in the case of any mutilated or defaced Note, Receipt, Coupon or Talon, surrendered it to the Replacement Agent.

(5) The Replacement Agent shall cancel any mutilated or defaced Notes, Receipts, Coupons and Talons in respect of which replacement Notes, Receipts, Coupons and Talons have been issued pursuant to this Clause 13 and shall furnish the relevant Issuer with a certificate stating the serial numbers of the Notes, Receipts, Coupons and Talons so canceled and, unless otherwise instructed by such Issuer in writing, shall destroy such canceled Notes, Receipts, Coupons and Talons and furnish such Issuer with a destruction certificate stating the serial number of the Notes (in the case of Definitive Notes) and the number by maturity date of Receipts, Coupons and Talons so destroyed.

(6) The Replacement Agent, on issuing any replacement Note, Receipt, Coupon or Talon, forthwith shall inform the relevant Issuer, the Agent and the other Paying Agents of the serial number of such replacement

Note, Receipt, Coupon or Talon issued and (if known) of the serial number of the Note, Receipt, Coupon or Talon in place of which such replacement Note, Receipt, Coupon or Talon has been issued. Whenever replacement Receipts, Coupons or Talons are issued pursuant to the provisions of this Clause 13, the Replacement Agent also shall notify the Agent and the other Paying Agents of the maturity dates of the lost, stolen, mutilated, defaced or destroyed Receipts, Coupons or Talons and of the replacement Receipts, Coupons or Talons issued.

(7) The Agent shall keep a full and complete record of all replacement Notes, Receipts, Coupons and Talons issued and shall make such record available at all reasonable times to the relevant Issuer and any persons authorized by it for inspection and for the taking of copies thereof or extracts therefrom.

(8) Whenever any Note, Receipt, Coupon or Talon for which a replacement Note, Receipt, Coupon or Talon has been issued and in respect of which the serial number is known is presented to the Agent or any of the Paying Agents for payment, the Agent or, as the case may be, the relevant Paying Agent shall immediately send notice thereof to the relevant Issuer and the other Paying Agents and shall not make payment in respect thereto, until instructed by such Issuer.

14. *Copies of Documents Available for Inspection*

The Agent and the Paying Agents shall hold available for inspection copies of:

(1) the organizational documents of the Issuers;

(2) the latest available audited consolidated financial statements of the Corporation and its consolidated subsidiaries, beginning with such financial statements for the fiscal years ended December 31, 2002 and the publicly available portions of the Call Reports with respect to the Bank beginning with the period ending December 31, 2002;

(3) the Program Agreement and this Agreement;

(4) the Offering Circular; and

(5) any future offering circulars, information memoranda and supplements (except that a Pricing Supplement relating to any unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Paying Agent as to ownership) to the Offering Circular and any other documents incorporated therein by reference and in the case of a syndicated issue of listed Notes, the syndication agreement (or equivalent document).

For this purpose, the Issuers shall furnish the Agent and the Paying Agents with sufficient copies of each of such documents.

15. *Meetings of Noteholders*

(1) The provisions of Schedule 7 hereto shall apply to meetings of the Noteholders and shall have effect in the same manner as if set out in this Agreement.

(2) Without prejudice to sub-clause (l), each of the Agent and the Paying Agents on the request of any Noteholder shall issue voting certificates and block voting instructions in accordance with Schedule 7 and shall forthwith give notice to the relevant Issuer in writing of any revocation or amendment of a block voting instruction. Each of the Agent and the Paying Agents will keep a full and complete record of all voting certificates and block voting instructions issued by it and, not less than 24 hours before the time appointed for holding a meeting or adjourned meeting, will deposit at such place as the Agent shall designate or approve, full particulars of all voting certificates and block voting instructions issued by it in respect of such meeting or adjourned meeting.

16. *Repayment by the Agent*

Upon the relevant Issuer being discharged from its obligation to make payments in respect of any Notes pursuant to the relevant Terms and Conditions, and provided that there is no outstanding, bona fide and proper claim in respect of any such payments, the Agent shall forthwith on written demand pay to the relevant Issuer sums equivalent to any amounts paid to it by such Issuer for the purposes of such payments.

17. *Conditions of Appointment*

(1) The Agent shall be entitled to deal with money paid to it by an Issuer for the purpose of this Agreement in the same manner as other money paid to a banker by its customers except:

(a) that it shall not exercise any right of set-off, lien or similar claim in respect thereof; and

(b) as provided in sub-clause (2) below; and

(c) that it shall not be liable to account to the relevant Issuer for any interest thereon.

(2) In acting hereunder and in connection with the Notes, the Agent and the Paying Agents shall act solely as agents of the Issuers and will not thereby assume any obligations towards or relationship of agency or trust for or with any of the owners or holders of the Notes, Receipts, Coupons or Talons.

(3) The Agent and the Paying Agents hereby undertake to the Issuers to perform such obligations and duties, and shall be obliged to perform such duties and only such duties as are herein, in the Terms and Conditions and in the Procedures Memorandum specifically set forth and no implied duties or obligations shall be read into this Agreement or the Notes against the Agent and the Paying Agents, other than the duty to act honestly and in good faith.

(4) The Agent may consult with legal and other professional advisers and the opinion of such advisers shall be full and complete protection in respect of any action taken, omitted or suffered hereunder in good faith and in accordance with the opinion of such advisers.

(5) Each of the Agent and the Paying Agents shall be protected and shall incur no liability for or in respect of any action taken, omitted or suffered in reliance upon any instruction, request or order from the relevant Issuer or any notice, resolution, direction, consent, certificate, affidavit, statement, cable, telex or other paper or document which it reasonably believes to be genuine and to have been delivered, signed or sent by the proper party or parties or upon written instructions from the relevant Issuer.

(6) Any of the Agent and the Paying Agents and their officers, directors and employees may become the owner of, or acquire any interest in any Notes, Receipts, Coupons or Talons with the same rights that it or he would have if the Agent or the relevant Paying Agent, as the case may be, were not appointed hereunder, and may engage or be interested in any financial or other transactions with the relevant Issuer and may act on, or as depositary, trustee or agent for, any committee or body of Noteholders or Couponholders or in connection with any other obligations of the relevant Issuer as freely as if the Agent or the relevant Paying Agent, as the case may be, were not appointed hereunder.

(7) The relevant Issuer shall provide the Agent with a certified copy of the list of persons authorized to execute documents and take action on its behalf in connection with this Agreement and shall notify the Agent immediately in writing if any of such persons ceases to be so authorized or if any additional person becomes so authorized together, in the case of an additional authorized person, with evidence satisfactory to the Agent that such person has been so authorized, provided, however, that the Agent shall not incur any liability for any losses, claims or damages resulting from the relevant Issuer’s failure to provide such notification to the Agent.

18. *Communication Between the Parties*

A copy of all communications relating to the subject matter of this Agreement between any Issuer and the Noteholders, Receiptholders or Couponholders and any of the Paying Agents shall be sent to the Agent by the relevant Paying Agent.

19. *Changes in Agent and Paying Agents*

(1) The Issuers agree that, for so long as any Note is outstanding, or until moneys for the payment of all amounts in respect of all outstanding Notes have been made available to the Agent or have been returned to the relevant Issuer as provided herein:

(a) so long as any Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;

(b) there will at all times be a Paying Agent with a specified office in a city in continental Europe; and

(c) there will at all times be an Agent.

In addition, the Issuers shall appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 4(b). Any variation, termination, appointment or change only shall take effect (other than in the case of insolvency (as provided in sub-clause (5)), when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with the Terms and Conditions.

(2) The Agent may (subject as provided in sub-clause (4)) at any time resign as Agent by giving at least 90 days' written notice to the Issuers of such intention on its part, specifying the date on which its desired resignation shall become effective, provided that such date shall never be less than three months after the receipt of such notice by the Issuers unless the Issuers agree to accept less notice.

(3) The Agent may (subject as provided in sub-clause (4)) be removed at any time on at least 45 days' notice by the filing with it of an instrument in writing signed on behalf of each Issuer specifying such removal and the date when it shall become effective.

(4) Any resignation under sub-clause (2) or removal under sub-clause (3) shall only take effect upon the appointment by the Issuers as hereinafter provided, of a successor Agent and (other than in cases of insolvency of the Agent) on the expiration of the notice to be given under Clause 21. The Issuers agree with the Agent that if, by the day falling ten days before the expiration of any notice under sub-clause (2), the Issuers have not appointed a successor Agent, then the Agent shall be entitled, on behalf of the Issuers, to appoint as a successor Agent in its place a reputable financial institution of good standing as it may reasonably determine to be capable of performing the duties of the Agent hereunder.

(5) In case at any time the Agent resigns, or is removed, or becomes incapable of acting or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or a substantial part of its property, or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, or if any order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law or if a receiver of it or of all or a substantial part of its property is appointed or any officer takes charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, a successor Agent, which shall be a reputable financial institution of good standing, may be appointed by the Issuers by an instrument in writing filed with the successor Agent. Upon the appointment as aforesaid of a successor Agent and acceptance by the latter of such appointment and (other than in case of insolvency of the Agent) upon expiration of the notice to be given under Clause 21 the Agent so superseded shall cease to be the Agent hereunder.

(6) Subject to sub-clause (l):

(a) the Issuers may, after prior consultation (other than in the case of insolvency of any Paying Agent) with the Agent, terminate the appointment of any of the Paying Agents at any time; or

(b) the Issuers may in respect of the Program, or the relevant Issuer may in respect of any Series of Notes, if so required by the relevant Stock Exchange or regulatory body, appoint one or more additional Paying Agents by giving to the Agent, and to the relevant Paying Agent, at least 45 days' notice in writing to that effect.

(7) Subject to sub-clause (l), all or any of the Paying Agents may resign their respective appointments hereunder at any time by giving the Issuers and the Agent at least 45 days' written notice to that effect.

(8) Upon its resignation or removal becoming effective the Agent or the relevant Paying Agent:

(a) shall, in the case of the Agent, forthwith transfer all moneys held by it hereunder and the records referred to in Clause 12(4) to the successor Agent hereunder; and

(b) shall be entitled to the payment by the Issuers of its commissions, fees and expenses for the services theretofore rendered hereunder in accordance with the terms of Clause 25.

(9) Upon its appointment becoming effective, a successor Agent and any new Paying Agent, without further act, deed or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of its predecessor or, as the case may be, a Paying Agent with like effect as if originally named as Agent or (as the case may be) a Paying Agent hereunder.

20. *Merger and Consolidation*

Any entity into which the Agent or any Paying Agent may be merged or converted, or any entity with which the Agent or any of the Paying Agents may be consolidated or any entity resulting from any merger, conversion or consolidation to which the Agent or any of the Paying Agents shall be a party, or any entity to which the Agent or any of the Paying Agents shall sell or otherwise transfer all or substantially all the assets of the Agent or any Paying Agent shall, on the date when such merger, conversion, consolidation or transfer becomes effective and to the extent permitted by any applicable laws, become the successor Agent or, as the case may be, Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of the parties hereto, unless otherwise required by the Issuers, and after the said effective date all references in this Agreement to the Agent or, as the case may be, such Paying Agent shall be deemed to be references to such entity. Written notice of any such merger, conversion, consolidation or transfer forthwith shall be given to the Issuers by the relevant Agent or Paying Agent.

21. *Notification of Changes to Paying Agents*

Following receipt of notice of resignation from the Agent or any Paying Agent and forthwith upon appointing a successor Agent or, as the case may be, other Paying Agents or on giving notice to terminate the appointment of any Agent or, as the case may be, Paying Agent, the Agent (on behalf of and at the expense of the Issuers) shall give or cause to be given not more than 60 days' nor less than 30 days' notice thereof to the Noteholders in accordance with the Terms and Conditions.

22. *Change of Specified Office*

If the Agent or any Paying Agent determines to change its specified office it shall give to the Issuers and (if applicable) the Agent written notice of such determination giving the address of the new specified office which shall be in the same city and stating the date on which such change is to take effect, which shall not be less than 45 days thereafter. The Agent (on behalf and at the expense of the Issuers) shall within 15 days of receipt of such notice (unless the appointment of the Agent or the relevant Paying Agent, as the case may be, is to terminate pursuant to Clause 19 on or prior to the date of such change) give or cause to be given not more than 45 days' nor less than 30 days' notice thereof to the Noteholders in accordance with the Terms and Conditions.

23. *Notices*

All notices hereunder shall be deemed to have been given when deposited in the mail as first class mail, registered or certified, return receipt requested, postage prepaid, addressed to any party hereto as follows:

	Address
The Corporation:	Bank of America Corporation Bank of America Corporate Center 100 North Tryon Street NC1-007-23-01 Charlotte, North Carolina 28255-0065 U.S.A. Attn: Corporate Treasury Telecopy: (704) 386-0270 with a copy to: Bank of America Corporation Bank of America Corporate Center 100 North Tryon Street Legal Department NC1-007-56-11 Charlotte, North Carolina 28255 U.S.A. Attn: General Counsel Telecopy: (704) 370-3515
The Bank:	Bank of America, N.A. Bank of America Corporate Center 100 North Tryon Street NC1-007-23-01 Charlotte, North Carolina 28255 U.S.A. Attn: Corporate Treasury Telecopy: (704) 386-0270 with a copy to: Bank of America Corporation Bank of America Corporate Center 100 North Tryon Street Legal Department NC1-007-56-11 Charlotte, North Carolina 28255 U.S.A. Attn: General Counsel Telecopy: (704) 370-3515
The Agent:	JPMorgan Chase Bank Trinity Tower 9 Thomas More Street London E1W 1YT United Kingdom Attn: Manager, Institutional Trust Services Telecopy: 44-1202-34-7601

The Paying Agent:

J.P. Morgan Bank Luxembourg S.A.
5 Rue Plaetis
L-2338 Luxembourg - Grund
Attn: Manager, Institutional Trust Services
Telecopy: 352-462685-380

with a copy to:

Bank of America Corporation
Bank of America Corporate Center
100 North Tryon Street
Legal Department
NC1-007-56-11
Charlotte, North Carolina 28255
U.S.A.
Attn: General Counsel
Telecopy: (704) 370-3515

or at any other address of which any of the foregoing shall have notified the others in writing.

(1) if delivered in person to the relevant address specified in the signature pages hereof and if so delivered, shall be deemed to have been delivered at the time of receipt; or

(2) if sent by facsimile or telex to the relevant number specified on the signature pages hereof and, if so sent, shall be deemed to have been delivered immediately after transmission provided such transmission is confirmed by the answerback of the recipient (in the case of telex) or when an acknowledgment of receipt is received (in the case of facsimile).

Where a communication is received after business hours it shall be deemed to be received and become effective on the next business day. Every communication shall be irrevocable save in respect of any manifest error therein.

24. *Taxes and Stamp Duties*

The Issuers agree to pay any and all stamp and other documentary taxes or duties which may be payable in connection with the execution, delivery, performance and enforcement of this Agreement.

25. *Commissions, Fees and Expenses*

(1) The Issuers undertake to pay in respect of the services of the Agent and the Paying Agents under this Agreement such fees and expenses as may be agreed between them from time to time, the initial such fees being set out in a letter of even date herewith from the Agent to, and countersigned by, the Issuers.

(2) The Issuers will promptly pay on demand all reasonable out-of-pocket expenses (including legal, advertising, facsimile, telex and postage expenses) properly incurred by the Agent and the Paying Agents in connection with their services hereunder, including, without limitation, the expenses contemplated in Clause 24.

26. *Indemnity*

(1) The relevant Issuer (or Issuers, as the case may be) undertakes to indemnify and hold harmless each of the Agent and the Paying Agents against all losses, liabilities, costs (including, without limitation, legal fees and expenses), expenses, claims, actions or demands which the Agent or any Paying Agent, as the case may be, may reasonably incur or which may be made against the Agent or any Paying Agent, as a result of or in connection with the appointment or the exercise of or performance of the powers, discretions, authorities and duties of the Agent or any Paying Agent under this Agreement except such as may result from its own gross negligence, bad faith or failure to comply with its obligations hereunder or that of its officers, employees or agents.

(2) Each of the Agent and the Paying Agents shall severally indemnify and hold harmless the relevant Issuer (or Issuers, as the case may be) against any loss, liability, costs (including, without limitation, legal fees and expenses), expense, claim, action or demand which it may reasonably incur or which may be made against it as a result of such Agent's or Paying Agent's own negligence, bad faith or material failure to comply with its obligations under this Agreement or that of its officers, employees or agents.

(3) If, under any applicable law and whether pursuant to a judgment being made or registered or in the liquidation, insolvency or analogous process of any party hereto or for any other reason, any payment under or in connection with this Agreement is made or fails to be satisfied in a currency (the "Other Currency") other than that in which the relevant payment is expressed to be due (the "Required Currency") under this Agreement, then, to the extent that the payment (when converted into the Required Currency at the rate of exchange on the date of payment or, if it is not practicable for the payee to purchase the Required Currency with the Other Currency on the date of payment, at the rate of exchange as soon thereafter as it is practicable for it to do so or, in the case of a liquidation, insolvency or analogous process, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such liquidation, insolvency or analogous process) actually received by the payee falls short of the amount due under the terms of this Agreement, the payor shall, as a separate and independent obligation, indemnify and hold harmless the payee against the amount of such shortfall. For the purpose of this Clause 26, "rate of exchange" means the rate at which the payee is able on the relevant date to purchase the Required Currency with the Other Currency and shall take into account any premium and other costs of exchange.

27. *Reporting*

(1) The Agent shall upon receipt of a written request therefor from an Issuer and after the payment of any further remuneration agreed between such Issuers and the Agent (on behalf of such Issuers and on the basis of the information and documentation the Agent had in its possession) use all reasonable efforts to submit such reports or information as may be required from time to time by any applicable law, regulation or guideline promulgated by (i) any relevant United States governmental regulatory authority in respect of the issue and purchase of Notes or (ii) any other relevant governmental regulatory authority in respect of the issue and purchase of Notes denominated in the applicable currency of such governmental regulatory authority.

(2) The Agent will notify the MoF of such details relating to Yen Notes and provide such other information about the Program to the MoF as may be required.

28. *Governing Law*

(1) This Agreement, the Notes, and any Receipts, Coupons or Talons appertaining thereto shall be governed by and construed in accordance with the laws of the State of New York, United States of America, without regard to principles of conflicts of laws.

(2) The Issuers and the Agent each hereby irrevocably submit to the non-exclusive jurisdiction of any United States federal court sitting in New York City, the Borough of Manhattan over any suit, action or proceeding arising out of or related to this Agreement, any Note, Receipt, Coupon or Talon, as the case may be (together, the "Proceedings"). The Issuers and the Agent each irrevocably waive, to the fullest extent permitted by law, any objection which it may have to the laying of the venue of the Proceedings brought in such a court and any claim that the Proceedings have been brought in an inconvenient forum. The Issuers and the Agent each agree that final judgment in the Proceedings brought in such a court shall be conclusive and binding upon the Issuers or the Agent, as the case may be, and may be enforced in any court of the jurisdiction to which the relevant Issuer (or Issuers, as the case may be) or the Agent is subject by a suit upon such judgment, *provided* that the service of process is effected upon such Issuers and the Agent in the manner specified in subsection (3) below or as otherwise permitted by law.

(3) As long as any of the Notes, Receipts, Coupons or Talons remains outstanding, the relevant Issuer shall at all times either maintain an office or have an authorized agent in New York City upon whom process may be served in the Proceedings. Service of process upon either Issuer at its offices or upon such

agent with written notice of such service mailed or delivered to the relevant Issuer shall, to the fullest extent permitted by law, be deemed in every respect effective service of process upon such Issuer in the Proceedings. Each Issuer hereby appoints CT Corporation System located at 111 Eighth Avenue, New York, New York 10011, U.S.A., as its agent for such purposes, and covenants and agrees that service of process in the Proceedings may be made upon it at its office or at the specified offices of such agent (or such other addresses or at the offices of any other authorized agents which the relevant Issuer may designate by written notice to the Agent) and prior to any termination of such agencies for any reason, it will so appoint a successor thereto as agent hereunder.

29. *Amendments*

Without the consent of the Noteholders, Receiptholders or Couponholders, the Agent and the Issuers may agree to modifications of or amendments to this Agreement, the Notes, the Receipts or the Coupons for any of the following purposes:

(A) to evidence the succession of another entity to an Issuer and the assumption by any such successor of the covenants of such Issuer in this Agreement, the Notes, Receipts or Coupons;

(B) to add to the covenants of an Issuer for the benefit of the Noteholders, the Receiptholders or the Couponholders, or to surrender any right or power herein conferred upon such Issuer;

(C) to relax or eliminate the restrictions on payment of principal and interest in respect of the Notes, Receipts or Coupons in the United States, provided that such payment is permitted by United States tax laws and regulations then in effect and provided that no adverse tax consequences would result to the Noteholders, the Receiptholders or the Couponholders;

(D) to cure any ambiguity, to correct or supplement any defective provision herein or any provision which may be inconsistent with any other provision herein;

(E) to make any other provisions with respect to matters or questions arising under the Notes, the Receipts, the Coupons or this Agreement, provided such action pursuant to this sub-clause (E) shall not adversely affect the interests of the Noteholders, the Receiptholders or the Couponholders;

(F) to authorize or facilitate the issuance of Notes in registered form;

(G) to facilitate the issuance of Notes in accordance with the laws of a particular country; and

(H) to permit further issuances of Notes in accordance with the terms of the Program Agreement.

Any such modification or amendment shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification or amendment shall be notified to the Noteholders, the Receiptholders or the Couponholders in accordance with Condition 13 as soon as practicable thereafter.

30. *Descriptive Headings*

The descriptive headings in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

31. *Counterparts*

This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument. Any party may enter into this Agreement by signing such a counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective corporate names by their respective officers thereunder duly authorized as of the date and year first above written.

BANK OF AMERICA CORPORATION
as Issuer

By /s/ JAMES T. HOUGHTON

Name: James T. Houghton
Title: Senior Vice President

BANK OF AMERICA, N.A.
as Issuer

By: /s/ KAREN A. GOSNELL

Name: Karen A. Gosnell
Title: Senior Vice President

JPMORGAN CHASE BANK, LONDON BRANCH
as Agent and Principal Paying Agent

By /s/ CARL BALDRY

Name: Carl Baldry
Title:

J.P. MORGAN BANK LUXEMBOURG S.A.
as Paying Agent

By /s/ CARL BALDRY

Name: Carl Baldry
Title:

FORM OF TEMPORARY GLOBAL NOTE

[THIS OBLIGATION IS NOT A DEPOSIT, IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION AND IS SUBORDINATED TO THE CLAIMS OF DEPOSITORS.][1]

[THIS OBLIGATION IS SUBORDINATED TO CLAIMS OF DEPOSITORS AND GENERAL CREDITORS OF THE BANK (INCLUDING CLAIMS OF HOLDERS OF SENIOR NOTES ISSUED BY THE BANK), IS UNSECURED AND IS INELIGIBLE AS COLLATERAL FOR A LOAN BY THE BANK.][2]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA (INCLUDING THE STATES AND THE DISTRICT OF COLUMBIA), ITS TERRITORIES, ITS POSSESSIONS AND OTHER AREAS SUBJECT TO ITS JURISDICTION (THE "UNITED STATES") OR TO ANY CITIZEN, NATIONAL OR RESIDENT OF THE UNITED STATES, OR TO ANY CORPORATION, PARTNERSHIP OR OTHER ENTITY CREATED OR ORGANIZED IN OR UNDER THE LAWS OF THE UNITED STATES OR ANY POLITICAL SUBDIVISION THEREOF, OR TO ANY ESTATE THE INCOME OF WHICH IS SUBJECT TO UNITED STATES FEDERAL INCOME TAXATION REGARDLESS OF ITS SOURCE OR ANY TRUST WITH RESPECT TO WHICH A COURT WITHIN THE UNITED STATES IS ABLE TO EXERCISE PRIMARY SUPERVISION OVER ITS ADMINISTRATION, AND ONE OR MORE UNITED STATES PERSONS HAVE THE AUTHORITY TO CONTROL ALL OF ITS SUBSTANTIAL DECISIONS OR TO ANY OTHER PERSON DEEMED A U.S. PERSON UNDER REGULATION S UNDER THE SECURITIES ACT ("U.S. PERSONS"), EXCEPT TO CERTAIN INSTITUTIONAL INVESTORS IN THE UNITED STATES IN TRANSACTIONS NOT REQUIRED TO BE REGISTERED UNDER THE SECURITIES ACT.

THIS NOTE IS A TEMPORARY GLOBAL NOTE IN BEARER FORM, WITHOUT COUPONS, EXCHANGEABLE FOR A BEARER NOTE IN PERMANENT GLOBAL FORM. THE RIGHTS ATTACHING TO THIS TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR A PERMANENT GLOBAL NOTE, ARE AS SPECIFIED IN THE AMENDED AND RESTATED AGENCY AGREEMENT (AS DEFINED HEREIN).

THIS NOTE IS NOT A SAVINGS ACCOUNT OR A DEPOSIT, IS NOT AN OBLIGATION OF OR GUARANTEED BY ANY BANKING OR NONBANKING AFFILIATE OF THE ISSUER AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY.

NEITHER THE HOLDER NOR THE BENEFICIAL OWNER OF THIS GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON EXCEPT PURSUANT TO THE PROVISIONS HEREOF.

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

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[1] [This language is applicable only to Temporary Global Notes issued by the Bank.]

[2] [This language is applicable only to Temporary Global Notes that are issued by the Bank and are subordinated.]

[BY ACCEPTING THIS OBLIGATION, THE HOLDER REPRESENTS AND WARRANTS THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED AND THE REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED AND THE REGULATIONS THEREUNDER.][3]

[3] [This language is applicable only to Temporary Global Notes representing Notes with maturities of 183 days or less from the date of original issue.]

[BANK OF AMERICA CORPORATION]/[BANK OF AMERICA, N.A.]

EURO MEDIUM-TERM NOTES

TEMPORARY GLOBAL NOTE

COMMON CODE: ISIN:

This Global Note is a Temporary Global Note in bearer form without interest coupons in respect of a duly authorized Series of Euro Medium-Term Notes (the "Notes") of [Bank of America Corporation]/[Bank of America, N.A.] (the "Issuer") described, and having the provisions specified, in the applicable Pricing Supplement (the "Pricing Supplement"), which provisions are incorporated herein. References herein to the Terms and Conditions shall be to the Terms and Conditions of the Notes as set out in Schedule 4 to the Amended and Restated Agency Agreement (as defined below) as modified and supplemented by the information set out in the Pricing Supplement and which are incorporated herein by reference, but in the event of any conflict between the provisions of that Schedule and the information set out in the Pricing Supplement, the Pricing Supplement will prevail.

Words and expressions defined or set out in the Terms and Conditions and/or the Pricing Supplement shall bear the same meaning when used herein.

This Global Note is issued subject to, and with the benefit of, the Terms and Conditions and an Amended and Restated Agency Agreement (the "Amended and Restated Agency Agreement," which expression shall be construed as a reference to that agreement as the same may be amended or supplemented from time to time) dated as of August 1, 2003 and made among Bank of America Corporation, Bank of America, N.A., JPMorgan Chase Bank, London Branch (the "Agent"), J.P. Morgan Bank Luxembourg S.A. and the other agents named therein.

For value received, the Issuer, subject to and in accordance with the Terms and Conditions, promises to pay to the bearer hereof on each Installment Date the amount payable on such Installment Date in respect of the Notes represented by this Global Note (if the Notes represented by this Global Note are Installment Notes) and on the Maturity Date or, as the case may be, on the Interest Payment Date, or on such earlier date as any of the Notes represented by this Global Note may become due and payable in accordance with the Terms and Conditions, the amount payable on redemption of such Notes then represented by this Global Note becoming so due and payable, and to pay interest (if any) on the Notes from time to time represented by this Global Note calculated and payable as provided in the Terms and Conditions together with any other sums payable under the Terms and Conditions, upon presentation and, at maturity, surrender of this Global Note at the office of the Agent or at the specified office of any of the other paying agents located outside the United States (except as provided in the Terms and Conditions) from time to time appointed by the Issuer in respect of the Notes, but in each case subject to the requirements as to certification provided herein. On any redemption or payment of an Installment Amount or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule 1 hereto and the relevant space in Schedule 1 hereto recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer.

[The indebtedness evidenced by this Note, including the principal, premium, if any, interest or other amounts payable shall be subordinate and junior in right of payment to its obligations to its depositors, its obligations under bankers' acceptances and letters of credit and its obligations to its other creditors (including holders of Senior Notes of the Issuer), including its obligation to any Federal Reserve Bank, the Federal Deposit Insurance Corporation ("FDIC"), and any rights acquired by the FDIC as a result of loans made by the FDIC to the Issuer or the purchase or guarantee of any of its assets by the FDIC pursuant to the provisions of 12 USC Sections 1823(c), (d) or (e), whether now outstanding or hereafter incurred. In the event of any insolvency, receivership, conservatorship, reorganization, liquidation or winding up of or relating to the Issuer, whether voluntary or involuntary, all such obligations shall be entitled to be paid in full before any payment shall be made on account of the principal of, premium, if any, interest or other amounts payable on this Note, together with any obligations of the Issuer ranking on a parity with this Note, shall be entitled to be paid from the remaining assets of the Issuer the unpaid principal thereof and

any unpaid premium, if any, interest or other amounts payable before any payment or other distribution whether in cash, property, or otherwise, shall be made on account of any capital stock or any obligations of the Issuer ranking junior to this Note. Nothing herein shall impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of, premium, if any, interest or other amounts payable on this Note according to its terms.

Notwithstanding any other provisions contained in this Note, including specifically those set forth in the sections relating to subordination, events of default and covenants of the Issuer, it is expressly understood and agreed that the Office of the Comptroller of the Currency (the "Comptroller") or any receiver or conservator of the Issuer appointed by the Comptroller shall have the right in the performance of its legal duties, and as part of liquidation designed to protect or further the continued existence of the Issuer of the rights of any parties or agencies with an interest in, or claim against, the Issuer or its assets, to transfer or direct the transfer of the obligations of this Note to any bank or bank holding company selected by such official which shall expressly assume the obligation of the due and punctual payment of the unpaid principal, premium, if any, interest or other amounts payable on this Note and the due and punctual performance of all covenants and conditions. The completion of such transfer and assumption shall serve to supersede and void any default, acceleration or subordination which may have occurred, or which may occur due or related to such transaction, plan, transfer or assumption, pursuant to the provisions of this Note, and shall serve to return the holder to the same position, other than for the substitution of the obligor, it would have occupied had no default, acceleration or subordination occurred; except that any interest or other amounts payable and principal previously due, other than by reason of acceleration, and not paid, in the absence of a contrary agreement by the holder of the Note, shall be deemed to be immediately due and payable as of the date of such transfer and assumption, together with the interest from its original due date at the rate provided for herein.][4]

Upon any redemption, payment of an Installment Amount or purchase and cancellation, the principal amount of the Notes represented by this Global Note shall be reduced by the principal amount of such Notes so redeemed or purchased and canceled or the amount of such Installment Amount. The principal amount of this Global Note and of the Notes represented hereby following any such redemption, payment of an Installment Amount or purchase and cancellation as aforesaid or any exchanges as referred to below shall be the principal amount most recently entered by or on behalf of the Issuer in the relevant column in Part II, III or IV of Schedule 1 or Schedule 2 hereto.

Prior to the Exchange Date (as defined below), all payments (if any) on this Global Note will only be made to the bearer hereof to the extent that there is presented to the Agent by Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), or Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), a certificate, substantially in the form set out in Schedule 5 to the Amended and Restated Agency Agreement, to the effect that it has received from or in respect of a person entitled to a particular principal amount of the Notes (as shown by its records) a certificate in or substantially in the form of the certificate as set out in Schedule 6 to the Amended and Restated Agency Agreement. After the Exchange Date the bearer of this Global Note will not be entitled to receive any payment of interest hereon.

On or after the date (the "Exchange Date") which is 40 days after the Issue Date, this Global Note may be exchanged in whole or in part (free of charge) for, as specified in the Pricing Supplement, either a Permanent Global Note in the form set out in Part II of Schedule 2 to the Amended and Restated Agency Agreement (together with the Pricing Supplement attached thereto), upon notice being given by Euroclear and/or Clearstream, Luxembourg acting on the instructions of any holder of an interest in this Global Note or, under certain limited circumstances, security printed Definitive Notes and, (if applicable) Coupons, Receipts and/or Talons in the form set out in Parts III, IV, V and VI respectively of Schedule 2 to the Amended and Restated Agency Agreement (on the basis that all the appropriate details have been included on the face of such Definitive Notes and (if applicable) Coupons, Receipts and/or Talons and the Pricing Supplement has been incorporated on such Definitive Notes) and subject to such notice period as is specified in the Pricing Supplement.

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[4] [This language is applicable only to Temporary Global Notes that are issued by the Bank and are subordinated.]

Presentation of this Global Note for exchange shall be made by the bearer hereof on any day (other than a Saturday or Sunday) on which banks are open for business in London at the office of the Agent specified above. The Issuer shall procure that the Permanent Global Note shall be so issued and delivered in exchange for only that portion of this Global Note in respect of which there shall have been presented to the Agent by Euroclear or Clearstream, Luxembourg a certificate, substantially in the form set out in Schedule 5 to the Amended and Restated Agency Agreement, to the effect that it has received from or in respect of a person entitled to a beneficial interest in a particular principal amount of the Notes (as shown by its records) a certificate from such person in or substantially in the form of the certificate set out in Schedule 6 to the Amended and Restated Agency Agreement, unless such certificate has already been given in accordance with the above provisions. The aggregate principal amount of interests in a Permanent Global Note issued upon an exchange of this Global Note, subject to the terms hereof, will be equal to the aggregate principal amount of this Global Note submitted by the bearer hereof for exchange (to the extent that such principal amount does not exceed the aggregate principal amount of this Global Note).

On an exchange of the whole of this Global Note, this Global Note shall be surrendered to the Agent. On an exchange of only part of this Global Note, details of such exchange shall be entered by or on behalf of the Issuer in Schedule 2 hereto and the relevant space in Schedule 2 hereto recording such exchange shall be signed by or on behalf of the Issuer and the principal amount of this Global Note and the Notes represented by this Global Note shall be reduced by the principal amount so exchanged. If, following the issue of a Permanent Global Note in exchange for some of the Notes represented by this Global Note, further Notes represented by this Global Note are to be exchanged for interests in a Permanent Global Note, such exchange may be effected, subject as provided herein, without the issue of a new Permanent Global Note, by the Issuer or its agent endorsing Schedule 2 of the Permanent Global Note previously issued to reflect an increase in the aggregate principal amount of such Permanent Global Note by an amount equal to the aggregate principal amount of the Permanent Global Note which would otherwise have been issued on such exchange.

Until the exchange of the whole of this Global Note as aforesaid, the bearer hereof shall in all respects (except as otherwise provided herein) be entitled to the same benefits as if he were the bearer of Definitive Notes and (if applicable) Coupons, Receipts and/or Talons in the form set out in Parts III, Part IV, Part V and Part VI, respectively, of Schedule 3 to the Amended and Restated Agency Agreement.

Notwithstanding any provision to the contrary contained in this Temporary Global Note, the Issuer irrevocably agrees, for the benefit of such Noteholders and their successors and assigns, that each Noteholder or its successors or assigns may file without the consent and to the exclusion of the bearer hereof, any claim, take any action or institute any proceeding to enforce, directly against the Issuer, the obligation of the Issuer hereunder to pay any amount due or to become due in respect of each Note represented by this Temporary Global Note which is credited to such Noteholder's securities account with Euroclear or Clearstream, Luxembourg without the production of this Temporary Global Note; *provided* that the bearer hereof shall not theretofore have filed a claim, taken action or instituted proceedings to enforce the same in respect of such Note.

Until exchanged in full for the Permanent Global Note, this Temporary Global Note in all respects shall be entitled to the same benefits under, and subject to the same terms and conditions of, the Amended and Restated Agency Agreement as the Permanent Global Note authenticated and delivered thereunder, except that neither the Holder hereof nor the beneficial owners of this Temporary Global Note shall be entitled to receive payment of interest hereon.

This Temporary Global Note shall be governed by, and construed in accordance with the laws of the State of New York, United States of America, without regard to principles of conflicts of laws.

This Temporary Global Note shall not become valid or obligatory for any purpose until the certificate of authentication hereon shall have been duly signed by or on behalf of the Agent acting in accordance with the Amended and Restated Agency Agreement.

IN WITNESS WHEREOF the Issuer has caused this Temporary Global Note to be duly signed on its behalf.

[BANK OF AMERICA CORPORATION/BANK OF AMERICA, N.A.]

By: _____

Duly authorized officer

CERTIFICATE OF AUTHENTICATION OF THE AGENT

This Temporary Global Note is authenticated by or on behalf of the Agent.

JPMORGAN CHASE BANK, LONDON BRANCH
As Agent

By: _____

Authorized Signatory
For the purposes of authentication only.

PART I

INTEREST PAYMENTS

Interest Payment Date	Date of Payment	Total Amount of Interest Payable	Amount of Interest Paid	Confirmation of payment by or on behalf of the Issuer
[*]First				

[*] Continue numbering until the appropriate number of interest payment dates for the particular Tranche of Notes is reached.

PART II

INSTALLMENT PAYMENTS

Installment Date	Date of Payment	Total of Installment Amounts Payable	Amount of Installment Amounts Paid	Remaining principal amount of this Global Note following such payment[5]	Confirmation of payment by or on behalf of the Issuer
*First					

[5] See most recent entry in Part II, III or IV of Schedule 1 or Schedule 2 in order to determine this amount.

* Continue numbering until the appropriate number of installment payment dates for the particular Tranche of Notes is reached.

PART III

REDEMPTIONS

Date of Redemption	Total principal amount of this Global Note to be redeemed	Principal amount redeemed	Remaining principal amount of this Global Note following such redemption[6]	Confirmation of redemption by or on behalf of the Issuer

6 See most recent entry in Part II, III, IV of Schedule 1 or Schedule 2 in order to determine this amount.

PART IV

PURCHASES AND CANCELLATIONS

Date of purchase and cancellation	Part of principal amount of this Global Note purchased and canceled	Remaining principal amount of this Global Note following such purchase and cancellation[7]	Confirmation of purchase and cancellation by or on behalf of the Issuer

[7] See most recent entry in Part II, III or IV of Schedule 1 or Schedule 2 in order to determine this amount.

SCHEDULE OF EXCHANGES
FOR DEFINITIVE NOTES OR PERMANENT GLOBAL NOTE

The following exchanges of a part of this Global Note for Definitive Notes or Notes represented by a Permanent Global Note have been made:

Date of exchange	Principal amount of this Global Note exchanged for Definitive Notes or Notes represented by a Permanent Global Note	Remaining principal amount of this Global Note following such exchange[8]	Notation made by or on behalf of the Issuer

[8] See most recent entry in Part II, III or IV of Schedule 1 or Schedule 2 in order to determine this amount.

FORM OF PERMANENT GLOBAL NOTE

[THIS OBLIGATION IS NOT A DEPOSIT, IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION AND IS SUBORDINATED TO THE CLAIMS OF DEPOSITORS.][1]

[THIS OBLIGATION IS SUBORDINATED TO CLAIMS OF DEPOSITORS AND GENERAL CREDITORS OF THE BANK (INCLUDING CLAIMS OF HOLDERS OF SENIOR NOTES ISSUED BY THE BANK), IS UNSECURED AND IS INELIGIBLE AS COLLATERAL FOR A LOAN BY THE BANK.][2]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA (INCLUDING THE STATES AND THE DISTRICT OF COLUMBIA), ITS TERRITORIES, ITS POSSESSIONS AND OTHER AREAS SUBJECT TO ITS JURISDICTION (THE "UNITED STATES") OR TO ANY CITIZEN, NATIONAL OR RESIDENT OF THE UNITED STATES, OR TO ANY CORPORATION, PARTNERSHIP OR OTHER ENTITY CREATED OR ORGANIZED IN OR UNDER THE LAWS OF THE UNITED STATES OR ANY POLITICAL SUBDIVISION THEREOF, OR TO ANY ESTATE THE INCOME OF WHICH IS SUBJECT TO UNITED STATES FEDERAL INCOME TAXATION REGARDLESS OF ITS SOURCE OR ANY TRUST WITH RESPECT TO WHICH A COURT WITHIN THE UNITED STATES IS ABLE TO EXERCISE PRIMARY SUPERVISION OVER ITS ADMINISTRATION, AND ONE OR MORE UNITED STATES PERSONS HAVE THE AUTHORITY TO CONTROL ALL OF ITS SUBSTANTIAL DECISIONS OR TO ANY OTHER PERSON DEEMED A U.S. PERSON UNDER REGULATION S UNDER THE SECURITIES ACT ("U.S. PERSONS"), EXCEPT TO CERTAIN INSTITUTIONAL INVESTORS IN THE UNITED STATES IN TRANSACTIONS NOT REQUIRED TO BE REGISTERED UNDER THE SECURITIES ACT.

THIS NOTE IS NOT A SAVINGS ACCOUNT OR A DEPOSIT, IS NOT AN OBLIGATION OF OR GUARANTEED BY ANY BANKING OR NONBANKING AFFILIATE OF THE ISSUER AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY.

NEITHER THE HOLDER NOR THE BENEFICIAL OWNER OF THIS BEARER NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON EXCEPT PURSUANT TO THE PROVISIONS HEREOF.

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

[BY ACCEPTING THIS OBLIGATION, THE HOLDER REPRESENTS AND WARRANTS THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED AND THE REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED AND THE REGULATIONS THEREUNDER).][3]

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1 [This language is applicable only to Permanent Global Notes issued by the Bank.]
2 [This language is applicable only to Permanent Global Notes that are issued by the Bank and are subordinated.]
3 [This language is applicable only to Permanent Global Notes representing Notes with maturities of one year from the date of original issue.]

[BANK OF AMERICA CORPORATION]/[BANK OF AMERICA, N.A.]

EURO MEDIUM-TERM NOTES

PERMANENT GLOBAL NOTE

COMMON CODE: ISIN:

This Global Note is a Permanent Global Note in bearer form without interest coupons in respect of a duly authorized Series of Euro Medium-Term Notes (the "Notes") of [Bank of America Corporation]/[Bank of America, N.A.] (the "Issuer") described, and having the provisions specified, in the applicable Pricing Supplement (the "Pricing Supplement"), which provisions are incorporated herein. References herein to the Terms and Conditions shall be to the Terms and Conditions of the Notes as set out in Schedule 4 to the Amended and Restated Agency Agreement (as defined below) as modified and supplemented by the information set out in the Pricing Supplement and which are incorporated herein by reference, but in the event of any conflict between the provisions of that Schedule and the information set out in the Pricing Supplement, the Pricing Supplement will prevail.

Words and expressions defined or set out in the Terms and Conditions and/or the Pricing Supplement shall bear the same meaning when used herein.

This Global Note is issued subject to, and with the benefit of, the Terms and Conditions and an Amended and Restated Agency Agreement (the "Amended and Restated Agency Agreement," which expression shall be construed as a reference to that agreement as the same may be amended or supplemented from time to time) dated as of August 1, 2003 and made among Bank of America Corporation, Bank of America, N.A., JPMorgan Chase Bank, London Branch (the "Agent"), J.P. Morgan Bank Luxembourg S.A. and the other agents named therein.

For value received the Issuer, subject to and in accordance with the Terms and Conditions, promises to pay to the bearer hereof on each Installment Date the amount payable on such Installment Date in respect of the Notes represented by this Global Note (if the Notes represented by this Global Note are Installment Notes) and on the Maturity Date or, as the case may be, on the Interest Payment Date, or on such earlier date as any of the Notes represented by this Global Note may become due and payable in accordance with the Terms and Conditions, the amount payable on redemption of such Notes then represented by this Global Note becoming so due and payable, and to pay interest (if any) on the Notes from time to time represented by this Global Note calculated and payable as provided in the Terms and Conditions together with any other sums payable under the Terms and Conditions, upon presentation and, at maturity, surrender of this Global Note at the office of the Agent or at the specified office of any of the other paying agents located outside the United States (except as provided in the Terms and Conditions) from time to time appointed by the Issuer in respect of the Notes, but in each case subject to the requirements as to certification provided herein. On any redemption or payment of an Installment Amount or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule 1 hereto and the relevant space in Schedule 1 hereto recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer.

[The indebtedness evidenced by this Note, including the principal, premium, if any, interest or other amounts payable shall be subordinate and junior in right of payment to its obligations to its depositors, its obligations under bankers' acceptances and letters of credit and its obligations to its other creditors (including holders of Senior Notes of the Issuer), including its obligation to any Federal Reserve Bank, the Federal Deposit Insurance Corporation ("FDIC"), and any rights acquired by the FDIC as a result of loans made by the FDIC to the Issuer or the purchase or guarantee of any of its assets by the FDIC pursuant to the provisions of 12 USC Sections 1823(c), (d) or (e), whether now outstanding or hereafter incurred. In the event of any insolvency, receivership, conservatorship, reorganization, liquidation or winding up of or relating to the Issuer, whether voluntary or involuntary, all such obligations shall be entitled to be paid in full before any payment shall be made on account of the principal of, premium, if any, interest or other amounts payable on this Note, together with any obligations of the Issuer ranking on a parity with this Note, shall be entitled to be paid from the remaining assets of the Issuer the unpaid principal thereof and

any unpaid premium, if any, interest or other amounts payable before any payment or other distribution whether in cash, property, or otherwise, shall be made on account of any capital stock or any obligations of the Issuer ranking junior to this Note. Nothing herein shall impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of, premium, if any, interest or other amounts payable on this Note according to its terms.

Notwithstanding any other provisions contained in this Note, including specifically those set forth in the sections relating to subordination, events of default and covenants of the Issuer, it is expressly understood and agreed that the Office of the Comptroller of the Currency (the "Comptroller") or any receiver or conservator of the Issuer appointed by the Comptroller shall have the right in the performance of its legal duties, and as part of liquidation designed to protect or further the continued existence of the Issuer of the rights of any parties or agencies with an interest in, or claim against, the Issuer or its assets, to transfer or direct the transfer of the obligations of this Note to any bank or bank holding company selected by such official which shall expressly assume the obligation of the due and punctual payment of the unpaid principal, premium, if any, interest or other amounts payable on this Note and the due and punctual performance of all covenants and conditions. The completion of such transfer and assumption shall serve to supersede and void any default, acceleration or subordination which may have occurred, or which may occur due or related to such transaction, plan, transfer or assumption, pursuant to the provisions of this Note, and shall serve to return the holder to the same position, other than for the substitution of the obligor, it would have occupied had no default, acceleration or subordination occurred; except that any interest or other amounts payable and principal previously due, other than by reason of acceleration, and not paid, in the absence of a contrary agreement by the holder of the Note, shall be deemed to be immediately due and payable as of the date of such transfer and assumption, together with the interest from its original due date at the rate provided for herein.][4]

Upon any redemption, payment of an Installment Amount or purchase and cancellation, the principal amount of the Notes represented by this Global Note shall be reduced by the principal amount of such Notes so redeemed or purchased and canceled or the amount of such Installment Amount. The principal amount of this Global Note and of the Notes represented hereby following any such redemption, payment of an Installment Amount or purchase and cancellation as aforesaid or any exchanges as referred to below shall be the principal amount most recently entered by or on behalf of the Issuer in the relevant column in Part II, III, or IV of Schedule 1 or Schedule 2 hereto.

The Notes represented by this Global Note were represented originally by one or more Temporary Global Notes (each Tranche of Notes comprised in the Series of Notes to which this Global Note relates having been represented originally by one Temporary Global Note). Unless any such Temporary Global Note was exchanged in whole on the issue hereof, an interest in such Temporary Global Note may be further exchanged, on the terms and conditions set out therein, for an interest in this Global Note. The Issuer or its agent shall endorse Schedule 2 hereto to reflect the increase in the aggregate principal amount of this Global Note due to each such exchange, whereupon the principal amount hereof shall be increased for all purposes by the amount so exchanged and endorsed.

This Global Note may be exchanged in whole, but not in part (free of charge), for security-printed Definitive Notes, in the limited circumstances provided for in the Terms and Conditions, and (if applicable) Coupons, Receipts and/or Talons in the form set out in Part III, Part IV, Part V and Part VI, respectively, of Schedule 2 to the Amended and Restated Agency Agreement (on the basis that all the appropriate details have been included on the face of such Definitive Notes and (if applicable) Coupons, Receipts and/or Talon and the Pricing Supplement has been incorporated on such Definitive Notes). Subject as aforesaid and to at least 40 days' written notice expiring after the Exchange Date (as defined in the Temporary Global Note referred to above) being given to the Agent by Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and/or Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), acting on the instructions of any holder of an interest in the Global Note, this exchange will be made upon presentation of this Global Note by the bearer hereof on any day (other than a Saturday or Sunday) on

[4] [This language is applicable only to Permanent Global Notes that are issued by the Bank and are subordinated.]

which banks are open for business in London at the office of the Agent specified above. The aggregate principal amount of Definitive Notes issued upon an exchange of this Global Note will be equal to the aggregate principal amount of this Global Note submitted by the bearer hereof for exchange (to the extent that such principal amount does not exceed the aggregate principal amount of this Global Note most recently entered in the relevant column in Part II, III or IV of Schedule 1 or Schedule 2 hereto), provided that, subject as aforesaid, the first notice given to the Agent by Euroclear and Clearstream, Luxembourg shall give rise to the issue of Definitive Notes in exchange for the total amount of the Notes represented by this Global Note.

On an exchange of the whole of this Global Note, this Global Note shall be surrendered to the Agent.

Until the exchange of the whole of this Global Note as aforesaid, the bearer hereof in all respects shall be entitled to the same benefits as if he were the bearer of Definitive Notes and (if applicable) Coupons, Receipts and/or Talons in the form set out in Part III, Part IV, Part V and Part VI, respectively, or Schedule 2 to the Amended and Restated Agency Agreement (on the basis that all appropriate, details have been included on the fact of such Definitive Notes and (if applicable) Coupons, Receipts and/or Talons and the Pricing Supplement has been incorporated on such Definitive Notes).

Notwithstanding any provision to the contrary contained in this Permanent Global Note, the holder of this Permanent Global Note shall be the only person entitled to receive payments in respect to the Notes represented by this Permanent Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of this Permanent Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular principal amount of Notes represented by this Permanent Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of this Permanent Global Note. No person other than the holder of this Permanent Global Note shall have any claim against the Issuer in respect of any payments due on this Permanent Global Note.

This Permanent Global Note shall be governed by, and construed in accordance with, the laws of the State of New York, United States of America, without regard to principles of conflicts of laws.

This Permanent Global Note shall not become valid or obligatory for any purpose until the certificate of authentication hereon shall have been duly signed by or on behalf of the Agent acting in accordance with the Amended and Restated Agency Agreement.

IN WITNESS WHEREOF the Issuer has caused this Permanent Global Note to be duly signed on its behalf.

[BANK OF AMERICA CORPORATION]/[BANK OF AMERICA, N.A.]

By: _____

Duly authorized officer

CERTIFICATE OF AUTHENTICATION OF THE AGENT

This Permanent Global Note is authenticated by or on behalf of the Agent.

JPMORGAN CHASE BANK, LONDON BRANCH
as Agent

By: _____

Authorized Signatory
For the purposes of authentication only.

PART I

INTEREST PAYMENTS

Interest Payment Date	Date of Payment	Total Amount of Interest Payable	Amount of Interest Paid	Confirmation of payment by or on behalf of the Issuer
[*]First				

[*] Continue numbering until the appropriate number of interest payment dates for the particular Tranche of Notes is reached.

PART II

INSTALLMENT PAYMENTS

Installment Date	Date of Payment	Total of Installment Amounts Payable	Amount of Installment Amounts Paid	Remaining principal amount of this Global Note following such payments[5]	Confirmation of payment by or on behalf of the Issuer
[*]First					

[5] See most recent entry in Part II, III or IV of Schedule 1 or Schedule 2 in order to determine this amount.

[*] Continue numbering until the appropriate number of installment payment dates for the particular Tranche of Notes is reached.

PART III

REDEMPTIONS

Date of Redemption	Total principal amount of this Global Note to be redeemed	Principal amount redeemed	Remaining principal amount of this Global Note following such redemption[6]	Confirmation of redemption by or on behalf of the Issuer

[6] See most recent entry in Part II, III, IV of Schedule 1 or Schedule 2 in order to determine this amount.

PART IV

PURCHASES AND CANCELLATIONS

Date of purchase and cancellation	Part of principal amount of this Global Note purchased and canceled	Remaining principal amount of this Global Note following such purchase and cancellation[7]	Confirmation of purchase and cancellation by or on behalf of the Issuer

[7] See most recent entry in Part II, III or IV of Schedule 1 or Schedule 2 in order to determine this amount.

SCHEDULE OF EXCHANGES

The following exchanges of a part of this Global Note for Definitive Notes have been made:

Date of exchange	Increase in principal amount of this Global Note due to exchanges of a Temporary Global Note for this Global Note[8]	Notation made by or on behalf of the Issuer

[8] If this Global Note has a maturity of one year from the Issue Date, the amount must be at least U.S. $500,000 (or its equivalent in any other currency or currencies).

FORM OF DEFINITIVE NOTE

[THIS OBLIGATION IS NOT A DEPOSIT, IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION AND IS SUBORDINATED TO THE CLAIMS OF DEPOSITORS.][1]

[THIS OBLIGATION IS SUBORDINATED TO CLAIMS OF DEPOSITORS AND GENERAL CREDITORS OF THE BANK (INCLUDING CLAIMS OF HOLDERS OF SENIOR NOTES ISSUED BY THE BANK), IS UNSECURED AND IS INELIGIBLE AS COLLATERAL FOR A LOAN BY THE BANK.][2]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA (INCLUDING THE STATES AND THE DISTRICT OF COLUMBIA), ITS TERRITORIES, ITS POSSESSIONS AND OTHER AREAS SUBJECT TO ITS JURISDICTION (THE "UNITED STATES") OR TO ANY CITIZEN, NATIONAL OR RESIDENT OF THE UNITED STATES, OR TO ANY CORPORATION, PARTNERSHIP OR OTHER ENTITY CREATED OR ORGANIZED IN OR UNDER THE LAWS OF THE UNITED STATES OR ANY POLITICAL SUBDIVISION THEREOF, OR TO ANY ESTATE OR THE INCOME OF WHICH IS SUBJECT TO UNITED STATES FEDERAL INCOME TAXATION REGARDLESS OF ITS SOURCE OR ANY TRUST WITH RESPECT TO WHICH A COURT WITHIN THE UNITED STATES IS ABLE TO EXERCISE PRIMARY SUPERVISION OVER ITS ADMINISTRATION, AND ONE OR MORE UNITED STATES PERSONS HAVE THE AUTHORITY TO CONTROL ALL OF ITS SUBSTANTIAL DECISIONS OR TO ANY OTHER PERSON DEEMED A U.S. PERSON UNDER REGULATION S UNDER THE SECURITIES ACT ("U.S. PERSONS"), EXCEPT TO CERTAIN INSTITUTIONAL INVESTORS IN THE UNITED STATES IN TRANSACTIONS NOT REQUIRED TO BE REGISTERED UNDER THE SECURITIES ACT.

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

THIS NOTE IS A DEFINITIVE NOTE WITH INTEREST COUPONS. THE RIGHTS ATTACHING TO THIS DEFINITIVE NOTE ARE AS SPECIFIED IN THE AMENDED AND RESTATED AGENCY AGREEMENT (AS DEFINED HEREIN).

THIS NOTE IS NOT A SAVINGS ACCOUNT OR A DEPOSIT, IS NOT AN OBLIGATION OF OR GUARANTEED BY ANY BANKING OR NONBANKING AFFILIATE OF THE ISSUER AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY.

NEITHER THE HOLDER NOR THE BENEFICIAL OWNER OF THIS NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON EXCEPT PURSUANT TO THE PROVISIONS HEREOF.

[BY ACCEPTING THIS OBLIGATION, THE HOLDER REPRESENTS AND WARRANTS THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED AND THE REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED AND THE REGULATIONS THEREUNDER).][3]

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1 [This language is applicable only to Definitive Notes issued by the Bank.]
2 [This language is applicable only to Definitive Notes that are issued by the Bank and are subordinated.]
3 [This language is applicable only to Notes with maturities of 183 days or less from the date of original issue.]

[BANK OF AMERICA CORPORATION]/[BANK OF AMERICA, N.A.]

[Specified Currency and Principal Amount of Tranche]
EURO MEDIUM-TERM NOTES DUE [year of Maturity Date/Redemption Month]

Series No. [ ]
Tranche No. [ ]

NOTE

COMMON CODE: ISIN:

This Note is one of a duly authorized issue of Euro Medium-Term Notes (the "Notes") of [Bank of America Corporation]/[Bank of America, N.A.] (the "Issuer") denominated in the Specified Currency maturing on the Maturity Date or, as the case may be, on the Interest Payment Date. References herein to the Terms and Conditions shall be to the Terms and Conditions of the Notes endorsed herein as modified and supplemented by the information set out in the Pricing Supplement and which are incorporated herein by reference, but in the event of any conflict between the provisions of the Terms and Conditions and the information set out in the Pricing Supplement, the Pricing Supplement will prevail.

This Note is issued subject to, and with the benefit of, the Terms and Conditions and an Amended and Restated Agency Agreement (the "Amended and Restated Agency Agreement," which expression shall be construed as a reference to that agreement as the same may be amended or supplemented from time to time) dated as of August 1, 2003 and made among Bank of America Corporation, Bank of America, N.A., JPMorgan Chase Bank, London Branch (the "Agent"), J.P. Morgan Bank Luxembourg S.A. and the other agents named therein.

For value received, the Issuer, subject to and in accordance with the Terms and Conditions, promises to pay to the bearer hereof on each Installment Date the amount payable on such Installment Date (if this Note is an Installment Note) and on the Maturity Date or, as the case may be, on the Interest Payment Date, or on such earlier date as this Note may become due and repayable in accordance with the Terms and Conditions, the amount payable on redemption of this Note, and to pay interest (if any) on this Note calculated and payable as provided in the Terms and Conditions together with any other sums payable under the Terms and Conditions.

[The indebtedness evidenced by this Note, including the principal, premium, if any, interest or other amounts payable shall be subordinate and junior in right of payment to its obligations to its depositors, its obligations under bankers' acceptances and letters of credit and its obligations to its other creditors (including holders of Senior Notes of the Issuer), including its obligation to any Federal Reserve Bank, the Federal Deposit Insurance Corporation ("FDIC"), and any rights acquired by the FDIC as a result of loans made by the FDIC to the Issuer or the purchase or guarantee of any of its assets by the FDIC pursuant to the provisions of 12 USC Sections 1823(c), (d) or (e), whether now outstanding or hereafter incurred. In the event of any insolvency, receivership, conservatorship, reorganization, liquidation or winding up of or relating to the Issuer, whether voluntary or involuntary, all such obligations shall be entitled to be paid in full before any payment shall be made on account of the principal of, premium, if any, interest or other amounts payable on this Note, together with any obligations of the Issuer ranking on a parity with this Note, shall be entitled to be paid from the remaining assets of the Issuer the unpaid principal thereof and any unpaid premium, if any, interest or other amounts payable before any payment or other distribution whether in cash, property, or otherwise, shall be made on account of any capital stock or any obligations of the Issuer ranking junior to this Note. Nothing herein shall impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of, premium, if any, interest or other amounts payable on this Note according to its terms.

Notwithstanding any other provisions contained in this Note, including specifically those set forth in the sections relating to subordination, events of default and covenants of the Issuer, it is expressly understood and agreed that the Office of the Comptroller of the Currency (the "Comptroller") or any receiver or conservator of the Issuer appointed by the Comptroller shall have the right in the performance of its legal

duties, and as part of liquidation designed to protect or further the continued existence of the Issuer of the rights of any parties or agencies with an interest in, or claim against, the Issuer or its assets, to transfer or direct the transfer of the obligations of this Note to any bank or bank holding company selected by such official which shall expressly assume the obligation of the due and punctual payment of the unpaid principal, premium, if any, interest or other amounts payable on this Note and the due and punctual performance of all covenants and conditions. The completion of such transfer and assumption shall serve to supersede and void any default, acceleration or subordination which may have occurred, or which may occur due or related to such transaction, plan, transfer or assumption, pursuant to the provisions of this Note, and shall serve to return the holder to the same position, other than for the substitution of the obligor, it would have occupied had no default, acceleration or subordination occurred; except that any interest or other amounts payable and principal previously due, other than by reason of acceleration, and not paid, in the absence of a contrary agreement by the holder of the Note, shall be deemed to be immediately due and payable as of the date of such transfer and assumption, together with the interest from its original due date at the rate provided for herein.][4]

This Note shall be governed by, and construed in accordance with, the laws of the State of New York, United States of America, without regard to principles of conflicts of laws.

This Note shall not become valid or obligatory for any purpose until the certificate of authentication hereon shall have been duly signed by or on behalf of the Agent acting in accordance with the Amended and Restated Agency Agreement.

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[4] [This language is applicable only to Definitive Notes that are issued by the Bank and are subordinated.]

IN WITNESS WHEREOF the Issuer has caused this Note to be duly signed on its behalf.

[BANK OF AMERICA CORPORATION]/[BANK OF AMERICA, N.A.]

By: _____

Duly authorized officer

CERTIFICATE OF AUTHENTICATION OF THE AGENT

This Note is authenticated by or on behalf of the Agent.

JPMORGAN CHASE BANK, LONDON BRANCH
as Agent

By: _____

Authorized Signatory
For the purposes of authentication only.

(REVERSE OF NOTE)

The Terms and Conditions of the Notes, attached to or endorsed upon this Note, are set forth in Schedule 4 of the Amended and Restated Agency Agreement dated as of August 1, 2003 by and among Bank of America Corporation, Bank of America, N.A., JPMorgan Chase Bank, London Branch (the "Agent") and the other agents named therein.

PART IV

FORM OF COUPON

THIS COUPON HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS COUPON NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA (INCLUDING THE STATES AND THE DISTRICT OF COLUMBIA), ITS TERRITORIES, ITS POSSESSIONS AND OTHER AREAS SUBJECT TO ITS JURISDICTION (THE "UNITED STATES") OR TO ANY CITIZEN, NATIONAL OR RESIDENT OF THE UNITED STATES, OR TO ANY CORPORATION, PARTNERSHIP OR OTHER ENTITY CREATED OR ORGANIZED IN OR UNDER THE LAWS OF THE UNITED STATES OR ANY POLITICAL SUBDIVISION THEREOF, OR TO ANY ESTATE THE INCOME OF WHICH IS SUBJECT TO UNITED STATES FEDERAL INCOME TAXATION REGARDLESS OF ITS SOURCE OR ANY TRUST WITH RESPECT TO WHICH A COURT WITHIN THE UNITED STATES IS ABLE TO EXERCISE PRIMARY SUPERVISION OVER ITS ADMINISTRATION, AND ONE OR MORE UNITED STATES PERSONS HAVE THE AUTHORITY TO CONTROL ALL OF ITS SUBSTANTIAL DECISIONS OR TO ANY OTHER PERSON DEEMED A U.S. PERSON UNDER REGULATION S UNDER THE SECURITIES ACT ("U.S. PERSONS"), EXCEPT TO CERTAIN INSTITUTIONAL INVESTORS IN THE UNITED STATES IN TRANSACTIONS NOT REQUIRED TO BE REGISTERED UNDER THE SECURITIES ACT.

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

THIS COUPON IS NOT A SAVINGS ACCOUNT OR A DEPOSIT, IS NOT AN OBLIGATION OF OR GUARANTEED BY ANY BANKING OR NONBANKING AFFILIATE OF THE ISSUER AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY.

NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS COUPON SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON EXCEPT PURSUANT TO THE PROVISIONS HEREOF.

[BANK OF AMERICA CORPORATION]/[BANK OF AMERICA, N.A.]

[Specified Currency and Principal Amount of Tranche]
EURO MEDIUM-TERM NOTES DUE [Year of Maturity]

Series No. [ ]

COMMON CODE: ISIN:

Part A

[For Fixed Rate Notes:

This Coupon is payable to bearer, separately negotiable and subject to the Terms and Conditions of the said Notes.

Coupon No.
Coupon for
[ ]
due on
[ ], 20[ ]]

Part B

[For Floating Rate Notes:-

Coupon No.

Coupon for the amount due in accordance with the Terms and Conditions on the said Notes on the Interest Payment Date falling in [20[ ]] Coupon due in [ ], [20[ ]]

This Coupon is payable to bearer, separately negotiable and subject to such Terms and Conditions, under which it may become void before its due date.]

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

[BY ACCEPTING THIS OBLIGATION, THE HOLDER REPRESENTS AND WARRANTS THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED AND THE REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED AND THE REGULATIONS THEREUNDER).][5]

[THIS OBLIGATION IS NOT A DEPOSIT, IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION AND IS SUBORDINATED TO THE CLAIMS OF DEPOSITORS.][6]

[THIS OBLIGATION IS SUBORDINATED TO CLAIMS OF DEPOSITORS AND GENERAL CREDITORS OF THE BANK (INCLUDING CLAIMS OF HOLDERS OF SENIOR NOTES ISSUED BY THE BANK), IS UNSECURED AND IS INELIGIBLE AS COLLATERAL FOR A LOAN BY THE BANK.][7]

[BANK OF AMERICA CORPORATION]/[BANK OF AMERICA N.A.]

By: _____

Duly authorized officer

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5 [Appears only on Coupons relating to Notes with maturities of one year or less from the date of original issue.]

6 [Appears only on Coupons related to Notes issued by the Bank.]

7 [Appears only on Coupons that are related to Notes issued by the Bank and are subordinated.]

(Reverse of Coupon)

AGENT

JPMorgan Chase Bank, London Branch
Trinity Tower
9 Thomas More Street
London E1W 1YT
United Kingdom

PAYING AGENT

J.P. Morgan Bank Luxembourg S.A.
5 Rue Plaetis
L-2338 Luxembourg-Grund

and/or such other or further Agent and other or further Paying Agents and/or specified offices as may from time to time be duly appointed by the Issuer and notice of which has been given to the Noteholders.

(On the front)

PART V

FORM OF RECEIPT

[THIS OBLIGATION IS NOT A DEPOSIT, IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION AND IS SUBORDINATED TO THE CLAIMS OF DEPOSITORS.][8]

[THIS OBLIGATION IS SUBORDINATED TO CLAIMS OF DEPOSITORS AND GENERAL CREDITORS OF THE BANK (INCLUDING CLAIMS OF HOLDERS OF SENIOR NOTES ISSUED BY THE BANK), IS UNSECURED AND IS INELIGIBLE AS COLLATERAL FOR A LOAN BY THE BANK.][9]

THIS RECEIPT HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS RECEIPT NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA (INCLUDING THE STATES AND THE DISTRICT OF COLUMBIA), ITS TERRITORIES, ITS POSSESSIONS AND OTHER AREAS SUBJECT TO ITS JURISDICTION (THE "UNITED STATES") OR TO ANY CITIZEN, NATIONAL OR RESIDENT OF THE UNITED STATES, OR TO ANY CORPORATION, PARTNERSHIP OR OTHER ENTITY CREATED OR ORGANIZED IN OR UNDER THE LAWS OF THE UNITED STATES OR ANY POLITICAL SUBDIVISION THEREOF, OR TO ANY ESTATE THE INCOME OF WHICH IS SUBJECT TO UNITED STATES FEDERAL INCOME TAXATION REGARDLESS OF ITS SOURCE OR ANY TRUST WITH RESPECT TO WHICH A COURT WITHIN THE UNITED STATES IS ABLE TO EXERCISE PRIMARY SUPERVISION OVER ITS ADMINISTRATION, AND ONE OR MORE UNITED STATES PERSONS HAVE THE AUTHORITY TO CONTROL ALL OF ITS SUBSTANTIAL DECISIONS OR TO ANY OTHER PERSON DEEMED A U.S. PERSON UNDER REGULATION S UNDER THE SECURITIES ACT, ("U.S. PERSONS") EXCEPT TO CERTAIN INSTITUTIONAL INVESTORS IN THE UNITED STATES IN TRANSACTIONS NOT REQUIRED TO BE REGISTERED UNDER THE SECURITIES ACT.

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

THIS RECEIPT IS NOT A SAVINGS ACCOUNT OR A DEPOSIT, IS NOT AN OBLIGATION OF OR GUARANTEED BY ANY BANKING OR NONBANKING AFFILIATE OF THE ISSUER AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY.

NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS RECEIPT SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON EXCEPT PURSUANT TO THE PROVISIONS HEREOF.

[BY ACCEPTING THIS OBLIGATION, THE HOLDER REPRESENTS AND WARRANTS THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED AND THE REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED AND THE REGULATIONS THEREUNDER).][10]

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[8] [Appears only on Receipts relating to Notes issued by the Bank.]

[9] [Appears only on Receipts relating to Notes that are issued by the Bank and are subordinated.]

[10] [Appears only on Receipts relating to Notes with maturities of 183 days or less from the date or original issue.]

[BANK OF AMERICA CORPORATION]/[BANK OF AMERICA, N.A.]

[Specified Currency and Principal Amount of Tranche]

EURO MEDIUM-TERM NOTES DUE [Year of Maturity]

Series No. [ ]

COMMON CODE: ISIN:

Receipt for the sum of [ ] being the installment of principal payable in accordance with the Terms and Conditions endorsed on the Note to which this Receipt appertains (the "Conditions") on [ ].

This Receipt is issued subject to and in accordance with the Terms and Conditions which shall be binding upon the holder of this Receipt (whether or not it is for the time being attached to such Note) and is payable at the specified office of the Agent or any of the Paying Agents set out on the reverse of the Note to which this Receipt appertains (and/or any other or further Paying Agents and/or specified offices as may from time to time be duly appointed and notified to the Noteholders).

This Receipt must be presented for payment together with the Note to which it appertains. The Issuer shall have no obligation in respect of any Receipt presented without the Note to which it appertains or any unmatured Receipts.

[BANK OF AMERICA CORPORATION]/[BANK OF AMERICA N.A.]

By: _____

Duly authorized officer

PART VI

FORM OF TALON

[THIS OBLIGATION IS NOT A DEPOSIT, IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION AND IS SUBORDINATED TO THE CLAIMS OF DEPOSITORS.][11]

[THIS OBLIGATION IS SUBORDINATED TO CLAIMS OF DEPOSITORS AND GENERAL CREDITORS OF THE BANK (INCLUDING CLAIMS OF HOLDERS OF SENIOR NOTES ISSUED BY THE BANK), IS UNSECURED AND IS INELIGIBLE AS COLLATERAL FOR A LOAN BY THE BANK.][12]

THIS TALON HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS TALON NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA (INCLUDING THE STATES AND THE DISTRICT OF COLUMBIA), ITS TERRITORIES, ITS POSSESSIONS AND OTHER AREAS SUBJECT TO ITS JURISDICTION (THE "UNITED STATES") OR TO ANY CITIZEN, NATIONAL OR RESIDENT OF THE UNITED STATES, OR TO ANY CORPORATION, PARTNERSHIP OR OTHER ENTITY CREATED OR ORGANIZED IN OR UNDER THE LAWS OF THE UNITED STATES OR ANY POLITICAL SUBDIVISION THEREOF, OR TO ANY ESTATE THE INCOME OF WHICH IS SUBJECT TO UNITED STATES FEDERAL INCOME TAXATION REGARDLESS OF ITS SOURCE OR ANY TRUST WITH RESPECT TO WHICH A COURT WITHIN THE UNITED STATES IS ABLE TO EXERCISE PRIMARY SUPERVISION OVER ITS ADMINISTRATION, AND ONE OR MORE UNITED STATES PERSONS HAVE THE AUTHORITY TO CONTROL ALL OF ITS SUBSTANTIAL DECISIONS OR TO ANY OTHER PERSON DEEMED A U.S. PERSON UNDER REGULATION S UNDER THE SECURITIES ACT, ("U.S. PERSONS") EXCEPT TO CERTAIN INSTITUTIONAL INVESTORS IN THE UNITED STATES IN TRANSACTIONS NOT REQUIRED TO BE REGISTERED UNDER THE SECURITIES ACT.

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

THIS TALON IS NOT A SAVINGS ACCOUNT OR A DEPOSIT, IS NOT AN OBLIGATION OF OR GUARANTEED BY ANY BANKING OR NONBANKING AFFILIATE OF THE ISSUER AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY.

NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS TALON SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON EXCEPT PURSUANT TO THE PROVISIONS HEREOF.

[BY ACCEPTING THIS OBLIGATION, THE HOLDER REPRESENTS AND WARRANTS THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND THE REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND THE REGULATIONS THEREUNDER).][13]

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11 [Appears only on Talons relating to Notes issued by the Bank.]

12 [Appears only on Talons relating to Notes that are issued by the Bank and are subordinated.]

13 [Appears only on Talons relating to Notes with maturities of 183 days or less from the date or original issue.]

(On the front)

[Specified Currency and Principal Amount of Tranche]

EURO MEDIUM-TERM NOTES DUE [Year of Maturity]

Series No. [ ]

COMMON CODE: ISIN:

On and after [ ] further Coupons [and a further Talon] appertaining to the Note to which this Talon appertains will be issued at the specified office of the Agent or any of the Paying Agents set out on the reverse hereof (and/or any other or further Paying Agents and/or specified offices as may from time to time be duly appointed and notified to the Noteholders) upon production and surrender of this Talon.

This Talon may, in certain circumstances, become void under the Terms and Conditions endorsed on the Notes to which this Talon appertains.

[BANK OF AMERICA CORPORATION]/[BANK OF AMERICA N.A.]

By: _____

Duly authorized officer

(Reverse of Receipt and Talon)

AGENT

JPMorgan Chase Bank, London Branch
Trinity Tower
9 Thomas More Street
London E1W 1YT
United Kingdom

PAYING AGENT

J.P. Morgan Bank Luxembourg S.A.
5 Rue Plaetis
L-2338 Luxembourg-Grund

and/or such other or further Agent and other or further Paying Agents and/or specified offices as may from time to time be duly appointed by the Issuer and notice of which has been given to the Noteholders.

PART I

TERMS AND CONDITIONS OF THE NOTES OTHER THAN INTERNOTES

The following are the Terms and Conditions of the Notes (also, the "Terms and Conditions" and each, a "Condition") to be issued by the Issuers. The Terms and Conditions are incorporated by reference into each Global Note and will be attached to or endorsed upon each Definitive Note, if any are issued. The applicable Pricing Supplement in relation to any Notes contains additional terms and conditions which will complete the Notes and is deemed to be incorporated by reference into such Notes.

This Note is one of a series of Notes issued by Bank of America Corporation (the "Corporation") or by Bank of America, N.A. (the "Bank"; the Corporation and the Bank are each, an "Issuer" and together, the "Issuers"), pursuant to the Amended and Restated Agency Agreement dated as of August 1, 2003 (the "Amended and Restated Agency Agreement"), by and among the Issuers, JPMorgan Chase Bank, London Branch, as issuing and principal paying agent (the "Agent" and "Issuing and Principal Paying Agent") which term shall include any successor agent, and the other paying agents named therein (together with the Issuing and Principal Paying Agent, the "Paying Agents" (which term shall include any additional or successor paying agents)). References herein to the "Notes" shall be references to Notes of this Series and shall mean (1) in relation to any Notes represented by a Global Note (as defined herein), units of the lowest denomination of such Notes (the "Specified Denomination") payable in one or more currencies (each, a "Specified Currency"), (2) Definitive Notes (as defined herein), if any, issued in exchange for a Global Note and (3) any Global Note. The Notes, the Receipts (as defined herein) and the Coupons (as defined herein) have the benefit of the Amended and Restated Agency Agreement. Each Note will be the obligation of the relevant Issuer only and will not be an obligation of, or guaranteed by, the other Issuer.

Unless otherwise agreed by the relevant Issuer and the relevant Dealer(s) (each, a "Dealer" and together, the "Dealers"), and specified in the applicable Pricing Supplement, initially each tranche of Notes ("Tranche of Notes") will be represented by a temporary global note in bearer form (the "Temporary Global Note") without interest coupons, substantially in the form of Schedule 1 to the Amended and Restated Agency Agreement. The Temporary Global Note will be exchangeable, as provided in the Amended and Restated Agency Agreement, for beneficial interests in a permanent global note in bearer form (the "Permanent Global Note"), substantially in the form of Schedule 2 to the Amended and Restated Agency Agreement. The Temporary Global Note and the Permanent Global Note are together referred to as the "Global Notes" and each of them is a "Global Note." Interests in a Global Note may be exchanged, free of charge to Noteholders, for definitive notes ("Definitive Notes") with interest coupons attached (the "Coupons") substantially in the form of Schedule 3 to the Amended and Restated Agency Agreement, and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("Talons") substantially in the form of Schedule 3 to the Amended and Restated Agency Agreement attached on issue only under certain limited circumstances described below. Any reference herein to Coupons or coupons, unless the context otherwise requires, shall be deemed to include a reference to Talons or talons. Definitive Notes repayable in installments have receipts ("Receipts") for the payment of the installments of principal (other than the final installment) attached on issue. Any reference herein to "Noteholders" shall mean the holders of the Notes, and, in relation to any Notes represented by a Global Note, shall be construed as provided below. Any reference herein to "Receiptholders" shall mean the holders of the Receipts and any reference herein to "Couponholders" shall mean the holders of the Coupons, and, unless the context otherwise requires, shall include the holders of the Talons.

Interests in a Global Note will be exchangeable for Definitive Notes only if: (1) an Event of Default (as defined herein) occurs and is continuing, or (2) the relevant Issuer is notified that either Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") or Clearstream Banking, socíété anonyme ("Clearstream, Luxembourg") has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) after the original issuance of the Notes or has announced an intention permanently to cease business or has in fact done so and no alternative clearance system approved by the Noteholders is available, or (3) the relevant Issuer, after notice to the Agent, determines to issue the Notes in definitive form.

Subject to applicable laws and regulations, an Issuer may agree to issue Notes in registered form to non-United States persons ("Registered Notes"). With respect to any Tranche of Registered Notes, the relevant Issuer will appoint, pursuant to a transfer, paying agency and registry agreement, a transfer agent, paying agent and registrar, all as more fully described in the applicable Pricing Supplement.

The Pricing Supplement for the Notes is attached hereto or endorsed hereon and supplement these Terms and Conditions and may specify other terms and conditions which, to the extent so specified or to the extent inconsistent with these Terms and Conditions, shall replace or modify these Terms and Conditions for purposes of the Note. References herein to the "applicable Pricing Supplement" are to the relevant Pricing Supplement attached hereto or endorsed hereon.

As used herein, "Series" means a Tranche of Notes, together with any further Tranche or Tranches of Notes, which are (1) expressly to be consolidated and form a single series and (2) identical in all respects (including as to listing) except for the date on which such Notes will be issued (the "Issue Date"), for interest-bearing Notes, the date from which such Notes bear interest (if different from the Issue Date) (the "Interest Commencement Date") and/or the price (expressed as a percentage of the principal amount of the Notes) at which such Notes will be issued (the "Issue Price"). The expressions "Notes of the relevant Series" and "holders of Notes of the relevant Series" and related expressions shall be construed accordingly. As used herein, "Tranche" means Notes (whether in global or definitive form or both) which are identical in all respects (including as to listing).

Copies of the Amended and Restated Program Agreement, dated as of August 1, 2003 among the Issuers and the Dealers named or to be appointed thereunder (the "Program Agreement") and the Pricing Supplement applicable to such Notes are available for inspection without charge at the specified offices of each of the Issuing and Principal Paying Agent and the other Paying Agents except that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a Noteholder upon proof satisfactory to the relevant Paying Agent as to ownership of the Note. Copies of all Pricing Supplements prepared with respect to Notes listed on the Luxembourg Stock Exchange will be available without charge at the office of the Paying Agent in Luxembourg. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Amended and Restated Agency Agreement and the applicable Pricing Supplement, which are binding on them.

Words and expressions defined in the Amended and Restated Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

1. Form, Denomination and Title

Unless otherwise agreed by the relevant Issuer and Dealer(s) and specified in the applicable Pricing Supplement, the Notes are in bearer form. Definitive Notes, if any, are serially numbered, in the Specified Currency and the Specified Denomination(s) as indicated in the applicable Pricing Supplement.

This Note is a Note bearing interest on a fixed rate basis (a "Fixed-Rate Note"), a Note bearing interest on a floating rate basis (a "Floating-Rate Note"), a Note issued on a non-interest bearing basis (a "Zero Coupon Note") or a Note upon which payment of principal or interest may be in one or more currencies (a "Dual Currency Note") or a combination of any of the foregoing, depending upon the Interest/Payment Basis specified in the applicable Pricing Supplement. It is also a Note issued on a partly paid basis (a "Partly Paid Note"), a Note upon which payments are based on an amortization table (the "Amortization Table") (an "Amortizing Note"), a Note which is redeemable in installments (an "Installment Note") and/or a Note upon which payment of principal (an "Indexed Redemption Amount Note") or interest (an "Interest Indexed Note") is determined by reference to the price or performance, either directly or indirectly, of one or more securities, currencies or composite currencies, commodities, interest rates, stock indices or other indices or formulae (each, an "Indexed Note") if, in each case, the applicable Pricing Supplement so indicates. The Corporation may issue a Fixed-Rate Note or a Floating-Rate Note that is an InterNote. The appropriate provisions of these Terms and Conditions will apply accordingly.

With respect to credit-linked Indexed Notes, unless otherwise specified in the applicable Pricing Supplement, the definitions and provisions in the 1999 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc. ("ISDA"), and as amended, updated or replaced as at the Issue Date of the first Tranche of the Notes of the relevant Series, are incorporated into these Terms and Conditions. A "credit-linked Indexed Note" is a Note for which principal, interest, if any, or other amounts, if any, may be based on the change in value of one or more debt obligations, or basket of debt obligations, if one or more of certain events relating to the creditworthiness of the issuer or issuers (which do not include the Issuers) of such debt obligations occurs before the scheduled Maturity Date.

This Note is a Senior Note (as defined herein) or a Subordinated Note (as defined herein), as specified in the applicable Pricing Supplement.

Notes in definitive form, issued only in certain limited circumstances, are to be issued with Coupons attached, unless they are Zero Coupon Notes in which case references to interest (other than interest due after the Maturity Date), Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set forth below, title to the Notes, Receipts and Coupons will pass by delivery. The relevant Issuer, the Replacement Agent (as defined in the Amended and Restated Agency Agreement) and any Paying Agent may deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next paragraph.

So long as any of the Notes are represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, each person who is shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing on the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the relevant Issuer, the Issuing and Principal Paying Agent and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes, except with respect to the payment of principal, interest or other amounts on the Notes, the bearer of the relevant Global Note shall be treated by the relevant Issuer, the Issuing and Principal Paying Agent and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant Global Note (the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly). Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg as the case may be.

The relevant Issuer will issue Notes in such denominations as may be agreed upon and as indicated in the applicable Pricing Supplement. However, the minimum denomination permitted for each Note will be such as may be allowed or required by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Specified Currency. Unless otherwise specified in the applicable Pricing Supplement, the Notes issued by the Bank must have a minimum denomination of $250,000 or its equivalent in other currencies.

Unless permitted by then current laws and regulations, any Notes issued by the Corporation (including Notes issued by the Corporation denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Corporation in the United Kingdom and which have a maturity of less than one year from the date of issue, shall (a) be issued to a limited class of professional investors, (b) have a redemption value of not less than £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than Sterling) and (c) provide that no part of any such Note may be transferred unless the redemption value of that part is not less than £100,000 (or such an equivalent amount in other currencies).

2. Status of the Senior Notes and the Subordinated Notes

The Notes may be issued in one or more Series as unsecured debt securities, which may be either senior notes ("Senior Notes") or subordinated notes ("Subordinated Notes"). InterNotes will be issued as the Corporation's Senior Fixed-Rate Notes or Floating-Rate Notes. The Bank will not issue InterNotes.

(a) Status of Notes Issued by the Corporation

The Notes issued by the Corporation are not deposits and are not insured by the Federal Deposit Insurance Corporation (the "FDIC").

The Corporation's Senior Notes will be unsecured and unsubordinated obligations of the Corporation and will rank equally with all other unsubordinated and unsecured indebtedness of the Corporation. The Corporation's Subordinated Notes are unsecured and subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness of the Corporation.

The indebtedness evidenced by the Corporation's Subordinated Notes and any Coupons and Receipts appertaining thereto, subject to the extent set forth herein, shall be subordinated in right of payment to the prior payment in full of all Senior Indebtedness of the Corporation. Senior Indebtedness shall continue to be Senior Indebtedness and shall be entitled to the benefits of such subordination irrespective of any amendment, modification or waiver of any term of the Senior Indebtedness. There is no right of acceleration in the case of a default in the payment of interest on the Corporation's Subordinated Notes or in the performance of any other obligation of the Corporation under the Corporation's Subordinated Notes.

(b) Status of Notes Issued by the Bank

The Notes issued by the Bank are not deposits and are not insured by the FDIC.

The Bank's Senior Notes are unsecured and uninsured general obligations of the Bank and are not an obligation of, or guaranteed by, the Corporation or any other affiliate of the Bank. In the event of any liquidation or resolution of the Bank by any receiver, the holders of deposits (including the FDIC, as subrogee of insured depositors) and the holders of certain other claims entitled to a priority or preference will be afforded a priority in payment over the claims of the holders of the Bank's Senior Notes and the holders of other general obligations of the Bank (as well as any subordinated claims, such as the Bank's Subordinated Notes).

The Bank's Subordinated Notes are unsecured and uninsured general obligations of the Bank and are not an obligation of, or guaranteed by, the Corporation or any other affiliate of the Bank. The Bank's Subordinated Notes are subordinated to the claims of depositors and general creditors of the Bank, including claims of holders of the Bank's Senior Notes, and are ineligible as collateral for a loan by the Bank. In accordance with the applicable regulations of the Office of the Comptroller of the Currency of the United States (the "Comptroller"), payment of principal of the Bank's Subordinated Notes may be accelerated only in the case of certain events involving the appointment of a receiver or similar official for the Bank, and then only to the extent required under or pursuant to applicable capital regulations, with the prior approval of the Comptroller. There is no right of acceleration in the case of a default in the payment of interest on the Bank's Subordinated Notes or in the performance of any other obligation of the Bank under the Bank's Subordinated Notes.

The indebtedness of the Bank evidenced by the Bank's Subordinated Notes, including the principal, premium, if any, interest or other amounts payable shall be subordinate and junior in right of payment to its obligations to its depositors, its obligations under bankers' acceptances and letters of credit, and its obligations to its other creditors (including holders of the Bank's Senior Notes), including its obligation to any Federal Reserve Bank, the FDIC, and any rights acquired by the FDIC as a result of loans made by the FDIC to the Bank or the purchase or guarantee of any of its assets by the FDIC pursuant to the provisions of 12 U.S.C. Sections 1823(c), (d) or (e), whether now outstanding or hereafter incurred. In the event of any insolvency, receivership, conservatorship, reorganization, readjustment of debt, marshaling of assets and liabilities or similar proceedings or any liquidation or winding up of or relating to the Bank, whether voluntary or involuntary, all such obligations shall be entitled to be paid in full before any payment shall be made on account of the principal of, premium, if any, interest or other amounts payable on the Bank's Subordinated Notes, together with any obligations of the Bank ranking on a parity with the Bank's Subordinated Notes, shall be entitled to be paid from the remaining assets of the Bank the unpaid principal thereof and any unpaid premium, if any, interest or other amounts payable before any payment or other distribution whether in cash, property, or otherwise, shall be made on account of any capital stock or any

obligations of the Bank ranking junior to the Bank's Subordinated Notes. Nothing herein shall impair the obligation of the Bank, which is absolute and unconditional, to pay the principal of, premium, if any, interest or other amounts payable on the Bank's Subordinated Notes according to their terms.

Notwithstanding any other provisions contained in the Bank's Subordinated Notes, including specifically those set forth in the sections relating to subordination, events of default and covenants of the Bank, it is expressly understood and agreed that the Comptroller or any receiver or conservator of the Bank appointed by the Comptroller shall have the right in the performance of its legal duties, and as part of liquidation designed to protect or further the continued existence of the Bank or the rights of any parties or agencies with an interest in, or claim against, the Bank or its assets, to transfer or direct the transfer of the obligations of the Bank's Subordinated Notes to any bank or bank holding company selected by such official which shall expressly assume the obligation of the due and punctual payment of the unpaid principal, premium, if any, interest or other amounts payable on the Bank's Subordinated Notes and the due and punctual performance of all covenants and conditions. The completion of such transfer and assumption shall serve to supercede and void any default, acceleration or subordination which may have occurred, or which may occur due or related to such transaction, plan, transfer or assumption, pursuant to the provisions of the Bank's Subordinated Notes, and shall serve to return the holder to the same position, other than for substitution of the obligor, it would have occupied had no default, acceleration or subordination occurred; except that any interest or other amounts payable and principal previously due, other than by reason of acceleration, and not paid, in the absence of a contrary agreement by the holder of the Bank's Subordinated Notes, shall be deemed to be immediately due and payable as of the date of such transfer and assumption, together with the interest from its original due date at the rate provided for herein.

(c) Status of Notes Issued by Either Issuer

There is no limitation on the issuance of additional Senior Indebtedness of the Corporation or the Corporation's Subordinated Notes. Likewise, there is no limitation on the issuance of additional Senior Indebtedness of the Bank or the Bank's Subordinated Notes, or other indebtedness of, or acceptance of deposits by, the Bank.

"Senior Indebtedness" is defined as any indebtedness for money borrowed (including all indebtedness of the relevant Issuer for borrowed and purchased money of such Issuer, all obligations of such Issuer arising from off-balance sheet guarantees by such Issuer and direct credit substitutes and obligations of such Issuer associated with derivative products such as interest and foreign exchange rate contracts and commodity contracts) that is outstanding on the date of execution of the Amended and Restated Agency Agreement, or is thereafter created, incurred or assumed, for which the relevant Issuer is at the time of determination responsible or liable as obligor, guarantor or otherwise for payment, and all deferrals, renewals, extensions and refundings of any such indebtedness or obligations, other than the Subordinated Notes or any other indebtedness as to which the instrument creating or evidencing the same or pursuant to which the same is outstanding, provides that such indebtedness is subordinate in right of payment to any other indebtedness of such Issuer.

Neither the Corporation nor the Bank shall make any payment on account of principal of, premium, if any, interest or other amounts payable, if any, on its Subordinated Notes or purchase any of its Subordinated Notes, either directly or indirectly, if (1) any default or Event of Default with respect to any of its Senior Indebtedness shall have occurred and be continuing and (2) it shall have received written notice thereof from the holders of at least 10% in principal amount of any kind or category of any of its Senior Indebtedness (or the representative or representatives of such holders).

Until all Senior Indebtedness of the Corporation and the Bank is paid in full, the holders of that Issuer's Subordinated Notes will be subrogated (equally and ratably with the holders of all indebtedness of the relevant Issuer which, by its express terms, ranks on a parity with its Subordinated Notes, and is entitled to like rights of subrogation) to the rights of the holders of that Issuer's Senior Indebtedness to receive payments or distributions of its assets.

If either Issuer repays any of its Subordinated Notes before the required date or in connection with a distribution of its assets to creditors pursuant to a dissolution, winding up, liquidation or reorganization,

any principal, premium, if any, interest or other amounts payable will be paid to the holders of that Issuer's Senior Indebtedness before any holders of its Subordinated Notes are paid. In addition, if such amounts were previously paid to the holders of that Issuer's Subordinated Notes, the holders of its Senior Indebtedness shall have first rights to such amounts previously paid.

No modification or amendment of the subordination provisions of an Issuer's Subordinated Notes and any related coupons in a manner adverse to the holders of that Issuer's Senior Indebtedness may be made without the consent of the holders of all outstanding Senior Indebtedness of the Issuer affected thereby.

There are no limitations on either Issuer's ability to incur additional indebtedness.

3. Interest

(a) Interest on Fixed-Rate Notes

Unless otherwise specified in the applicable Pricing Supplement, each Fixed-Rate Note bears interest on its outstanding nominal amount (or if it is a Partly Paid Note, on the amount paid-up) at the rate(s) per annum specified in the applicable Pricing Supplement from (and including) the Interest Commencement Date to (but excluding) the Maturity Date. Interest will be payable in arrears on the date or dates in each year specified in the applicable Pricing Supplement (each, a "Fixed Interest Payment Date") and on the Maturity Date if it does not fall on a Fixed Interest Payment Date. The first interest payment will be made on the first Fixed Interest Payment Date following the Interest Commencement Date.

If any Fixed Interest Payment Date is not a Payment Business Day (as defined in Condition 4(c)), then payment on a Fixed-Rate Note shall be paid as provided in Condition 4(c).

If a "Fixed Coupon Amount" is specified in the applicable Pricing Supplement, the amount of interest payable on each Fixed Interest Payment Date in respect of the Fixed Interest Period (as defined below) ending on (but excluding) such date will be the Fixed Coupon Amount as specified irrespective of any calculation based on the Rate(s) of Interest (as defined in Condition 3(g)) and any applicable Fixed Day Count Fraction (if any) and if the amount of interest payable on any Fixed Interest Payment Date is specified as an amount other than the Fixed Coupon Amount, such amount will be a "Broken Amount" specified in the applicable Pricing Supplement.

As used in these Conditions, "Fixed Interest Period" means the period from, and including, a Fixed Interest Payment Date (or, if none, the Interest Commencement Date) to, but excluding, the next (or first) Fixed Interest Payment Date.

Unless otherwise specified in the applicable Pricing Supplement, if interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest specified in the applicable Pricing Supplement to each Specified Denomination, multiplying such sum by the applicable Fixed Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"Fixed Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 3(a):

(i) if "Actual/Actual (ISMA)" is specified in the applicable Pricing Supplement:

(A) for Notes where the Accrual Period is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of determination dates ("Determination Dates"), as specified in the applicable Pricing Supplement, that would occur in one calendar year assuming interest were payable in respect of the whole of that year; or

(B) for Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination

Period and (y) the number of Determination Dates, as specified in the applicable Pricing Supplement, that would occur in one calendar year assuming interest were payable in respect of the whole of that year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest were payable in respect of the whole of that year; and

(ii) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the relevant period from (and including) the most recent Fixed Interest Payment Date (or, if none, the Issue Date or, if different from the Issue Date, the Interest Commencement Date) to (but excluding) the relevant Interest Payment Date (such number of days being calculated on the basis of a year of 360 days with twelve 30-day months) divided by 360.

"Accrual Period" means the number of days in the relevant period from (and including) the most recent Fixed Interest Payment Date (or, if none, the Issue Date or, if different from the Issue Date, the Interest Commencement Date) to (but excluding) the relevant Interest Payment Date.

"Determination Period" means the period from (and including) a Determination Date (as specified in the applicable Pricing Supplement) to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Fixed Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

"Sub-unit" means, with respect to euro, one cent, and, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency.

(b) Interest on Floating-Rate Notes

(i) *Interest Payment Dates*

Each Floating-Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, on the amount paid-up) from (and including) the Interest Commencement Date specified in the applicable Pricing Supplement. Interest will be payable in arrears on either:

(A) the Interest Payment Date(s) (each, an "Interest Payment Date") in each year specified in the applicable Pricing Supplement; or

(B) if no Interest Payment Date(s) are specified in the applicable Pricing Supplement, each date (each, an "Interest Payment Date") which falls the number of months or other period specified in the applicable Pricing Supplement after the preceding Interest Payment Date, or in the case of the first Interest Payment Date, after the Interest Commencement Date.

Interest will be payable in respect of each "Interest Period" (which expression shall mean, in these Terms and Conditions, the period from (and including), an Interest Payment Date (or the Interest Commencement Date), to (but excluding) the next, or first Interest Payment Date, as the case may be.

If any Interest Payment Date (or other date) falls on a day which is not a Business Day, it will be adjusted in accordance with the business day convention specified in the applicable Pricing Supplement. If the business day convention specified is:

(1) the "Floating Rate Convention," such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day. If postponement would cause such date to fall in the next calendar month, then (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding applicable Interest Payment Date (or other date) occurred; or

(2) the "Following Business Day Convention," such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or

(3) the "Modified Following Business Day Convention," such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the immediately preceding Business Day; or

(4) the "Preceding Business Day Convention," such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day.

"Business Day" means a day which is both:

(A) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Charlotte, North Carolina and any additional business center(s) specified in the applicable Pricing Supplement ("Additional Business Center(s)"); and

(B) either (1) for any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center (the "Principal Financial Center") of the country of the relevant Specified Currency (if other than London) or (2) for any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ("TARGET System") or any successor thereto is operating. Unless otherwise provided in the applicable Pricing Supplement, the Principal Financial Center of any country for the purpose of these Terms and Conditions shall be as provided in the ISDA Definitions, except that the Principal Financial Center of Australia shall be Melbourne and Sydney, the Principal Financial Center of Canada shall be Toronto and the Principal Financial Center of New Zealand shall be Wellington.

The term "ISDA Definitions" means the 2000 ISDA Definitions (as published by ISDA) and as amended, updated or replaced as at the Issue Date of the first Tranche of the Notes of the relevant Series.

(ii) *Rate of Interest*

The Rate of Interest payable on the Floating-Rate Notes and Interest Indexed Notes will be set forth in the applicable Pricing Supplement.

(A) *ISDA Determination for Floating-Rate Notes*

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the margin (the "Margin"), if any. For purposes of this sub-paragraph (A), the "ISDA Rate" for an Interest Period means a rate determined by the Issuing and Principal Paying Agent or such other person specified in the applicable Pricing Supplement that is equal to the Floating Rate under an interest rate swap transaction if the Issuing and Principal Paying Agent or such other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(1) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(2) the relevant Interest Commencement Date is the Effective Date;

(3) the Designated Maturity is a period specified in the applicable Pricing Supplement;

(4) the relevant Reset Date is either (i) the first day of that Interest Period if the applicable Floating Rate Option is based on the London interbank offered rate ("LIBOR") or the Euro-Zone interbank offered rate ("Euribor") for a currency, or (ii) in any other case, as specified in the applicable Pricing Supplement; and

(5) all other terms are as specified in the applicable Pricing Supplement.

For purposes of this sub-paragraph (A), "Euro-Zone" shall have the meaning set forth below and "Floating Rate," "Calculation Agent," "Floating Rate Option," "Effective Date," "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions.

(B) *Screen Rate Determination*

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined ("Screen Rate Determination"), the Rate of Interest for each Interest Period will be, subject as provided below, either:

(1) the offered quotation (if there is only one quotation on the relevant screen page (the "Relevant Screen Page")), whatever its designation; or

(2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations;

(expressed as a percentage rate per annum) for the rate (the "Reference Rate") by reference to which the Rate of Interest which appears or appear, as the case may be, on the Relevant Screen Page on which the Reference Rate is for the time being displayed on the Reuter Monitor Money Rates Service or the appropriate display on Bridge Telerate, Inc. (or such service as is specified in the applicable Pricing Supplement) at 11:00 a.m. (London time in the case of LIBOR, or Brussels time in the case of Euribor) on the dates on which the Rate of Interest is to be determined (each, an "Interest Determination Date") plus or minus (as indicated in the applicable Pricing Supplement) the Margin, if any, all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, only one of such quotations) and the lowest (or, if there is more than one such lowest quotation, only one of such quotations) shall be disregarded by the Calculation Agent for purposes of determining the arithmetic mean of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case at the time specified in the preceding paragraph, the Calculation Agent shall at its sole discretion request the principal London office of each of the Reference Banks (as defined herein) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for the relevant Interest Period to leading banks in the London interbank market in the case of LIBOR or leading banks in the Euro-Zone interbank market in the case of Euribor, at approximately 11:00 a.m. (London time in the case of LIBOR, or Brussels time in the case of Euribor) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary, with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin, if any, all as determined by the Calculation Agent.

If on any Interest Determination Date only one or none of the Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded as provided above) of the rates, as communicated to (and at the request of) the Calculation Agent by any two or more of the Reference Banks, at which such banks were offered, at approximately 11:00 a.m. (London time in the case of LIBOR, or Brussels time in the case of Euribor) on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in the London interbank market in the case of LIBOR, or leading banks in the Euro-Zone interbank market in the case of Euribor, plus or minus (as appropriate) the Margin, if any. If fewer than two of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest shall be the offered quotation for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered quotations for deposits in the Specified Currency for the relevant Interest Period, at which, at approximately 11:00 a.m. (London time in the case of LIBOR, or Brussels time in the case of Euribor) on the relevant Interest Determination Date, any one or more banks informs the Calculation Agent it is quoting to leading banks in the London interbank market in the case of LIBOR or leading banks in the Euro-Zone interbank market in the case of Euribor, plus or minus (as

appropriate) the Margin, if any, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

"Reference Banks" means, in the case of (1) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and in the case of (2) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

"Euro-Zone" means the region comprised of member states of the European Union that have adopted the euro as the single currency in accordance with the EC Treaty.

If the Reference Rate from time to time for Floating-Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or Euribor, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(iii) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Calculation Agent, at or as soon as practicable after each time at which the Rate of Interest is to be determined, will determine the Rate of Interest (subject to any specified Minimum Interest Rate (as defined herein) or Maximum Interest Rate (as defined herein)) and calculate the amount of interest (the "Interest Amount") payable on the Floating-Rate Notes or Interest Indexed Notes for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest for such Interest Period to the minimum Specified Denomination, multiplying such sum by the applicable Floating Day Count Fraction (as defined herein) and rounding the resulting figure to the nearest U.S. Cent (or its approximate equivalent in the relevant Specified Currency), with $.005 (or its approximate equivalent in the relevant Specified Currency) being rounded upwards. The Calculation Agent's determination of the Rate of Interest and calculation of each Interest Amount shall be conclusive and binding on all parties in the absence of manifest error.

"Floating Day Count Fraction" shall have the meaning ascribed to "Day Count Fraction" in the ISDA Definitions or as agreed upon between the relevant Issuer and Dealer(s) in the applicable Pricing Supplement; provided, however, if "Actual/365 (Sterling)" is specified in the applicable Pricing Supplement, the Floating Day Count Fraction shall be the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366.

(iv) *Notification of Rate of Interest and Interest Amount*

The Calculation Agent will notify the relevant Issuer and any stock exchange on which the Floating-Rate Notes or Interest Indexed Notes are listed of the Rate of Interest and each Interest Amount for each Interest Period, the relevant Interest Payment Date and any other item determined or calculated by it in accordance with the applicable Pricing Supplement. The Calculation Agent also shall publish such notice in accordance with Condition 13 as soon as possible after any determination, but in no event later than the fourth London Business Day thereafter. In connection with any Floating-Rate Notes or Indexed Notes listed on the Luxembourg Stock Exchange, the Calculation Agent will notify the exchange of the Rate of Interest, the Interest Period and each Interest Amount no later than the first day of the commencement of each new Interest Period. Both the Interest Amount and Interest Payment Dates subsequently may be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period in accordance with the provisions hereof. Each stock exchange on which the Floating-Rate Notes or Indexed Notes are listed will be notified promptly of any amendment in accordance with Condition 13. For purposes of this sub-paragraph (iv), the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London.

(v) *Certificates to Be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this paragraph (b), by the Calculation Agent shall (in the absence of willful default, bad faith or manifest error) be binding on the relevant Issuer, the Calculation Agent, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of the aforesaid) the Calculation Agent shall not be liable to the relevant Issuer, the Noteholders, the Receiptholders or the Couponholders in connection with the exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Indexed Notes and Dual Currency Notes

For Indexed Notes or Dual Currency Notes, for which the rate or amount of interest or other amounts is to be determined by reference to the price or performance, either directly or indirectly, of one or more securities, currencies or composite currencies, commodities, interest rates, stock indices or other indices or formulae or an exchange rate, the rate or amount of interest or other amounts payable shall be determined in the manner specified in the applicable Pricing Supplement and payment shall be made in accordance with Condition 4.

(d) Zero Coupon Notes

If a Zero Coupon Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the Amortized Face Amount (as defined in Condition 5(g)) of such Note as determined in accordance with Condition 5(g)(iii). From the Maturity Date, any overdue principal of such Note shall bear interest at a rate per annum equal to the accrual yield, if any, in respect of such Notes (the "Accrual Yield") (expressed as a percentage per annum) set forth in the applicable Pricing Supplement.

(e) Partly Paid Notes

For Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue on the paid-up principal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(f) Accrual of Interest

Each Note (or in the case of the redemption of only part of a Note, only that part of such Note) will cease to bear interest, if any, from the date for its redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (after, as well as before, judgment) until the earlier of:

(i) the date on which all amounts due in respect of such Note have been paid; or

(ii) five days after the date on which the Issuing and Principal Paying Agent has received the full amount of the monies payable and notice to that effect has been given in accordance with Condition 13 or individually.

(g) Rate of Interest

As used in these Conditions, "Rate of Interest" means the rate, or each rate, of interest in respect of each interest bearing Note determined in accordance with the applicable provisions of this Condition 3 or as specified in the applicable Pricing Supplement.

(h) Limitations on Interest

The applicable Pricing Supplement may specify a minimum rate at which the Notes bear interest (a "Minimum Interest Rate"). If the Rate of Interest determined in accordance with the provisions of this Condition 3 is less than the specified Minimum Interest Rate, the Rate of Interest shall be such Minimum Interest Rate. Subject to the provisions of the next paragraph, the applicable Pricing Supplement may

specify a Maximum Interest Rate. If the Rate of Interest determined in accordance with the provisions of this Condition 3 is greater than the maximum rate at which the Notes bear interest (the "Maximum Interest Rate"), the Rate of Interest shall be such Maximum Interest Rate.

In addition to any Maximum Interest Rate which may be applicable to any Note pursuant to the above provision, the interest rate on such Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. Under present New York law, the maximum rate of interest is 25% per annum on a simple interest basis, with certain exceptions. The limit may not apply to Floating-Rate Notes in which U.S. $2,500,000 or more has been invested.

4. Payments

(a) Method of Payment

Subject as provided below:

(i) payments in a Specified Currency (other than euro) will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or by a check in such Specified Currency drawn on, a bank in the Principal Financial Center of the country of such Specified Currency; *provided, however,* that a check may not be delivered to an address in, and an amount may not be transferred to an account at a bank located in, the United States or any of its possessions by any office or agency of an Issuer, the Issuing and Principal Paying Agent or any Paying Agent; and

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee; provided, however, that a credit or transfer may not be delivered to an address in, and an amount may not be transferred to an account at a bank located in the United States or any of its possessions by any office or agency of an Issuer, the Issuing and Principal Paying Agent or any Paying Agent.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

(b) Presentation of Notes, Receipts and Coupons

Except as provided below, payments of principal, if any, in respect of Definitive Notes will be made as provided in paragraph (a) above only against surrender of such Definitive Notes, and payments of interest in respect of Definitive Notes will be made only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States. Payments under paragraph (a) above made by check, at the option of the bearer of such Note or Coupon, shall be mailed or delivered to an address outside the United States furnished by such bearer. Subject to any applicable laws and regulations, any payments made by transfer will be made in immediately available funds to an account maintained by the payee with a bank located outside the United States.

Payments of installments of principal, if any, in respect of Definitive Notes, other than the final installment, will (subject as provided below) be made as provided for in paragraph (a) above against presentation and surrender of the relevant Receipt. Each Receipt must be presented for payment of the relevant installment together with the Definitive Note to which it appertains. Receipts presented without the Definitive Note to which they appertain do not constitute valid obligations of an Issuer. Upon the date on which any Definitive Note becomes due and repayable, unmatured Receipts, if any, relating thereto (whether or not attached), shall become void and no payment shall be made in respect thereof. Payment of the final installment will be made as provided in paragraph (a) above against surrender of the relevant Definitive Notes.

Fixed-Rate Notes in definitive form (other than Dual Currency Notes or Indexed Redemption Amount Notes) should be presented for payment together with all related unmatured Coupons (which expression shall for this purpose include Coupons to be issued upon exchange of matured Talons). Failure to present the above will result in the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid

bears to the sum due) being deducted from the sum due for payment. Each amount of principal so deducted will be paid as described above against surrender of the relative missing Coupon at any time before the expiration of five years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed-Rate Note becoming due and payable prior to its Maturity Date, all relevant unmatured Talons, if any, will become void and no further Coupons will be issued in respect of that Fixed-Rate Note.

Upon the date on which any Floating-Rate Note, Dual Currency Note or Indexed Note in definitive form becomes due and payable, any related unmatured Coupons (whether or not attached), shall become void and no payment or, as the case may be, exchange for further Coupons, shall be made in respect of those Notes.

If the due date for redemption of any Definitive Note is not a Fixed Interest Payment Date or an Interest Payment Date, interest, if any, accrued in respect of such Note, from (and including) the preceding Fixed Interest Payment Date or Interest Payment Date or, as the case may be, the Interest Commencement Date, shall be payable only against surrender of the relevant Definitive Note.

Except as provided below, payments of principal, interest or other amounts payable, if any, in respect of Notes represented by a Global Note, will be made as specified above for Definitive Notes and otherwise as specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States and its possessions. The Paying Agent will record on each Global Note each payment made against presentation or surrender of such Global Note, distinguishing between any payment of principal, interest or other amounts payable, and such record shall be prima facie evidence that the payment has been made.

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the relevant Issuer will be discharged by payment to, or to the order of, the holder of such Global Note for each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note, must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the relevant Issuer to, or to the order of, the holder of such Global Note. No person other than the holder of such Global Note shall have any claim against such Issuer in respect of any payments due on that Global Note.

Notwithstanding the foregoing, U.S. Dollar payments of principal and interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States or its possessions if:

(i) the relevant Issuer has appointed Paying Agents with specified offices outside the United States and its possessions with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of principal, interest or other amounts payable on the Notes in the manner provided above when due in U.S. Dollars at such specified offices;

(ii) payment of the full amount of such principal, interest or other amounts payable at all such specified offices outside the United States and its possessions is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and

(iii) such payment is then permitted under United States law without involving, in the opinion of the relevant Issuer, adverse tax consequences for such Issuer.

(c) Payment Business Day

If the due date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment of the amount due until the next following Payment Business Day. The holder shall not be entitled to further interest or other payment in respect of such delay. For these purposes, unless otherwise specified in the applicable Pricing Supplement, "Payment Business Day" means any day (other than a Saturday or Sunday) which is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchanges and foreign currency deposits) in the

relevant place of presentation (and in the case of payment in euro in the place where the euro account specified by the payee is located) or any additional financial center ("Additional Financial Center") specified in the applicable Pricing Supplement; and

(ii) a Business Day (as defined in Condition 3(b)(i)).

This Condition 4(c) is applicable, if at all, to Floating-Rate Notes only after the applicable business day convention, as specified in Condition 3(b)(i) has been used to determine the relevant Interest Payment Date.

(d) Interpretation of Principal

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) any Additional Amounts (as defined in Condition 7) which may be payable with respect to principal under Condition 7;

(ii) the Final Redemption Amount (as defined in Condition 5(a)) of the Notes;

(iii) the redemption amount (the "Early Redemption Amount") in respect of the Notes payable on redemption for taxation reasons or following an Event of Default and/or the method, if any, of calculating the same if required to be specified by, or if different from that set out in, Condition 5(g);

(iv) each redemption amount (the "Optional Redemption Amount"), if any, of the Notes;

(v) for Installment Notes, the amount (expressed as a percentage of the principal amount of each Note) of such installment (each, an "Installment Amount");

(vi) for Amortizing Notes, the amount of unpaid principal;

(vii) for Zero Coupon Notes, the Amortized Face Amount;

(viii) for Indexed Notes, the current indexed redemption amount; and

(ix) any premium and any other amounts which may be payable by the relevant Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable with respect to interest under Condition 7.

(e) Imposition of Exchange Controls

If the relevant Issuer, after consulting with the Agent, reasonably determines that a payment on the Notes, Receipts or Coupons cannot be made in the Specified Currency due to restrictions imposed by the government of such currency or any agency or instrumentality thereof or any monetary authority in such country (other than as contemplated in the preceding paragraph (a)), such payment will be made outside the United States in U.S. dollars by a check drawn on, or by credit or transfer to an account maintained by the holder with a bank located outside the United States. The Agent, on receipt of the relevant Issuer's written instruction and at the expense of that relevant Issuer, shall give prompt notice to the holders of the Notes if such determination is made. The amount of U.S. Dollars to be paid with respect to any such payment shall be the amount of U.S. Dollars that could be purchased by the Agent with the amount of the relevant currency payable on the date the payment is due, at the rate for sale in financial transactions of U.S. Dollars (for delivery in the Principal Financial Center of the Specified Currency two business days later) quoted by such bank at 10:00 a.m. local time in the Principal Financial Center of the relevant currency, on the second business day prior to the date the payment is due.

5. Redemption and Purchase

(a) At Maturity

Unless previously redeemed or purchased and canceled as specified below, each Note will be redeemed by the relevant Issuer at an amount specified in, or determined in the manner specified in (the "Final Redemption Amount"), the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

(b) Redemption for Tax Reasons

The Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, at any time (in the case of Notes other than Floating-Rate Notes) or on any Interest Payment Date (in the case of Floating-Rate Notes), on giving not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) to the Issuing and Principal Paying Agent and to the Noteholders, in accordance with Condition 13, if:

(i) on the occasion of the next payment due under the Notes, the relevant Issuer has or will become obligated to pay Additional Amounts as discussed in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the United States or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and

(ii) such obligation cannot be avoided by the relevant Issuer taking reasonable measures available to it;

provided that, no such redemption notice shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due. Prior to the publication of any redemption notice pursuant to this Condition, the relevant Issuer shall deliver a certificate to the Issuing and Principal Paying Agent signed by the Chief Financial Officer or a Senior Vice President of such Issuer stating that such Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent, if any, to the redemption have occurred.

Notes redeemed pursuant to this Condition 5(b) will be redeemed at their Early Redemption Amount referred to in paragraph (g) below together (if appropriate) with interest accrued to (but excluding) the redemption date.

(c) Special Tax Redemption

If an Issuer determines that any payment made outside the United States by such Issuer or any of its Paying Agents in respect of any Note or Coupon, under any present or future laws or regulations of the United States, would be subject to any certification, documentation, information or other reporting requirement of any kind the effect of which is the disclosure to such Issuer, any Paying Agent or any governmental authority of the nationality, residence or identity of a beneficial owner of such Note or Coupon who is a United States Alien (as defined herein) (other than a requirement (a) that would not be applicable to a payment by such Issuer or any one of its Paying Agents (i) directly to the beneficial owner, or (ii) to a custodian, nominee or other agent of the beneficial owner, or (b) that can be satisfied by such custodian, nominee or other agent certifying to the effect that the beneficial owner is a United States Alien, provided that, in any case referred to in Clauses (a)(ii) or (b), payment by the custodian, nominee or agent to the beneficial owner is not otherwise subject to any such requirement, or (c) that would not be applicable to a payment by at least one Paying Agent of such Issuer), the relevant Issuer shall at its option either:

(x) redeem the Notes in whole, but not in part, at any time (in the case of Notes other than Floating-Rate Notes) or on any Interest Payment Date (in the case of Floating-Rate Notes), at a price equal to the Early Redemption Amount, together if appropriate with interest accrued to (but excluding) the date of redemption, or

(y) if the conditions of the next succeeding paragraph are satisfied, pay the Additional Amounts specified in such paragraph.

The relevant Issuer shall make such determination as soon as practicable and publish prompt notice thereof (the "Determination Notice") stating the effective date of such certification, documentation, information or other reporting requirement, whether the relevant Issuer will redeem the Notes or pay the Additional Amounts specified in the next succeeding paragraph, and (if applicable) the last date by which the redemption of the Notes must take place, as provided in the next succeeding sentence. If the Notes are to be redeemed pursuant to this paragraph (c), such redemption shall take place on such date, not later than one year after the publication of the Determination Notice, as the relevant Issuer shall elect by notice to the Issuing and Principal Paying Agent at least 45 days before the redemption date. Notice of such redemption

of the Notes will be given to the Noteholders not more than 60 nor less than 30 days prior to the redemption date by publication in accordance with Condition 13. Notwithstanding the foregoing, the relevant Issuer shall not redeem the Notes if such Issuer shall subsequently determine not less than 30 days prior to the redemption date, that subsequent payments on the Notes and Coupons would not be subject to any such certification, documentation, information or other reporting requirement, in which case the relevant Issuer shall give prompt notice of such subsequent determination by publication in accordance with Condition 13 and any earlier redemption notice shall be revoked and of no further effect.

Notwithstanding the foregoing, if and so long as the certification, documentation, information or other reporting requirement referred to in the preceding paragraph would be fully satisfied by payment of a backup withholding tax or similar charge, the relevant Issuer may elect to pay as additional interest such Additional Amounts as may be necessary so that every net payment made outside the United States following the effective date of such requirement by the relevant Issuer or any of its Paying Agents in respect of any Note or any Coupon of which the beneficial owner is a United States Alien (but without any requirement that the nationality, residence or identity, other than status as a United States Alien, of such beneficial owner be disclosed to the relevant Issuer, any Paying Agent or any governmental authority), after deduction or withholding for or on account of such backup withholding tax or similar charge (other than a backup withholding tax or similar charge that (i) would not be applicable in the circumstances referred to in the parenthetical clause of the first sentence of the preceding paragraph, or (ii) is imposed as a result of the presentation of such Note or Coupon for payment more than 15 days after the date on which such payment became due and payable or on which payment thereof was duly provided for, whichever occurred later), will not be less than the amount provided for in such Note or Coupon to be then due and payable. If the relevant Issuer elects to pay Additional Amounts pursuant to this paragraph, such Issuer shall have the right to redeem the Notes in whole, but not in part, at any time (in the case of Notes other than Floating-Rate Notes) or on any Interest Payment Date (in the case of Floating-Rate Notes), subject to the provisions of the last two sentences of the immediately preceding paragraph. If the relevant Issuer elects to pay Additional Amounts pursuant to this paragraph and the condition specified in the first sentence of this paragraph should no longer be satisfied, then such Issuer shall redeem the Notes pursuant to the provisions of the immediately preceding paragraph.

For purposes of this paragraph (c), the terms “Additional Amounts” and “United States Alien” have the meanings given in Condition 7.

(d) Call Option-Redemption at the Option of the Issuer

If the applicable Pricing Supplement specifies that the relevant Issuer has an option to redeem the Notes, and such Issuer gives:

(i) not less than 30 nor more than 60 days’ notice in accordance with Condition 13 to the Noteholders (or such other period as is specified in the applicable Pricing Supplement); and

(ii) not less than seven London Business Days (or such other period as is specified in the applicable Pricing Supplement) before giving notice as referred to in (i), notice to the Issuing and Principal Paying Agent;

(both of which notices shall be irrevocable), such Issuer may redeem all or only some of the Notes then outstanding on the date(s) upon which redemption may occur (each, an “Optional Redemption Date”) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a principal amount equal to the minimum principal amount of the Notes permitted to be redeemed at any time (the “Minimum Redemption Amount”) or any greater principal amount of the Notes permitted to be redeemed at any time (each, a “Higher Redemption Amount”), both as indicated in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed (“Redeemed Notes”) will be selected individually by lot, in the case of Redeemed Notes represented by Definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 60 days prior (or such other period as is specified in the applicable Pricing Supplement) to the date fixed for redemption (the “Selection Date”). In the case of Redeemed Notes represented by Definitive Notes, a list of

the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 30 days prior (or such other period as is specified in the applicable Pricing Supplement) to the date fixed for redemption. The aggregate principal amount of Redeemed Notes represented by Definitive Notes shall bear the same proportion to the aggregate principal amount of all Redeemed Notes as the aggregate principal amount of Definitive Notes outstanding bears to the aggregate principal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned principal amount, if necessary, shall be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate principal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph (d) and notice to that effect shall be given by the relevant Issuer to the Noteholders in accordance with Condition 13 at least 10 days prior (or such other period as is specified in the applicable Pricing Supplement) to the Selection Date.

(e) Put Option-Redemption at the Option of the Noteholders

If the applicable Pricing Supplement specifies that the Noteholders have an option to redeem the Notes, upon the Noteholder giving the relevant Issuer, in accordance with Condition 13, not less than 30 nor more than 60 days' notice or such other period of notice as is specified in the applicable Pricing Supplement (which notice shall be irrevocable), such Issuer will, upon the expiration of such notice, redeem (in accordance with, the terms specified in the applicable Pricing Supplement) in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

In order to exercise its right to require redemption of any Notes in definitive form, the Noteholder must deliver the Note at the specified office of any Paying Agent outside the United States during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form obtainable from any specified office of any Paying Agent (a "Put Notice"), in which the holder must specify a bank account (or, if payment is by check, an address) to which payment is to be made under this Condition.

(f) Regulatory Limitations on Redemption

To the extent then required by applicable capital regulations, the Bank's Subordinated Notes may require approval of the Comptroller before redemption prior to maturity, whether pursuant to acceleration or otherwise.

(g) Early Redemption Amounts

For purposes of paragraph (b) above and Condition 9, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

(i) for Notes with a Final Redemption Amount equal to 100% of the principal amount, at the Final Redemption Amount thereof; or

(ii) for Notes (other than Zero Coupon Notes, but including Amortizing Notes, Indexed Notes, Installment Notes and Partly Paid Notes) with a Final Redemption Amount different from the nominal amount or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their nominal amount; or

(iii) for Zero Coupon Notes, at an amount (the "Amortized Face Amount") equal to:

(A) the sum of (x) the Reference Price specified in the applicable Pricing Supplement multiplied by the face amount of the Note (the "Reference Price Amount") and (y) the product of the Accrual Yield specified in the applicable Pricing Supplement (compounded annually) being applied to the Reference Price Amount from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable; or

(B) if the amount payable with respect to any Zero Coupon Note upon redemption pursuant to Condition 5(b), (c), (d) or (e) above or upon its becoming due and repayable as provided in Condition 9 is not paid or available for payment when due, the amount due and repayable with respect to such Zero Coupon Note shall be the Amortized Face Amount of such Zero Coupon Note calculated as provided above as though the references in subparagraph (A) to the date fixed for redemption or the date upon which the Zero Coupon Note becomes due and repayable were replaced by references to the date (the "Reference Date") which is the earlier of:

(1) the date on which all amounts due with respect to the Note have been paid; or

(2) the date on which the full amount of the monies repayable has been received by the Agent and notice to that effect has been given in accordance with Condition 13.

The calculation of the Amortized Face Amount in accordance with this sub-paragraph (B) will continue to be made, before, as well as, after judgment, until the Reference Date, unless the Reference Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the principal amount of such Note together with interest at a rate per annum equal to the Accrual Yield.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed or such other calculation basis as may be specified in the applicable Pricing Supplement.

(h) Installment Notes; Amortizing Notes

If the Notes are Installment Notes, they will be redeemed in the Installment Amounts and on the date on which each installment is repayable (each, an "Installment Date") as specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (g) above. If the Notes are Amortizing Notes, they will be redeemed in the amounts and on the dates set forth on the Amortization Table specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (g) above.

(i) Partly Paid Notes

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (g) above.

(j) Indexed Notes

If the Notes are Indexed Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

(k) Repurchases

An Issuer and any of its affiliates may at any time repurchase Notes (provided that, in the case of Definitive Notes, all unmatured Receipts and Coupons attached thereto are repurchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or surrendered to any Paying Agent for cancellation, provided that any Notes reissued or resold comply with the selling restrictions set forth in Treasury Regulations Section 1.163-5 as if they were newly issued.

(l) Cancellation

All Notes which are redeemed will be canceled (together with all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so canceled and the Notes purchased and canceled pursuant to paragraph (k) above (together with all unmatured Receipts and Coupons canceled therewith) shall be forwarded to the Issuing and Principal Paying Agent and cannot be reissued or resold.

6. Redenomination

If the applicable Pricing Supplement permits redenomination, Notes denominated in a currency that may be redenominated into euro, at the election of the relevant Issuer, may be subject to redenomination in the manner set out below. In relation to such Notes, the relevant Issuer, without the consent of the Noteholders, Receiptholders or Couponholders, on giving at least 30 days' prior notice to Noteholders, Receiptholders, Couponholders, the Issuing and Principal Paying Agent, Euroclear and Clearstream, Luxembourg in accordance with Condition 13, may designate a "Redenomination Date" for the Notes, being (in the case of interest-bearing Notes) a date for payment of interest under the Notes (or in the case of Zero Coupon Notes, any date), in each case specified by the relevant Issuer in the notice given pursuant to this paragraph and falling on or after the date on which the relevant member state commences participation in the third stage of European Economic and Monetary Union pursuant to the EC Treaty and which falls before the date on which the currency ceases to be a sub-division of the euro.

Beginning on the Redenomination Date, notwithstanding the other provisions of the Conditions:

(i) the Notes and the Receipts shall (unless already so provided by mandatory provisions of applicable law) be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note and Receipt in the Specified Currency, converted into euro at the rate for conversion established by the Council of the European Union pursuant to the EC Treaty (including compliance with rules relating to rounding in accordance with European Community regulations) provided that, if the relevant Issuer determines, with the agreement of the Agent (which agreement shall not be unreasonably withheld), that the then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the relevant Issuer shall promptly notify the Noteholders, any stock exchange on which the Notes may be listed and any Paying Agent of such deemed amendment;

(ii) if Definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the relevant Issuer in the denominations of euro 0.01, euro 1,000, euro 10,000, euro 100,000 and such other denominations as the Issuing and Principal Paying Agent determines and gives notice of to the Noteholders;

(iii) if Definitive Notes have been issued prior to the Redenomination Date, all unmatured Receipts and Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void from the date on which the relevant Issuer gives the notice (the "Exchange Notice") that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the relevant Issuer. New certificates in respect of euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Issuing and Principal Paying Agent may specify and shall be stated to Noteholders in the Exchange Notice;

(iv) after the Redenomination Date, all payments in respect of the Notes (other than payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub-division of the euro. Such payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee;

(v) the amount of interest in respect of Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Receipts or Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01; and

(vi) if the Notes are Floating-Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest.

In connection with such redenomination, the relevant Issuer, after consultation with the Issuing and Principal Paying Agent, may make such other changes to the Conditions applicable to the relevant Notes,

including, without limitation, with respect to any Business Day, Fixed Day Count Fraction, Floating Day Count Fraction or other conventions as it may decide, so as to conform them to the then market practice in respect of euro-denominated debt securities issued in the Euromarkets, which are held in international clearing systems. Any such changes will not take effect until the next following Interest Payment Date after the Noteholders have been given notice in accordance with Condition 13.

The circumstances and consequences described in this Condition 6 and any resulting amendment to the Terms and Conditions of the Notes will not entitle any Noteholder (a) to any legal remedy, including, without limitation, redemption, rescission, notice, repudiation, adjustment or renegotiation of the Notes, or (b) to raise any defense or make any claim (including, without limitation, claims of breach, force majeure, frustration of purpose or impracticability) or any other claim for compensation, damages or any other relief.

7. Taxation

An Issuer will pay a United States Alien such additional amounts of interest ("Additional Amounts") as may be necessary so that every net payment of the principal of and interest on any Note or any Coupon appertaining thereto, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon such holder by the United States or any political subdivision or taxing authority thereof or therein upon or as a result of such payment, will not be less than the amount provided for in such Note and the Coupons appertaining thereto; *provided, however,* that the foregoing obligation to pay Additional Amounts shall not apply to:

(i) any tax, assessment or other governmental charge which would not have been so imposed but for:

(A) the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or stockholder of, or a person holding a power over, such holder, if such holder is an estate, trust, partnership or corporation) and the United States or any of its possessions, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member, stockholder or person holding a power) being or having been a citizen or resident or treated as a resident thereof or being or having been engaged in a trade or business therein or being or having been present therein or having or having had a permanent establishment therein or having or having had a qualified business unit which has the U.S. Dollar as its functional currency;

(B) such holder's present or former status as a personal holding company, foreign personal holding company, passive foreign investment company, private foundation or other tax-exempt entity or controlled foreign corporation for United States tax purposes or a corporation which accumulates earnings to avoid United States federal income tax; or

(C) such holder's status as a bank extending credit pursuant to a loan agreement entered into in the ordinary course of business;

(ii) any tax, assessment or governmental charge that would not have been so imposed but for the failure of the holder to comply with certification, identification or information reporting requirements under United States income tax laws, without regard to any tax treaty, with respect to the payment, concerning the nationality, residence, identity or connection with the United States or any of its possessions of the holder or a beneficial owner of such Note or Coupon, if such compliance is required by United States income tax laws, without regard to any tax treaty, as a precondition to relief or exemption from such tax, assessment or governmental charge;

(iii) any tax, assessment or governmental charge that would not have been so imposed but for the presentation by the holder of such Note or Coupon for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(iv) any estate, inheritance, gift, sales, transfer, excise, wealth or personal property tax or any similar tax, assessment or governmental charge;

(v) any tax, assessment or governmental charge which is payable otherwise than by withholding by the relevant Issuer or a Paying Agent from the payment of the principal of or interest on any Note or Coupon;

(vi) any tax, assessment or governmental charge imposed solely because the payment is to be made by a particular Paying Agent or a particular office of a Paying Agent and would not be imposed if made by another Agent or by another office of this Agent;

(vii) any tax, assessment or other governmental charge imposed on interest received by a person holding, actually or constructively, 10% or more of the total combined voting power of all classes of stock of the relevant Issuer entitled to vote;

(viii) any tax, assessment or other governmental charge imposed on a payment of principal or interest (or any other payment) on any Dual Currency Note or Indexed Note unless the applicable Pricing Supplement expressly provides that the Issuer will pay Additional Amounts with respect to such Note;

(ix) any withholding or deduction imposed on a payment to an individual and required to be made pursuant to any European Union Directive on the taxation of savings, including any directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 (any such directive being the "Directive") or any law implementing or complying with, or introduced in order to conform to, such Directive;

(x) any Note presented for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union; or

(xi) any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix) or (x); nor shall Additional Amounts be paid with respect to any payment of the principal of or interest on any Note or Coupon to a person other than the sole beneficial owner of such payment or that is a partnership or fiduciary to the extent either (A) such beneficial owner, member of such partnership or beneficiary or settlor with respect to such fiduciary would not have been entitled to the payment of Additional Amounts had such beneficial owner, member, beneficiary or settlor been the Noteholder or Couponholder, or (B) the Noteholder does not provide a statement, in the form, manner and time required by applicable United States income tax laws, from such beneficial owner, member of such partnership or beneficiary or settlor with respect to such fiduciary concerning its nationality, residence, identity or connection with the United States.

"United States Alien" means any corporation, partnership, entity, individual or fiduciary that is for United States federal income tax purposes (A) a foreign corporation, (B) a foreign partnership to the extent one or more of the members of which is, for United States federal income tax purposes, a foreign corporation, a non-resident alien individual or a foreign estate or trust, (C) a non-resident alien individual or (D) a foreign estate or trust.

Except as specifically provided herein and in the Amended and Restated Agency Agreement, the relevant Issuer shall not be required to make any payment with respect to any tax, assessment or other governmental charge imposed by any government or any political subdivision or taxing authority thereof or therein.

Whenever any Additional Amounts are to be paid on Notes or Coupons, the relevant Issuer will give notice to the Issuing and Principal Paying Agent and the other Paying Agents, as provided in the Amended and Restated Agency Agreement.

8. Prescription

The Notes, Receipts and Coupons will become void unless presented for payment within a period of five years after the date on which such payment first becomes due (the "Relevant Date"). However, if the full amount of the money payable has not been duly received by the Issuing and Principal Paying Agent or other relevant Paying Agent on or prior to the Relevant Date, then the Relevant Date shall mean the date on which, after the full amount of such money has been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

No Coupon sheet issued upon exchange of a Talon shall include a Coupon on which the claim for payment would be void pursuant to this Condition or Condition 4(b) or any Talon which would be void pursuant to Condition 4(b).

9. Events of Default

(a) Events of Default in Relation to Senior Notes

The occurrence of any of the following events with respect to any Series of Senior Notes of an Issuer shall constitute an "Event of Default" with respect to such Series:

(i) the relevant Issuer shall fail to pay the principal amount of any of the Notes when due whether at maturity or upon early redemption or otherwise; or

(ii) the relevant Issuer shall fail to pay any installment of interest, other amounts payable or Additional Amounts on any of the Notes for a period of 30 days after the due date; or

(iii) the relevant Issuer shall fail duly to perform or observe any other term, covenant or agreement applicable to Senior Notes contained in any of the Notes or in the Amended and Restated Agency Agreement for a period of 90 days after the date on which written notice of such failure, requiring such Issuer to remedy the same, shall first have been given to such Issuer and the Issuing and Principal Paying Agent by the Noteholders of at least 33% in aggregate principal amount of the Notes at the time outstanding; *provided, however,* that in the event such Issuer within the aforesaid period of 90 days shall commence legal action in a court of competent jurisdiction seeking a determination that such Issuer had not failed duly to perform or observe the term or terms, covenant or covenants or agreement or agreements specified in the aforesaid notice, such failure shall not be an Event of Default unless the same continues for a period of 10 days after the date of any final determination to the effect that the relevant Issuer had failed to duly perform or observe one or more of such terms, covenants or agreements; or

(iv) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the relevant Issuer in an involuntary case or proceeding under any applicable bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect, or appointing a receiver, liquidator, conservator, assignee, custodian, trustee, sequestrator (or similar official) of such Issuer or for any substantial part of its property or ordering the winding-up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(v) the relevant Issuer shall commence a voluntary case or proceeding under any applicable bankruptcy, insolvency, liquidation, receivership, reorganization or other similar law now or hereafter in effect, or shall consent to the entry or an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, conservator, assignee, trustee, custodian, sequestrator (or similar official) of such Issuer or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due or shall take any corporate action in furtherance of any of the foregoing.

(b) Events of Default in Relation to Subordinated Notes

The occurrence of any of the following events with respect to any Series of Subordinated Notes of an Issuer shall constitute an "Event of Default" with respect to such Series:

(i) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the relevant Issuer in an involuntary case or proceeding under any applicable bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect, or appointing a receiver, liquidator, conservator, assignee, custodian, trustee, sequestrator (or similar official) of the relevant Issuer or for any substantial part of its respective property or ordering the winding-up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(ii) the relevant Issuer shall commence a voluntary case or proceeding under any applicable bankruptcy, insolvency, liquidation, receivership, reorganization or other similar law now or hereafter in effect, or shall consent to the entry or an order for relief in an involuntary case under any such law, or

shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the relevant Issuer or for any substantial part of its respective property, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its respective debts as they become due or shall take any corporate action in furtherance of any of the foregoing.

If an Event of Default shall occur and be continuing, then the holder of any Note may, at such holder's option, by written notice to the relevant Issuer and the Issuing and Principal Paying Agent, declare the principal of such Note, the interest accrued or any other amounts then payable thereon (and Additional Amounts, if any, thereon) to be due and payable immediately and if any such Event of Default shall continue at the time of receipt of such written notice, such amounts shall become immediately due and payable, subject to the qualification in bold-type immediately below. Upon payment of such amount of principal, interest or other amounts payable (and Additional Amounts, if any), all of the relevant Issuer's obligations in respect of payment of principal of, interest or other amounts payable on (and Additional Amounts, if any) such Note shall terminate. Interest on overdue principal, interest or other amounts payable (and Additional Amounts, if any) shall accrue from the date on which such principal, interest or other amounts payable (and Additional Amounts, if any) were due and payable to the date such principal, interest or other amounts payable (and Additional Amounts, if any) are paid or duly provided for, at the rate borne by the Notes (to the extent payment of such interest shall be legally enforceable).

Payment of principal, the interest accrued or other amounts then payable thereon (and Additional Amounts, if any) of the Subordinated Notes may not be accelerated in the case of a default in the payment of principal, interest or other amounts then payable or the performance of any other covenant of either Issuer. Payment of the principal, the interest accrued or other amounts then payable thereon (and Additional Amounts, if any) of the Subordinated Notes may be accelerated only in the case of the bankruptcy or insolvency of the relevant Issuer. To the extent then required under applicable capital regulations of the Comptroller, no payment may be made on the Bank's Subordinated Notes after an acceleration resulting from a bankruptcy or insolvency of the Bank without the prior approval of the Comptroller.

If an Event of Default with respect to the Notes, or an event which, with the passing of time or the giving of notice, or both, would be an Event of Default, shall occur and be continuing, the relevant Issuer shall notify the Issuing and Principal Paying Agent in writing of such Event of Default no later than the following Business Day after it becomes aware of such Event of Default, and the Issuing and Principal Paying Agent thereupon promptly shall notify all of the Noteholders of such Event of Default.

The relevant Issuer shall provide to the Issuing and Principal Paying Agent within 90 days after the end of each fiscal year of such Issuer, commencing with the fiscal year ending December 31, 2003, a certificate to the effect that as of the last day of such fiscal year there was then existing no default with respect to the Notes, as defined in this section. The Issuing and Principal Paying Agent shall make such certificate available for inspection during normal business hours but shall have no duty to the Noteholders in respect of such certificate.

For purposes of paragraph (a)(iii) above, any indebtedness which is in a currency other than U.S. Dollars shall be translated into U.S. Dollars at the "spot" rate for the sale of U.S. Dollars against the purchase of the Specified Currency as quoted by the Issuing and Principal Paying Agent on the calendar day in London corresponding to the calendar day on which such premature repayment becomes due or, as the case may be, such default occurs (or, if for any reason such a rate is not available on that day, on the earliest possible date thereafter).

If any Note shall become so repayable, it shall be repaid at its Early Redemption Amount (as defined in Condition 5(g)) together, if appropriate, with accrued interest thereon, such interest to accrue and be paid in accordance with Condition 3.

10. Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Principal Paying Agent in London (or such other place

outside the United States as may be notified to Noteholders) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the relevant Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

11. Agent and Paying Agents

JPMorgan Chase Bank, London Branch, Trinity Tower, 9 Thomas More Street, London E1W 1YT, United Kingdom shall be the initial Issuing and Principal Paying Agent. J.P. Morgan Bank Luxembourg S.A., 5 Rue Plaetis, L-2338 Luxembourg-Grund initially shall be a Paying Agent.

The Issuers are entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

(i) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;

(ii) there will at all times be a Paying Agent with a specified office in a city in continental Europe;

(iii) there will at all times be an Agent; and

(iv) if the conclusions of the ECOFIN Council meeting of 26-27 November 2000 are implemented, the Issuer will maintain a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the Directive (as defined in Condition 7).

In addition, each Issuer shall immediately appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 4(b). Any variation, termination, appointment or change shall take effect only (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

12. Exchange of Talons

On and after the Fixed Interest Payment Date or the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon, if any, forming part of such Coupon sheet, may be surrendered at the specified office of the Issuing and Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8. Each Talon, for purposes of these Terms and Conditions, shall be deemed to mature on the Fixed Interest Payment Date or the Interest Payment Date (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

13. Notices

All notices regarding the Notes shall be published in a leading English language daily newspaper of general circulation in London and, so long as any Notes are listed on the Luxembourg Stock Exchange, in one leading newspaper with circulation in Luxembourg, pursuant to the rules of the Luxembourg Stock Exchange, and it is expected that such publication will be made in the *Financial Times* in London and the *Luxemburger Wort* in Luxembourg. Any such notice will be deemed to have been given on the date of such publication or, if published more than once, on the date of first publication. Couponholders of Notes shall be deemed for all purposes to have notice of the contents of any notice given to Noteholders in accordance with this paragraph.

For so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear and Clearstream, Luxembourg and until such time as any Definitive Notes are issued, if any are issued, there may be substituted for such publication in such newspaper the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the Noteholders except that, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so

require, notices also will be published in the *Luxemburger Wort* or any other leading Luxembourg newspaper. Any such notice to Euroclear and Clearstream, Luxembourg shall be deemed to have been given to Noteholders on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg. If approved for listing, as long as the Notes are listed on the Luxembourg Stock Exchange, any change in the Luxembourg paying and transfer agent or intermediary agent will be published in the *Luxemburger Wort* or another leading Luxembourg newspaper.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the related Note or Notes, with the Issuing and Principal Paying Agent. While any of the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Issuing and Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg as the case may be, in such manner as the Issuing and Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg as the case may be, may approve for this purpose.

14. Meetings of Noteholders, Modification and Waiver

The Amended and Restated Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including approving by Extraordinary Resolution (as defined in the Amended and Restated Agency Agreement) a modification of the Notes, the Receipts, the Coupons or certain provisions of the Amended and Restated Agency Agreement. Such a meeting may be convened by the relevant Issuer or Noteholders holding not less than 33% in principal amount of the Notes that at such time remain outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in principal amount of the Notes that at such time remain outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or canceling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, Receipts or Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes that at such time remain outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

Without the consent of the Noteholders, Receiptholders or Couponholders, the Agent and the Issuers may agree to modifications of or amendments to the Amended and Restated Agency Agreement, the Notes, the Receipts or the Coupons for any of the following purposes:

(i) to evidence the succession of another entity to an Issuer and the assumption by any such successor of the covenants of such Issuer in the Amended and Restated Agency Agreement, the Notes, Receipts or Coupons;

(ii) to add to the covenants of an Issuer for the benefit of the Noteholders, the Receiptholders or the Couponholders, or to surrender any right or power herein conferred upon such Issuer;

(iii) to relax or eliminate the restrictions on payment of principal and interest in respect of the Notes, Receipts or Coupons in the United States, provided that such payment is permitted by United States tax laws and regulations then in effect and provided that no adverse tax consequences would result to the Noteholders, the Receiptholders or the Couponholders;

(iv) to cure any ambiguity, to correct or supplement any defective provision herein or any provision which may be inconsistent with any other provision herein;

(v) to make any other provisions with respect to matters or questions arising under the Notes, the Receipts, the Coupons or the Amended and Restated Agency Agreement, provided such action pursuant to this sub-clause (v) shall not adversely affect the interests of the Noteholders, the Receiptholders or the Couponholders; and

(vi) to permit further issuances of Notes in accordance with the terms of the Program Agreement.

Any such modification or amendment shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification or amendment shall be notified to the Noteholders, the Receiptholders or the Couponholders in accordance with Condition 13 as soon as practicable thereafter.

15. Merger, Consolidation, Sale, Conveyance and Assumption

Any entity into which the Agent or any Paying Agent may be merged or converted, or any entity with which the Agent or any of the Paying Agents may be consolidated or any entity resulting from any merger, conversion or consolidation to which the Agent or any of the Paying Agents shall be a party, or any entity to which the Agent or any Paying Agent shall sell or otherwise transfer all or substantially all the assets of the Agent or any Paying Agent shall become, on the date when such merger, conversion, consolidation or transfer becomes effective and to the extent permitted by any applicable laws, the successor Agent or, as the case may be, Paying Agent under the Amended and Restated Agency Agreement without the execution or filing of any paper or any further act on the part of the parties to the Amended and Restated Agency Agreement, unless otherwise required by the Issuers, and after the effective date all references in the Amended and Restated Agency Agreement to the Agent or, as the case may be, such Paying Agent shall be deemed to be references to such entity. Written notice of any such merger, conversion, consolidation or transfer shall be given immediately to the Issuers by the relevant Agent or Paying Agent.

16. Additional Issuances

The Issuers from time to time without the consent of the relevant Noteholders, Receiptholders or Couponholders may create and issue additional notes having terms and conditions the same as (or the same in all respects except for the Issue Date, Interest Commencement Date and the Issue Price) Notes of an existing Series. These additional Notes shall be consolidated and form a single Series with the outstanding Notes of the existing Series.

17. Governing Law and Submission to Jurisdiction

The Amended and Restated Agency Agreement, the Notes and any Coupons, Receipts and Talons appertaining to the Notes shall be governed by and construed in accordance with the laws of the State of New York, United States, applicable to agreements made and to be performed wholly within such jurisdiction without regard to principles of conflicts of laws.

The Issuers submit to the non-exclusive jurisdiction of any United States federal court sitting in New York City, the Borough of Manhattan, solely for purposes of any legal action or proceeding brought to enforce its obligations hereunder or under any Coupon, Receipt or Talon. As long as any Note or Coupon remains outstanding, each Issuer shall either maintain an office or have an authorized agent in New York City upon whom process may be served in any such legal action or proceeding. Service of process upon an Issuer at its office or upon such agents with written notice of such service mailed or delivered to the Issuer shall to the fullest extent permitted by applicable law be deemed in every respect effective service of process upon the Issuer in any such legal action or proceeding. Both Issuers have appointed CT Corporation System at 111 Eighth Avenue, New York, New York 10011 as its agent upon whom process may be served in any suit, action or proceeding relating to or arising out of the Amended and Restated Agency Agreement, the Notes or any Coupon, Receipt or Talon appertaining hereto, with a copy to the Corporation at Bank of America Corporation, Bank of America Corporate Center, 100 North Tryon Street, NC1-007-23-01, Charlotte, North Carolina 28255, Attn: Corporate Treasury, and with a copy to the Bank at Bank of America, N.A., Bank of America Corporate Center, 100 North Tryon Street, NC1-007-23-01, Charlotte, North Carolina 28255, Attn: Corporate Treasury, in each case with a copy to Bank of America Corporation, Bank of America Corporate Center, Legal Department, 100 North Tryon Street, NC1-007-56-11, Charlotte, North Carolina 28255-0001, Attn: General Counsel.

PART II

TERMS AND CONDITIONS OF THE INTERNOTES

The following are the Terms and Conditions of the Notes (also, the "Terms and Conditions" and each, a "Condition") to be issued as InterNotes by the Corporation. The Terms and Conditions are incorporated by reference into each Global Note and will be attached to or endorsed upon each Definitive Note, if any are issued. In the event of any conflict between the provisions of this Part II to Schedule 4 and the information set out in the Pricing Supplement, the Pricing Supplement will prevail.

This Note is one of a series of Notes issued by Bank of America Corporation (the "Corporation"), pursuant to the Amended and Restated Agency Agreement dated as of August 1, 2003 (the "Amended and Restated Agency Agreement"), by and among the Corporation, Bank of America, N.A. (the "Bank"), JPMorgan Chase Bank, London Branch, as issuing and principal paying agent (the "Agent" and "Issuing and Principal Paying Agent") which term shall include any successor agent, and the other paying agents named therein (together with the Issuing and Principal Paying Agent, the "Paying Agents" (which term shall include any additional or successor paying agents)). References herein to the "Notes" shall be references to Notes of this Series and shall mean (1) in relation to any Notes represented by a Global Note (as defined herein), units of the lowest denomination of such Notes (the "Specified Denomination") payable in one or more currencies (each, a "Specified Currency"), (2) Definitive Notes (as defined herein), if any, issued in exchange for a Global Note and (3) any Global Note. The Notes and the Coupons (as defined herein) have the benefit of the Amended and Restated Agency Agreement. Each Note will be the obligation of the Corporation only and will not be an obligation of, or guaranteed by, the Bank.

Initially each tranche of Notes ("Tranche of Notes") will be represented [by a temporary global note in bearer form (the "Temporary Global Note") without interest coupons,][1] substantially in the form of Schedule 1 to the Amended and Restated Agency Agreement. The Temporary Global Note will be exchangeable, as provided in the Amended and Restated Agency Agreement, for beneficial interests in a permanent global note in bearer form (the "Permanent Global Note"), substantially in the form of Schedule 2 to the Amended and Restated Agency Agreement. The Temporary Global Note and the Permanent Global Note are together referred to as the "Global Notes" and each of them is a "Global Note." Interests in a Global Note may be exchanged, free of charge to Noteholders, for definitive notes ("Definitive Notes") with interest coupons attached (the "Coupons") substantially in the form of Schedule 3 to the Amended and Restated Agency Agreement[, and talons for further Coupons ("Talons") substantially in the form of Schedule 3 to the Amended and Restated Agency Agreement attached on issue only under certain limited circumstances described below].[2] Any reference herein to Coupons or coupons, unless the context otherwise requires, shall be deemed to include a reference to Talons or talons. Any reference herein to "Noteholders" shall mean the holders of the Notes, and, in relation to any Notes represented by a Global Note, shall be construed as provided below. Any reference herein to "Couponholders" shall mean the holders of the Coupons, and, unless the context otherwise requires, shall include the holders of the Talons.

Interests in a Global Note will be exchangeable for Definitive Notes only if: (1) an Event of Default (as defined herein) occurs and is continuing, (2) the Corporation is notified that either Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") or Clearstream Banking, socíété anonyme ("Clearstream, Luxembourg") has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) after the original issuance of the Notes or has announced an intention permanently to cease business or has in fact done so and no alternative clearance system approved by the Noteholders is available, or (3) the Corporation, after notice to the Agent, determines to issue the Notes in definitive form.

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1 Modify if needed.
2 Delete if inapplicable.

The Pricing Supplement for the Notes is attached hereto or endorsed hereon and supplements these Terms and Conditions.

As used herein, "Series" means a Tranche of Notes, together with any further Tranche or Tranches of Notes, that are (1) expressly to be consolidated and form a single series and (2) identical in all respects (including as to listing) except for the date on which such Notes will be issued (the "Issue Date"), the date from which such Notes bear interest (if different from the Issue Date) (the "Interest Commencement Date") and/or the price (expressed as a percentage of the principal amount of the Notes) at which such Notes will be issued (the "Issue Price"). The expressions "Notes of the relevant Series" and "holders of Notes of the relevant Series" and related expressions shall be construed accordingly. As used herein, "Tranche" means Notes (whether in global or definitive form or both) that are identical in all respects (including as to listing).

Copies of the Amended and Restated Program Agreement, dated as of August 1, 2003 among the Corporation, the Bank and the Dealers (each, a "Dealer" and together, the "Dealers") named or to be appointed thereunder (the "Program Agreement") and the Pricing Supplement are available for inspection without charge at the specified offices of each of the Issuing and Principal Paying Agent and the other Paying Agents. Copies of all Pricing Supplements prepared with respect to Notes listed on the Luxembourg Stock Exchange will be available without charge at the office of the Paying Agent in Luxembourg. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Amended and Restated Agency Agreement and the Pricing Supplement, which are binding on them.

Words and expressions defined in the Amended and Restated Agency Agreement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

1. Form, Denomination and Title

The Notes are in bearer form.[3] Definitive Notes, if any, are serially numbered, in the Specified Currency and the Specified Denomination(s).

This Note is [a Note bearing interest on a fixed rate basis (a "Fixed-Rate Note")] [a Note bearing interest on a floating rate basis (a "Floating-Rate Note")]. This Note is a Senior Note (as defined herein).

Notes in definitive form, issued only in certain limited circumstances, are to be issued with Coupons attached.

Subject as set forth below, title to the Notes and the Coupons will pass by delivery. The Corporation, the Replacement Agent (as defined in the Amended and Restated Agency Agreement) and any Paying Agent may deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next paragraph.

So long as any of the Notes are represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, each person who is shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing on the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Corporation, the Issuing and Principal Paying Agent and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes, except with respect to the payment of principal, interest or other amounts on the Notes, the bearer of the relevant Global Note shall be treated by the Corporation, the Issuing and Principal Paying Agent and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant Global Note (the expressions "Noteholder" and

[3] Modify if needed.

"holder of Notes" and related expressions shall be construed accordingly). Notes that are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg as the case may be.

[The Notes are issued in minimum denominations of and increments of in excess of .][4][5]

2. Status of the Senior Notes

The Notes may be issued in one or more Series as unsecured debt securities, that will be senior notes ("Senior Notes").

The Notes issued by the Corporation are not deposits and are not insured by the Federal Deposit Insurance Corporation (the "FDIC").

The Corporation's Senior Notes will be unsecured and unsubordinated obligations of the Corporation and will rank equally with all other unsubordinated and unsecured indebtedness of the Corporation.

There is no limitation on the issuance of additional Senior Indebtedness of the Corporation or the Corporation's Subordinated Notes. Likewise, there is no limitation on the issuance of additional Senior Indebtedness of the Bank or the Bank's Subordinated Notes, or other indebtedness of, or acceptance of deposits by, the Bank. The Corporation's Subordinated Notes and the Bank's Subordinated Notes are collectively referred to herein as "Subordinated Notes."

"Senior Indebtedness" is defined as any indebtedness for money borrowed (including all indebtedness of the Corporation or the Bank for borrowed and purchased money of the Corporation or the Bank, all obligations of the Corporation or the Bank arising from off-balance sheet guarantees by the Corporation or the Bank and direct credit substitutes and obligations of the Corporation or the Bank associated with derivative products such as interest and foreign exchange rate contracts and commodity contracts) that is outstanding on the date of execution of the Amended and Restated Agency Agreement, or is thereafter created, incurred or assumed, for which the Corporation or the Bank is at the time of determination responsible or liable as obligor, guarantor or otherwise for payment, and all deferrals, renewals, extensions and refundings of any such indebtedness or obligations, other than the Subordinated Notes or any other indebtedness as to which the instrument creating or evidencing the same or pursuant to which the same is outstanding, provides that such indebtedness is subordinate in right of payment to any other indebtedness of the Corporation or the Bank.

Neither the Corporation nor the Bank shall make any payment on account of principal of, premium, if any, interest or other amounts payable, if any, on its Subordinated Notes or purchase any of its Subordinated Notes, either directly or indirectly, if (1) any default or Event of Default with respect to any of its Senior Indebtedness shall have occurred and be continuing and (2) it shall have received written notice thereof from the holders of at least 10% in principal amount of any kind or category of any of its Senior Indebtedness (or the representative or representatives of such holders).

Until all Senior Indebtedness of the Corporation or the Bank is paid in full, the holders of that entity's Subordinated Notes will be subrogated (equally and ratably with the holders of all indebtedness of the Corporation or the Bank that, by its express terms, ranks on a parity with its Subordinated Notes, and is entitled to like rights of subrogation) to the rights of the holders of its Senior Indebtedness to receive payments or distributions of the assets of the Corporation or the Bank, respectively.

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[4] Revise as applicable. Please note that the minimum denomination permitted for each Note will be such as may be allowed or required by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Specified Currency.

[5] Notes issued in sterling must have a maturity date that is at least one year from the issue date; otherwise, the Notes may be classified as commercial paper for which certain minimum denominations (£100,000) and primary distribution requirements must be met.

If the Corporation or the Bank repays any of its Subordinated Notes before the required date or in connection with a distribution of its assets to creditors pursuant to a dissolution, winding up, liquidation or reorganization, any principal, premium, if any, interest or other amounts payable will be paid to the holders of that entity's Senior Indebtedness before any holders of that entity's Subordinated Notes are paid. In addition, if such amounts were previously paid to the holders of its Subordinated Notes, the holders of its Senior Indebtedness shall have first rights to such amounts previously paid.

No modification or amendment of the subordination provisions of the Corporation's or the Bank's Subordinated Notes and any related coupons in a manner adverse to the holders of that entity's Senior Indebtedness may be made without the consent of the holders of all outstanding Senior Indebtedness of that entity affected thereby.

There are no limitations on the ability of the Corporation or the Bank to incur additional indebtedness.

3. Interest

[(a) Interest on Fixed-Rate Notes

Each Fixed-Rate Note bears interest on its outstanding nominal amount at the rate(s) of per annum from (and including) (the "Interest Commencement Date") to (but excluding) · (the "Maturity Date").[6] Interest will be payable in arrears on [,·][7] in each year (each, an "Interest Payment Date") and on the Maturity Date if it does not fall on an Interest Payment Date. The first interest payment will be made on the first Interest Payment Date following the Interest Commencement Date.

If any Interest Payment Date is not a Payment Business Day (as defined in Condition 4(c)), then payment on a Fixed-Rate Note shall be paid as provided in Condition 4(c).

[The amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period (as defined below) ending on (but excluding) such date will be the Fixed Coupon Amount as specified irrespective of any calculation based on the Rate(s) of Interest (as defined in Condition 3(c)) and any applicable Fixed Day Count Fraction (if any).][8]

As used in these Conditions, "Fixed Interest Period" means the period from, and including, an Interest Payment Date (or, if none, the Interest Commencement Date) to, but excluding, the next (or first) Interest Payment Date.

[If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest specified herein to each Specified Denomination, multiplying such sum by the applicable Fixed Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.][9]

"Fixed Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 3(a):

[Use (i) or (ii) below if "Actual/Actual (ISMA)" applies:]

[(i) the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the· determination dates ("Determination Dates"), that would occur in one calendar year assuming interest were payable in respect of the whole of that year;][10] or

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6 Modify this sentence if a different method of calculation is used.
7 Modify as appropriate.
8 Use this text if transaction involves a Fixed Coupon Amount.
9 Modify if needed.
10 For Notes where the Accrual Period is equal or shorter than the Determination Period during which the Accrual Period Ends.

(ii) [the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) · Determination Dates that would occur in one calendar year assuming interest were payable in respect of the whole of that year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest were payable in respect of the whole of that year.][11]

[Use the following if "30/360" applies:]

[the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date or, if different from the Issue Date, the Interest Commencement Date) to (but excluding) the relevant Interest Payment Date (such number of days being calculated on the basis of a year of 360 days with twelve 30-day months) divided by 360.]

"Accrual Period" means the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date or, if different from the Issue Date, the Interest Commencement Date) to (but excluding) the relevant Interest Payment Date.

"Determination Period" means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

"Sub-unit" means, with respect to euro, one cent, and, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency.**]**

[(a) Interest on Floating-Rate Notes

(i) *Interest Payment Dates*

Each Floating-Rate Note bears interest on its outstanding nominal amount from (and including) (the "Interest Commencement Date"). Interest will be payable in arrears on [the Interest Payment Date(s) (each, an "Interest Payment Date") in each year specified herein] [each date (each, an "Interest Payment Date") that falls the number of months or other period specified herein after the preceding Interest Payment Date, or in the case of the first Interest Payment Date, after the Interest Commencement Date.]

Interest will be payable in respect of each "Interest Period" (which expression shall mean, in these Terms and Conditions, the period from (and including), an Interest Payment Date (or the Interest Commencement Date), to (but excluding) the next, or first Interest Payment Date, as the case may be.

If any Interest Payment Date (or other date) falls on a day that is not a Business Day (as defined herein), it shall be postponed to the next day that is a Business Day unless it would fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the immediately preceding Business Day.

(ii) *Rate of Interest*

The Rate of Interest payable on the Floating-Rate Notes is set forth herein.

[ISDA Determination for Floating-Rate Notes [Delete this Section if not applicable.]

The Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Pricing Supplement) the margin (the "Margin"), if any. For purposes of this sub-paragraph, the "ISDA

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[11] For Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends.

Rate" for an Interest Period means a rate determined by the Issuing and Principal Paying Agent or such other person specified in the applicable Pricing Supplement that is equal to the Floating-Rate under an interest rate swap transaction if the Issuing and Principal Paying Agent or such other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and as amended and updated at the issue date of the first Tranche of InterNotes of the relevant Series) (the "ISDA Definitions") and under which:

(1) the Floating Rate Option is as specified herein;

(2) the relevant Interest Commencement Date is the Effective Date;

(3) the Designated Maturity is the period specified herein;

(4) the relevant Reset Date is [the first day of that Interest Period if the applicable Floating-Rate Option is based on the London interbank offered rate ("LIBOR") or] [the Euro-Zone interbank offered rate ("Euribor") for a currency;] and[12]

(5) all other terms are as specified herein.

For purposes of this sub-paragraph (A), "Euro-Zone" shall have the meaning set forth below and "FloatingRate," "Calculation Agent," "Floating Rate Option," "Effective Date," "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions.]

[Screen Rate Determination [Delete this Section if not applicable.]

The Rate of Interest for each Interest Period (the "Screen Rate Determination") will be, subject as provided below, either:

(1) the offered quotation (if there is only one quotation on the relevant screen page (the "Relevant Screen Page")), whatever its designation; or

(2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations;

(expressed as a percentage rate per annum) for the rate (the "Reference Rate") by reference to which the Rate of Interest is to be determined that appears or appear, as the case may be, on the Relevant Screen Page on which the Reference Rate is for the time being displayed on the Reuter Monitor Money Rates Service or the appropriate display on Bridge Telerate, Inc.[13] at 11:00 a.m. (London time in the case of LIBOR, or Brussels time in the case of Euribor) on the dates on which the Rate of Interest is to be determined (each, an "Interest Determination Date") plus or minus the Margin, if any, all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, only one of such quotations) and the lowest (or, if there is more than one such lowest quotation, only one of such quotations) shall be disregarded by the Calculation Agent for purposes of determining the arithmetic mean of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case at the time specified in the preceding paragraph, the Calculation Agent shall at its sole discretion request the principal London office of each of the Reference Banks (as defined herein) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for the relevant Interest Period to leading banks in the London interbank market in the case of LIBOR or leading banks in the Euro-Zone interbank market in the case of Euribor, at approximately 11:00 a.m. (London time in the case of LIBOR, or Brussels time in the case of Euribor) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary, with

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[12] Modify if not LIBOR or Euribor.

[13] Specify alternative service, if applicable.

0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin, if any, all as determined by the Calculation Agent.

If on any Interest Determination Date only one or none of the Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum that the Calculation Agent determines to be the arithmetic mean (rounded as provided above) of the rates, as communicated to (and at the request of) the Calculation Agent by any two or more of the Reference Banks, at which such banks were offered, at approximately 11:00 a.m. (London time in the case of LIBOR, or Brussels time in the case of Euribor) on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in the London interbank market in the case of LIBOR, or leading banks in the Euro-Zone interbank market in the case of Euribor, plus or minus (as appropriate) the Margin, if any. If fewer than two of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest shall be the offered quotation for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered quotations for deposits in the Specified Currency for the relevant Interest Period, at which, at approximately 11:00 a.m. (London time in the case of LIBOR, or Brussels time in the case of Euribor) on the relevant Interest Determination Date, any one or more banks informs the Calculation Agent it is quoting to leading banks in the London interbank market in the case of LIBOR or leading banks in the Euro-Zone interbank market in the case of Euribor, plus or minus (as appropriate) the Margin, if any, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

"Reference Banks" means, in the case of (1) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and in the case of (2) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

"Euro-Zone" means the region comprised of member states of the European Union that have adopted the euro as the single currency in accordance with the EC Treaty.

[Revise this section if the Reference Rate is other than LIBOR or Euribor.]

(iii) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Calculation Agent, at or as soon as practicable after each time at which the Rate of Interest is to be determined, will determine the Rate of Interest (subject to any specified Minimum Interest Rate (as defined herein) or Maximum Interest Rate (as defined herein)) and calculate the amount of interest (the "Interest Amount") payable on the Floating-Rate Notes for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest for such Interest Period to the minimum Specified Denomination, multiplying such sum by the applicable Floating Day Count Fraction (as defined herein) and rounding the resulting figure to the nearest U.S. Cent (or its approximate equivalent in the relevant Specified Currency), with $.005 (or its approximate equivalent in the relevant Specified Currency) being rounded upwards. The Calculation Agent's determination of the Rate of Interest and calculation of each Interest Amount shall be conclusive and binding on all parties in the absence of manifest error.

"Floating Day Count Fraction" shall have the meaning ascribed to "Day Count Fraction" in the ISDA Definitions[14].

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[14] Revise if needed. If "Actual/365 (Sterling)" is specified in the applicable Pricing Supplement, the Floating Day Count Fraction shall be the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366.

(iv) *Notification of Rate of Interest and Interest Amount*

The Calculation Agent will notify the Corporation and any stock exchange on which the Floating-Rate Notes are listed of the Rate of Interest and each Interest Amount for each Interest Period, the relevant Interest Payment Date and any other item determined or calculated by it in accordance with the provisions hereof. The Calculation Agent also shall publish such notice in accordance with Condition 13 as soon as possible after any determination, but in no event later than the fourth London Business Day thereafter. In connection with any Floating-Rate Notes listed on the Luxembourg Stock Exchange, the Calculation Agent will notify the exchange of the Rate of Interest, the Interest Period and each Interest Amount no later than the first day of the commencement of each new Interest Period. Both the Interest Amount and Interest Payment Dates subsequently may be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period in accordance with the provisions hereof. Each stock exchange on which the Floating-Rate Notes are listed will be notified promptly of any amendment in accordance with Condition 13. For purposes of this sub-paragraph (iv), the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London.

(v) *Certificates to Be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this paragraph (a), by the Calculation Agent shall (in the absence of willful default, bad faith or manifest error) be binding on the Corporation, the Calculation Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of the aforesaid) the Calculation Agent shall not be liable to the Corporation, the Noteholders or the Couponholders in connection with the exercise by it of its powers, duties and discretions pursuant to such provisions.**]**

(b) Accrual of Interest

Each Note (or in the case of the redemption of only part of a Note, only that part of such Note) will cease to bear interest, if any, from the date for its redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (after, as well as before, judgment) until the earlier of:

(i) the date on which all amounts due in respect of such Note have been paid; or

(ii) five days after the date on which the Issuing and Principal Paying Agent has received the full amount of the monies payable and notice to that effect has been given in accordance with Condition 13 or individually.

(c) Rate of Interest

As used in these Conditions, "Rate of Interest" means the rate, or each rate, of interest in respect of each interest-bearing Note determined in accordance with the provisions of this Condition 3.[15]

(d) Limitations on Interest

[The Pricing Supplement may specify a minimum rate at which the Notes bear interest (a "Minimum Interest Rate"). If the Rate of Interest determined in accordance with the provisions of this Condition 3 is less than the specified Minimum Interest Rate, the Rate of Interest shall be such Minimum Interest Rate.][16] [Subject to the provisions of the next paragraph, the Pricing Supplement may specify a Maximum Interest Rate. If the Rate of Interest determined in accordance with the provisions of this Condition 3 is greater than the maximum rate at which the Notes bear interest (the "Maximum Interest Rate"), the Rate of Interest

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15 This paragraph may need to be modified if a method of calculation is used that varies from those set forth in this Condition 3.

16 Delete if not applicable.

shall be such Maximum Interest Rate.][17] The interest rate on any Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. Under present New York law, the maximum rate of interest is 25% per annum on a simple interest basis, with certain exceptions. [The limit may not apply to Floating-Rate Notes in which U.S. $2,500,000 or more has been invested.][18]

4. Payments

(a) Method of Payment

Subject as provided below:

[(i) payments in a Specified Currency (other than euro) will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or by a check in such Specified Currency drawn on, a bank in the Principal Financial Center of the country of such Specified Currency; provided, however, that a check may not be delivered to an address in, and an amount may not be transferred to an account at a bank located in, the United States or any of its possessions by any office or agency of the Corporation, the Issuing and Principal Paying Agent or any Paying Agent; and][19]

[(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee; provided, however, that a credit or transfer may not be delivered to an address in, and an amount may not be transferred to an account at a bank located in the United States or any of its possessions by any office or agency of the Corporation, the Issuing and Principal Paying Agent or any Paying Agent.][20]

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

(b) Presentation of Notes and Coupons

Except as provided below, payments of principal, if any, in respect of Definitive Notes will be made as provided in paragraph (a) above only against surrender of such Definitive Notes, and payments of interest in respect of Definitive Notes will be made only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States. Payments under paragraph (a) above made by check, at the option of the bearer of such Note or Coupon, shall be mailed or delivered to an address outside the United States furnished by such bearer. Subject to any applicable laws and regulations, any payments made by transfer will be made in immediately available funds to an account maintained by the payee with a bank located outside the United States.

[Fixed-Rate Notes in definitive form should be presented for payment together with all related unmatured Coupons (which expression shall for this purpose include Coupons to be issued upon exchange of matured Talons). Failure to present the above will result in the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) being deducted from the sum due for payment. Each amount of principal so deducted will be paid as described above against surrender of the relative missing Coupon at any time before the expiration of five years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed-Rate Note becoming due and payable prior to its Maturity Date, all relevant unmatured Talons, if any, will become void and no further Coupons will be issued in respect of that Fixed-Rate Note.][21]

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17 Delete if not applicable.
18 Delete if Fixed-Rate Notes are issued.
19 Delete if inapplicable.
20 Delete if inapplicable.
21 Delete if inapplicable.

[Upon the date on which any Floating-Rate Note in definitive form becomes due and payable, any related unmatured Coupons (whether or not attached), shall become void and no payment or, as the case may be, exchange for further Coupons, shall be made in respect of those Notes.][22]

If the due date for redemption of any Definitive Note is not an Interest Payment Date, interest, if any, accrued in respect of such Note, from (and including) the preceding Interest Payment Date, or, as the case may be, the Interest Commencement Date, shall be payable only against surrender of the relevant Definitive Note.

Except as provided below, payments of principal, interest or other amounts payable, if any, in respect of Notes represented by a Global Note, will be made as specified above for Definitive Notes and otherwise as specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States and its possessions. The Paying Agent will record on each Global Note each payment made against presentation or surrender of such Global Note, distinguishing between any payment of principal, interest or other amounts payable, and such record shall be prima facie evidence that the payment has been made.

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Corporation will be discharged by payment to, or to the order of, the holder of such Global Note for each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note, must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Corporation to, or to the order of, the holder of such Global Note. No person other than the holder of such Global Note shall have any claim against the Corporation in respect of any payments due on that Global Note.

Notwithstanding the foregoing, U.S. Dollar payments of principal and interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States or its possessions if:

(i) the Corporation has appointed Paying Agents with specified offices outside the United States and its possessions with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of principal, interest or other amounts payable on the Notes in the manner provided above when due in U.S. Dollars at such specified offices;

(ii) payment of the full amount of such principal, interest or other amounts payable at all such specified offices outside the United States and its possessions is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and

(iii) such payment is then permitted under United States law without involving, in the opinion of the Corporation, adverse tax consequences for the Corporation.

(c) Payment Business Day

If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment of the amount due until the next following Payment Business Day. The holder shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Business Day" means any day (other than a Saturday or Sunday) that is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchanges and foreign currency deposits) in the relevant place of presentation (and in the case of payment in euro in the place where the euro account specified by the payee is located) [or [23] (the "Additional Financial Center")]; and

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22 Delete if inapplicable.

23 Insert Additional Financial Center, if applicable.

(ii) a "Business Day," which means a day that is both:

(A) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Charlotte, North Carolina [and ("Additional Business Center(s)")][24]; and

(B) a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ("TARGET System") or any successor thereto is operating.[25]

(d) Interpretation of Principal

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) any Additional Amounts (as defined in Condition 7) that may be payable with respect to principal under Condition 7;

(ii) the Final Redemption Amount (as defined in Condition 5(a)) of the Notes;

(iii) the redemption amount (the "Early Redemption Amount") in respect of the Notes payable on redemption for taxation reasons or following an Event of Default;[26]

(iv) each redemption amount (the "Optional Redemption Amount"), if any, of the Notes; and

(v) any premium and any other amounts that may be payable by the Corporation under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts that may be payable with respect to interest under Condition 7.

(e) Imposition of Exchange Controls

If the Corporation, after consulting with the Agent, reasonably determines that a payment on the Notes or Coupons cannot be made in the Specified Currency due to restrictions imposed by the government of such currency or any agency or instrumentality thereof or any monetary authority in such country (other than as contemplated in the preceding paragraph (a)), such payment will be made outside the United States in U.S. dollars by a check drawn on, or by credit or transfer to an account maintained by the holder with a bank located outside the United States. The Agent, on receipt of the Corporation's written instruction and at the expense of the Corporation, shall give prompt notice to the holders of the Notes if such determination is made. The amount of U.S. Dollars to be paid with respect to any such payment shall be the amount of U.S. Dollars that could be purchased by the Agent with the amount of the relevant currency payable on the date the payment is due, at the rate for sale in financial transactions of U.S. Dollars (for delivery in the Principal Financial Center of the Specified Currency two business days later) quoted by such bank at 10:00 a.m. local time in the Principal Financial Center of the relevant currency, on the second business day prior to the date the payment is due. [The Principal Financial Center of any country for the purpose of these Terms and Conditions shall be as provided in the 2003 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc.][27]

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24 Delete if inapplicable.
25 Modify as appropriate.
26 Modify, if applicable, to reflect any changes to Condition 5(e) below.
27 Modify if needed.

5. Redemption and Purchase

(a) At Maturity

Unless previously redeemed or purchased and canceled as specified below, each Note will be redeemed by the Corporation at par (the "Final Redemption Amount") in the relevant Specified Currency on the Maturity Date.

(b) Redemption for Tax Reasons

The Notes may be redeemed at the option of the Corporation in whole, but not in part, at any time (in the case of Fixed Rate Notes) or on any Interest Payment Date (in the case of Floating-Rate Notes)[28], on giving not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) to the Issuing and Principal Paying Agent and to the Noteholders, in accordance with Condition 13, if:

(i) on the occasion of the next payment due under the Notes, the Corporation has or will become obligated to pay Additional Amounts as discussed in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the United States or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and

(ii) such obligation cannot be avoided by the Corporation taking reasonable measures available to it;

provided that, no such redemption notice shall be given earlier than 90 days prior to the earliest date on which the Corporation would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due. Prior to the publication of any redemption notice pursuant to this Condition, the Corporation shall deliver a certificate to the Issuing and Principal Paying Agent signed by the Chief Financial Officer or a Senior Vice President of the Corporation stating that the Corporation is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent, if any, to the redemption have occurred.

Notes redeemed pursuant to this Condition 5(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the redemption date.

(c) Special Tax Redemption

If the Corporation determines that any payment made outside the United States by the Corporation or any of its Paying Agents in respect of any Note or Coupon, under any present or future laws or regulations of the United States, would be subject to any certification, documentation, information or other reporting requirement of any kind the effect of which is the disclosure to the Corporation, any Paying Agent or any governmental authority of the nationality, residence or identity of a beneficial owner of such Note or Coupon who is a United States Alien (as defined herein) (other than a requirement (a) that would not be applicable to a payment by the Corporation or any one of its Paying Agents (i) directly to the beneficial owner, or (ii) to a custodian, nominee or other agent of the beneficial owner, or (b) that can be satisfied by such custodian, nominee or other agent certifying to the effect that the beneficial owner is a United States Alien, provided that, in any case referred to in Clauses (a)(ii) or (b), payment by the custodian, nominee or agent to the beneficial owner is not otherwise subject to any such requirement, or (c) that would not be applicable to a payment by at least one Paying Agent of the Corporation), the Corporation shall at its option either:

(x) redeem the Notes in whole, but not in part, at any time (in the case of Fixed Rate Notes) or on any Interest Payment Date (in the case of Floating Fixed Rate Notes), at a price equal to the Early Redemption Amount, together if appropriate with interest accrued to (but excluding) the date of redemption, or

(y) if the conditions of the next succeeding paragraph are satisfied, pay the Additional Amounts specified in such paragraph.

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[28] Delete if Fixed Rate transaction.

The Corporation shall make such determination as soon as practicable and publish prompt notice thereof (the "Determination Notice") stating the effective date of such certification, documentation, information or other reporting requirement, whether the Corporation will redeem the Notes or pay the Additional Amounts specified in the next succeeding paragraph, and (if applicable) the last date by which the redemption of the Notes must take place, as provided in the next succeeding sentence. If the Notes are to be redeemed pursuant to this paragraph (c), such redemption shall take place on such date, not later than one year after the publication of the Determination Notice, as the Corporation shall elect by notice to the Issuing and Principal Paying Agent at least 45 days before the redemption date. Notice of such redemption of the Notes will be given to the Noteholders not more than 60 nor less than 30 days prior to the redemption date by publication in accordance with Condition 13. Notwithstanding the foregoing, the Corporation shall not redeem the Notes if it shall subsequently determine not less than 30 days prior to the redemption date, that subsequent payments on the Notes and Coupons would not be subject to any such certification, documentation, information or other reporting requirement, in which case the Corporation shall give prompt notice of such subsequent determination by publication in accordance with Condition 13 and any earlier redemption notice shall be revoked and of no further effect.

Notwithstanding the foregoing, if and so long as the certification, documentation, information or other reporting requirement referred to in the preceding paragraph would be fully satisfied by payment of a backup withholding tax or similar charge, the Corporation may elect to pay as additional interest such Additional Amounts as may be necessary so that every net payment made outside the United States following the effective date of such requirement by the Corporation or any of its Paying Agents in respect of any Note or any Coupon of which the beneficial owner is a United States Alien (but without any requirement that the nationality, residence or identity, other than status as a United States Alien, of such beneficial owner be disclosed to the Corporation, any Paying Agent or any governmental authority), after deduction or withholding for or on account of such backup withholding tax or similar charge (other than a backup withholding tax or similar charge that (i) would not be applicable in the circumstances referred to in the parenthetical clause of the first sentence of the preceding paragraph, or (ii) is imposed as a result of the presentation of such Note or Coupon for payment more than 15 days after the date on which such payment became due and payable or on which payment thereof was duly provided for, whichever occurred later), will not be less than the amount provided for in such Note or Coupon to be then due and payable. If the Corporation elects to pay Additional Amounts pursuant to this paragraph, it shall have the right to redeem the Notes in whole, but not in part, at any time (in the case of Fixed Rate Notes) or on any Interest Payment Date (in the case of Floating-Rate Notes)], subject to the provisions of the last two sentences of the immediately preceding paragraph. If the Corporation elects to pay Additional Amounts pursuant to this paragraph and the condition specified in the first sentence of this paragraph should no longer be satisfied, then the Corporation shall redeem the Notes pursuant to the provisions of the immediately preceding paragraph.

For purposes of this paragraph (c), the terms "Additional Amounts" and "United States Alien" have the meanings given in Condition 7.

(d) Call Option-Redemption at the Option of the Corporation

[If the Corporation gives:

(i) not less than [30] nor more than [60] days' notice in accordance with Condition 13 to the Noteholders;[29] and

(ii) not less than seven London Business Days before giving notice as referred to in (i), notice to the Issuing and Principal Paying Agent];

(both of which notices shall be irrevocable), the Corporation may redeem all or only some of the Notes then outstanding on [, ·][30] (each, an "Optional Redemption Date") and at the Optional Redemption Amount(s) equal to [$/£/€ ·] together, if appropriate, with interest accrued to (but excluding) the Optional

[29] Modify if needed.
[30] Modify if needed.

Redemption Date(s). Any such redemption must be of a principal amount equal to the minimum principal amount of the Notes permitted to be redeemed at any time (the "Minimum Redemption Amount") [or *[indicate calculation of higher redemption amount, if applicable]*(each, a "Higher Redemption Amount")]. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by Definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than [60] days prior to the date fixed for redemption (the "Selection Date"). In the case of Redeemed Notes represented by Definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than [30] days prior to the date fixed for redemption. The aggregate principal amount of Redeemed Notes represented by Definitive Notes shall bear the same proportion to the aggregate principal amount of all Redeemed Notes as the aggregate principal amount of Definitive Notes outstanding bears to the aggregate principal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned principal amount, if necessary, shall be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate principal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph (d) and notice to that effect shall be given by the Corporation to the Noteholders in accordance with Condition 13 at least [10] days prior to the Selection Date. For purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London.][31]

(e) Early Redemption Amounts

For purposes of paragraph (b) above and Condition 9, the Notes will be redeemed at the Early Redemption Amount [, which shall be equal to the Final Redemption Amount thereof[32]] [at their nominal amount[33]].

(f) Repurchases

The Corporation and any of its affiliates may at any time repurchase Notes (provided that, in the case of Definitive Notes, all unmatured Coupons attached thereto are repurchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or surrendered to any Paying Agent for cancellation, provided that any Notes reissued or resold comply with the selling restrictions set forth in Treasury Regulations Section 1.163-5 as if they were newly issued.

(g) Cancellation

All Notes that are redeemed will be cancelled (together with all unmatured Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (f) above (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Issuing and Principal Paying Agent and cannot be reissued or resold.

6. Redenomination

The provisions set forth in Condition 6 in the Offering Circular are not applicable.

7. Taxation

The Corporation will pay a United States Alien such additional amounts of interest ("Additional Amounts") as may be necessary so that every net payment of the principal of and interest on any Note or any

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31 Delete if inapplicable.

32 For Notes with a Final Redemption Amount equal to 100% of the principal amount.

33 For Notes with a Final Redemption Amount different from the nominal amount or which is payable in a Specified Currency other than that in which the Notes are denominated. Modify this text as appropriate.

Coupon appertaining thereto, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon such holder by the United States or any political subdivision or taxing authority thereof or therein upon or as a result of such payment, will not be less than the amount provided for in such Note and the Coupons appertaining thereto; *provided, however,* that the foregoing obligation to pay Additional Amounts shall not apply to:

(i) any tax, assessment or other governmental charge that would not have been so imposed but for:

(A) the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or stockholder of, or a person holding a power over, such holder, if such holder is an estate, trust, partnership or corporation) and the United States or any of its possessions, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member, stockholder or person holding a power) being or having been a citizen or resident or treated as a resident thereof or being or having been engaged in a trade or business therein or being or having been present therein or having or having had a permanent establishment therein or having or having had a qualified business unit that has the U.S. Dollar as its functional currency;

(B) such holder's present or former status as a personal holding company, foreign personal holding company, passive foreign investment company, private foundation or other tax-exempt entity or controlled foreign corporation for United States tax purposes or a corporation that accumulates earnings to avoid United States federal income tax; or

(C) such holder's status as a bank extending credit pursuant to a loan agreement entered into in the ordinary course of business;

(ii) any tax, assessment or governmental charge that would not have been so imposed but for the failure of the holder to comply with certification, identification or information reporting requirements under United States income tax laws, without regard to any tax treaty, with respect to the payment, concerning the nationality, residence, identity or connection with the United States or any of its possessions of the holder or a beneficial owner of such Note or Coupon, if such compliance is required by United States income tax laws, without regard to any tax treaty, as a precondition to relief or exemption from such tax, assessment or governmental charge;

(iii) any tax, assessment or governmental charge that would not have been so imposed but for the presentation by the holder of such Note or Coupon for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(iv) any estate, inheritance, gift, sales, transfer, excise, wealth or personal property tax or any similar tax, assessment or governmental charge;

(v) any tax, assessment or governmental charge that is payable otherwise than by withholding by the Corporation or a Paying Agent from the payment of the principal of or interest on any Note or Coupon;

(vi) any tax, assessment or governmental charge imposed solely because the payment is to be made by a particular Paying Agent or a particular office of a Paying Agent and would not be imposed if made by another Agent or by another office of this Agent;

(vii) any tax, assessment or other governmental charge imposed on interest received by a person holding, actually or constructively, 10% or more of the total combined voting power of all classes of stock of the Corporation entitled to vote;

(viii) any withholding or deduction imposed on a payment to an individual and required to be made pursuant to any European Union Directive on the taxation of savings, including any directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 (any such directive being the "Directive") or any law implementing or complying with, or introduced in order to conform to, such Directive;

(ix) any Note presented for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union; or

(x) any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii) or (ix); nor shall Additional Amounts be paid with respect to any payment of the principal of or interest on any Note or Coupon to a person other than the sole beneficial owner of such payment or that is a partnership or fiduciary to the extent either (A) such beneficial owner, member of such partnership or beneficiary or settlor with respect to such fiduciary would not have been entitled to the payment of Additional Amounts had such beneficial owner, member, beneficiary or settlor been the Noteholder or Couponholder, or (B) the Noteholder does not provide a statement, in the form, manner and time required by applicable United States income tax laws, from such beneficial owner, member of such partnership or beneficiary or settlor with respect to such fiduciary concerning its nationality, residence, identity or connection with the United States.

"United States Alien" means any corporation, partnership, entity, individual or fiduciary that is for United States federal income tax purposes (A) a foreign corporation, (B) a foreign partnership to the extent one or more of the members of which is, for United States federal income tax purposes, a foreign corporation, a non-resident alien individual or a foreign estate or trust, (C) a non-resident alien individual or (D) a foreign estate or trust.

Except as specifically provided herein and in the Amended and Restated Agency Agreement, the Corporation shall not be required to make any payment with respect to any tax, assessment or other governmental charge imposed by any government or any political subdivision or taxing authority thereof or therein.

Whenever any Additional Amounts are to be paid on Notes or Coupons, the Corporation will give notice to the Issuing and Principal Paying Agent and the other Paying Agents, as provided in the Amended and Restated Agency Agreement.

8. Prescription

The Notes and Coupons will become void unless presented for payment within a period of five years after the date on which such payment first becomes due (the "Relevant Date"). However, if the full amount of the money payable has not been duly received by the Issuing and Principal Paying Agent or other relevant Paying Agent on or prior to the Relevant Date, then the Relevant Date shall mean the date on which, after the full amount of such money has been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

No Coupon sheet issued upon exchange of a Talon shall include a Coupon on which the claim for payment would be void pursuant to this Condition or Condition 4(b) or any Talon that would be void pursuant to Condition 4(b).

9. Events of Default

The occurrence of any of the following events with respect to any Series of Senior Notes of the Corporation shall constitute an "Event of Default" with respect to such Series:

(i) the Corporation shall fail to pay the principal amount of any of the Notes when due whether at maturity or upon early redemption or otherwise; or

(ii) the Corporation shall fail to pay any installment of interest, other amounts payable or Additional Amounts on any of the Notes for a period of 30 days after the due date; or

(iii) the Corporation shall fail duly to perform or observe any other term, covenant or agreement applicable to Senior Notes contained in any of the Notes or in the Amended and Restated Agency Agreement for a period of 90 days after the date on which the written notice of such failure, requiring the Corporation to remedy the same, shall first have been given to such Corporation and the Issuing and Principal Paying Agent by the Noteholders of at least 33% in aggregate principal amount of the Notes at the time outstanding; *provided, however,* that in the event the Corporation within the aforesaid period of 90 days shall commence legal action in a court of competent jurisdiction seeking a determination that the Corporation had not failed duly to perform or observe the term or terms, covenant or covenants or

agreement or agreements specified in the aforesaid notice, such failure shall not be an Event of Default unless the same continues for a period of 10 days after the date of any final determination to the effect that the Corporation had failed to duly perform or observe one or more of such terms, covenants or agreements; or

(iv) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Corporation in an involuntary case or proceeding under any applicable bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect, or appointing a receiver, liquidator, conservator, assignee, custodian, trustee, sequestrator (or similar official) of the Corporation or for any substantial part of its property or ordering the winding-up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(v) the Corporation shall commence a voluntary case or proceeding under any applicable bankruptcy, insolvency, liquidation, receivership, reorganization or other similar law now or hereafter in effect, or shall consent to the entry or an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, conservator, assignee, trustee, custodian, sequestrator (or similar official) of the Corporation or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due or shall take any corporate action in furtherance of any of the foregoing.

10. Replacement of Notes, Coupons and Talons

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Principal Paying Agent in London (or such other place outside the United States as may be notified to Noteholders) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Corporation may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11. Agent and Paying Agents

JPMorgan Chase Bank, London Branch, Trinity Tower, 9 Thomas More Street, London E1W 1YT, United Kingdom shall be the initial Issuing and Principal Paying Agent. J.P. Morgan Bank Luxembourg S.A., 5 Rue Plaetis, L-2338 Luxembourg-Grund initially shall be a Paying Agent.

The Corporation is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

(i) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;

(ii) there will at all times be a Paying Agent with a specified office in a city in continental Europe;

(iii) there will at all times be an Agent; and

(iv) if the conclusions of the ECOFIN Council meeting of 26-27 November 2000 are implemented, the Corporation will maintain a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the Directive (as defined in Condition 7).

In addition, the Corporation shall immediately appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 4(b). Any variation, termination, appointment or change shall take effect only (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

12. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon, if any, forming part of such Coupon sheet, may be surrendered at the specified office of the Issuing and Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8. Each Talon, for purposes of these Terms and Conditions, shall be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

13. Notices

All notices regarding the Notes shall be published in a leading English language daily newspaper of general circulation in London and, so long as any Notes are listed on the Luxembourg Stock Exchange, in one leading newspaper with circulation in Luxembourg, pursuant to the rules of the Luxembourg Stock Exchange, and it is expected that such publication will be made in the *Financial Times* in London and the *Luxemburger Wort* in Luxembourg. Any such notice will be deemed to have been given on the date of such publication or, if published more than once, on the date of first publication. Couponholders of Notes shall be deemed for all purposes to have notice of the contents of any notice given to Noteholders in accordance with this paragraph.

For so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear and Clearstream, Luxembourg and until such time as any Definitive Notes are issued, if any are issued, there may be substituted for such publication in such newspaper the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the Noteholders except that, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices also will be published in the *Luxemburger Wort* or any other leading Luxembourg newspaper. Any such notice to Euroclear and Clearstream, Luxembourg shall be deemed to have been given to Noteholders on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg. If approved for listing, as long as the Notes are listed on the Luxembourg Stock Exchange, any change in the Luxembourg paying and transfer agent or intermediary agent will be published in the *Luxemburger Wort* or another leading Luxembourg newspaper.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the related Note or Notes, with the Issuing and Principal Paying Agent. While any of the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Issuing and Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg as the case may be, in such manner as the Issuing and Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg as the case may be, may approve for this purpose.

14. Meetings of Noteholders, Modification and Waiver

The Amended and Restated Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including approving by Extraordinary Resolution (as defined in the Amended and Restated Agency Agreement) a modification of the Notes, the Coupons or certain provisions of the Amended and Restated Agency Agreement. Such a meeting may be convened by the Corporation or Noteholders holding not less than 33% in principal amount of the Notes that at such time remain outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in principal amount of the Notes that at such time remain outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or canceling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned

such meeting not less than one-third, in principal amount of the Notes that at such time remain outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

Without the consent of the Noteholders or Couponholders, the Agent, and the Corporation and the Bank may agree to modifications of or amendments to the Amended and Restated Agency Agreement, the Notes or the Coupons for any of the following purposes:

(i) to evidence the succession of another entity to the Corporation and the assumption by any such successor of the covenants of the Corporation in the Amended and Restated Agency Agreement, the Notes or Coupons;

(ii) to add to the covenants of the Corporation for the benefit of the Noteholders or the Couponholders, or to surrender any right or power herein conferred upon the Corporation;

(iii) to relax or eliminate the restrictions on payment of principal and interest in respect of the Notes or Coupons in the United States, provided that such payment is permitted by United States tax laws and regulations then in effect and provided that no adverse tax consequences would result to the Noteholders or the Couponholders;

(iv) to cure any ambiguity, to correct or supplement any defective provision herein or any provision that may be inconsistent with any other provision herein;

(v) to make any other provisions with respect to matters or questions arising under the Notes, the Coupons or the Amended and Restated Agency Agreement, provided such action pursuant to this sub-clause (v) shall not adversely affect the interests of the Noteholders or the Couponholders; and

(vi) to permit further issuances of Notes in accordance with the terms of the Program Agreement.

Any such modification or amendment shall be binding on the Noteholders and the Couponholders and any such modification or amendment shall be notified to the Noteholders or the Couponholders in accordance with Condition 13 as soon as practicable thereafter.

15. Merger, Consolidation, Sale, Conveyance and Assumption

Any entity into which the Agent or any Paying Agent may be merged or converted, or any entity with which the Agent or any of the Paying Agents may be consolidated or any entity resulting from any merger, conversion or consolidation to which the Agent or any of the Paying Agents shall be a party, or any entity to which the Agent or any Paying Agent shall sell or otherwise transfer all or substantially all the assets of the Agent or any Paying Agent shall become, on the date when such merger, conversion, consolidation or transfer becomes effective and to the extent permitted by any applicable laws, the successor Agent or, as the case may be, Paying Agent under the Amended and Restated Agency Agreement without the execution or filing of any paper or any further act on the part of the parties to the Amended and Restated Agency Agreement, unless otherwise required by the Corporation and the Bank, and after the effective date all references in the Amended and Restated Agency Agreement to the Agent or, as the case may be, such Paying Agent shall be deemed to be references to such entity. Written notice of any such merger, conversion, consolidation or transfer shall be given immediately to the Corporation by the relevant Agent or Paying Agent.

16. Additional Issuances

The Corporation from time to time without the consent of the relevant Noteholders or Couponholders may create and issue additional notes having terms and conditions the same as (or the same in all respects except for the Issue Date, Interest Commencement Date and the Issue Price) Notes of an existing Series. These additional Notes shall be consolidated and form a single Series with the outstanding Notes of the existing Series.

17. Governing Law and Submission to Jurisdiction

The Amended and Restated Agency Agreement, the Notes and any Coupons and Talons appertaining to the Notes shall be governed by and construed in accordance with the laws of the State of New York, United States, applicable to agreements made and to be performed wholly within such jurisdiction without regard to principles of conflicts of laws.

The Corporation submits to the non-exclusive jurisdiction of any United States federal court sitting in New York City, the Borough of Manhattan, solely for purposes of any legal action or proceeding brought to enforce its obligations hereunder or under any Coupon or Talon. As long as any Note or Coupon remains outstanding, the Corporation shall either maintain an office or have an authorized agent in New York City upon whom process may be served in any such legal action or proceeding. Service of process upon the Corporation at its office or upon such agents with written notice of such service mailed or delivered to the Corporation shall to the fullest extent permitted by applicable law be deemed in every respect effective service of process upon the Corporation in any such legal action or proceeding. The Corporation has appointed CT Corporation System at 111 Eighth Avenue, New York, New York 10011 as its agent upon whom process may be served in any suit, action or proceeding relating to or arising out of the Amended and Restated Agency Agreement, the Notes or any Coupon or Talon appertaining hereto, with a copy to the Corporation at Bank of America Corporation, Bank of America Corporate Center, 100 North Tryon Street, NC1-007-23-01, Charlotte, North Carolina 28255, Attn: Corporate Treasury, and with a copy to Bank of America Corporation, Bank of America Corporate Center, Legal Department, 100 North Tryon Street, NC1-007-56-11, Charlotte, North Carolina 28255-0001, Attn: General Counsel.

**FORM OF CERTIFICATE TO BE PRESENTED
BY EUROCLEAR OR CLEARSTREAM, LUXEMBOURG**

**[BANK OF AMERICA CORPORATION]/[BANK OF AMERICA, N.A.]
(the "Issuer")**

**EURO MEDIUM-TERM NOTES DUE [YEAR OF MATURITY DATE/
REDEMPTION MONTH]**

**Series No. [ ]
Tranche No. [ ]**

(the "Securities")

This is to certify that, based solely on certifications we have received in writing, by tested telex or by electronic transmission from member organizations appearing in our records as persons being entitled to a portion of the principal amount set forth below (our "Member Organizations") substantially to the effect set forth in the Amended and Restated Agency Agreement, as of the date hereof, $ principal amount of the above-captioned Securities (i) is owned by persons that are not citizens or residents of the United States, domestic partnerships, domestic corporations or any estate the income of which is subject to United States federal income taxation regardless of its source or any trust with respect to which a court within the United States is able to exercise primary supervision over its administration, and one or more U.S. persons have the authority to control all of its substantial decisions or to any other persons deemed a U.S. person under Regulation S under the Securities Act ("U.S. persons"), (ii) is owned by U.S. persons that (a) are foreign branches of United States financial institutions (as defined in U.S. Treasury Regulations Section 1.165-12(c)(1)(v)) ("financial institutions") purchasing for their own account or for resale, or (b) acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution has agreed, on its own behalf or through its agent, that we may advise the Issuer or the Issuer's agent that it will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) is owned by United States or foreign financial institutions for purposes of resale during the Restricted Period (as defined in U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), and to the further effect that United States or foreign financial institutions described in Clause (iii) above (whether or not also described in Clause (i) or (ii)) have certified that they have not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

The Securities are of the category contemplated in Rule 903(b)(2) of Regulation S under the Securities Act of 1933, as amended (the "Act"), and this is also to certify with respect to such principal amount of Securities set forth above that, except as set forth below, we have received in writing, by tested telex or by electronic transmission, from our Member Organizations entitled to a portion of such principal amount, certifications with respect to such portion, substantially to the effect set forth in the Amended and Restated Agency Agreement.

We further certify (i) that we are not making available herewith for exchange (or, if relevant, exercise of any rights or collection of any interest) any portion of the temporary global Security excepted in such certifications and (ii) that as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, exercise of any rights or collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax laws and certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certification is or would be relevant, we irrevocably authorize you to produce this certification to any interested party in such proceedings.

Dated , [20][1]

Yours faithfully,

[Euroclear Bank S.A./N.V.,
as operator of the
Euroclear System]

or

[Clearstream Banking, société anonyme]

By: _____

[1] To be dated no earlier than the Exchange Date.

[FORM OF CERTIFICATE OF BENEFICIAL OWNER]

[BANK OF AMERICA CORPORATION]/[BANK OF AMERICA, N.A.]
(the "Issuer")

EURO MEDIUM-TERM NOTES DUE [YEAR OF MATURITY DATE/ REDEMPTION MONTH]

Series No. [ ]
Tranche No. [ ]

(the "Securities")

This is to certify that, as of the date hereof, and except as set forth below, the above-captioned Securities held by you for our account (i) are owned by person(s) that are not citizens or residents of the United States, domestic partnerships, domestic corporations or any estate the income of which is subject to United States federal income taxation regardless of its source or any trust with respect to which a court within the United States is able to exercise primary supervision over its administration, and one or more U.S. persons have the authority to control all of its substantial decisions or to any other persons deemed a U.S. person under Regulation S under the Securities Act ("U.S. persons"), (ii) are owned by U.S. person(s) that (a) are foreign branches of a United States financial institution (as defined in U.S. Treasury Regulations Section 1.165-12(c)(1)(v)) ("financial institutions") purchasing for their own account or for resale, or (b) acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise the Issuer or the Issuer's agent that it will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institution(s) for purposes of resale during the Restricted Period (as defined in U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), and in addition if the owner of the Securities is a United States or foreign financial institution described in Clause (iii) above (whether or not also described in Clause (i) or (ii)) this is to further certify that such financial institution has not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

The Securities are of the category contemplated in Rule 903(b)(2) of Regulation S under the Securities Act of 1933, as amended (the "Act"), and this is also to certify that, except as set forth below in the case of debt securities, the Securities are beneficially owned by (a) non-U.S. person(s) or (b) U.S. person(s) who purchase the Securities in transactions which did not require registration under the Act. As used in this paragraph the term "U.S. person" has the meaning given to it by Regulation S under the Act.

As used herein, "United States" means the United States of America (including the States and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by facsimile on or prior to the date on which you intend to submit your certification relating to the Securities held by you for our account in accordance with your operating procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certification excepts and does not relate to [ ] of such interest in the above Securities in respect of which we are not able to certify and as to which we understand exchange and delivery of Definitive Securities (or, if relevant, exercise of any right or collection of any interest) cannot be made until we do so certify.

We understand that this certification is required in connection with certain tax laws and certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certification is or would be relevant, we irrevocably authorize you to produce this certification to any interested party in such proceedings.

Dated: , 20 [1]

By: _____

As, or as agent for, the beneficial owner(s) of the Securities to which this certification relates.

[1] To be dated no earlier than the fifteenth day prior to the Exchange Date.

PROVISION FOR MEETINGS OF NOTEHOLDERS

1. As used in this Schedule the following expressions shall have the following meanings unless the context otherwise requires:

(i) "voting certificate" shall mean an English language certificate issued by a Paying Agent and dated in which it is stated:

(a) that on the date thereof Notes (not being Notes in respect of which a block voting instruction has been issued and is outstanding in respect of the meeting specified in such voting certificate and any adjourned such meeting) bearing specified serial numbers were deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control and that no such Notes will cease to be so deposited or held until the first to occur of:

(1) the conclusion of the meeting specified in such certificate or, if applicable, any adjourned such meeting; and

(2) the surrender of the certificate to the Paying Agent who issues the same;

(b) that the bearer thereof is entitled to attend and vote at such meeting and any adjourned such meeting in respect of the Notes represented by such certificate;

(ii) "block voting instruction" shall mean an English language document issued by a Paying Agent and dated in which:

(a) it is certified that Notes (not being Notes in respect of which a voting certificate has been issued and is outstanding in respect of the meeting specified in such block voting instruction and any adjourned such meeting) have been deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control and that no such Notes will cease to be so deposited or held until the first to occur of:

(1) the conclusion of the meeting specified in such document or, if applicable, any adjourned such meeting; and

(2) the surrender to the Paying Agent not less than 48 hours before the time for which such meeting or any adjourned such meeting is convened of the receipt issued by such Paying Agent in respect of each such deposited Note which is to be released or (as the case may require) the Note or Notes ceasing with the agreement of the Paying Agent to the relevant Issuer in accordance with paragraph 17 hereof of the necessary amendment to the block voting instruction;

(b) it is certified that each holder of such Notes has instructed such Paying Agent that the vote(s) attributable to the Note or Notes so deposited or held should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any adjourned such meeting and that all such instructions are during the period commencing 48 hours prior to the time for which such meeting or any adjourned such meeting is convened and ending at the conclusion or adjournment thereof neither revocable nor capable of amendment;

(c) the total number and (in the case only of Definitive Notes) the serial numbers of the Notes so deposited or held are listed distinguishing with regard to each such resolution between those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and

(d) one or more persons named in such document (each hereinafter called a "proxy") is or are authorized and instructed by such Paying Agent to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in paragraph (c) above as set out in such document.

The holder of any voting certificate or the proxies named in any block voting instruction shall for all purposes in connection with the relevant meeting or adjourned meeting of Noteholders be deemed to be the holder of the Notes to which such voting certificate or block voting instruction related and the Paying Agent

with which such Notes have been deposited or the person holding the same to the order or under the control of such Paying Agent shall be deemed for such purposes not to be the holder of those Notes.

(iii) References herein to the "Notes" are to the Notes in respect of which the relevant meeting is convened.

2. The Agent may at any time and, upon a requisition in writing of Noteholders holding not less than 33% in principal amount of the Notes for the time being outstanding, shall convene a meeting of the Noteholders and if the Agent makes default for a period of seven days in convening such a meeting the same may be convened by the relevant Issuer or the requisitionists. Whenever the Agent is about to convene any such meeting it shall forthwith give notice in writing to the relevant Issuer and the Dealers of the day, time and place thereof and of the nature of the business to be transacted thereat. Every such meeting shall be held at such time and place in the City of New York or London as the Agent may approve.

3. Notice of every meeting of Noteholders shall be published on behalf and at the expense of the relevant Issuer in accordance with Condition 13 of the Terms and Conditions of the Notes. Such notice shall set forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, and shall be published at least twice, the first publication to be not less than 21 nor more than 180 days prior to the date fixed for the meeting. Such notice shall include a statement to the effect that Notes may be deposited with Paying Agents for the purpose of obtaining voting certificates or appointing proxies not less than 24 hours before the time fixed for the meeting or that, in the case of corporations, they may appoint representatives by resolution of their directors or other governing body. A copy of the notice shall be sent by post to the relevant Issuer (unless the meeting is convened by the relevant Issuer).

4. In case at any time the relevant Issuer or the holders of at least 33% in aggregate principal amount of the Notes outstanding shall have requested the Fiscal and Principal Paying Agent to call a meeting of Noteholders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Agent shall not have given the first notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the relevant Issuer or Noteholders of Notes in the amount above specified may determine the time and the place in either of the locations designated in paragraph 2 hereof for such meeting and may call such meeting by giving notice thereof as provided in paragraph 3 hereof.

5. Any person (who may but need not be a Noteholder) nominated in writing by the relevant Issuer shall be entitled to the chair at every such meeting but if no such nomination is made or if at any meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting the Noteholders present shall choose one of their number to be Chairman. To be entitled to vote at any meeting of Noteholders, a person shall be (i) a Noteholder of one or more Notes, or (ii) a person appointed by an instrument in writing as proxy for a Noteholder or Noteholders by such Noteholder or Noteholders, which proxy need not be a Noteholder. The only persons who shall be entitled to be present or to speak at any meeting of Noteholders shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Agent and its counsel and any representatives of the relevant Issuer and its counsel.

6. At any such meeting one or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than a majority in principal amount of the Notes shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business. The quorum at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate 67% in principal amount of the Notes for the time being outstanding, *provided that*, at any meeting the business of which includes any of the following matters (each of which shall only be capable of being effected after having been approved by an Extraordinary Resolution) namely:

(i) modification of the Maturity Date or, as the case may be, Redemption Month of the Notes or reduction or cancellation of the principal amount payable upon maturity; or

(ii) reduction or cancellation of the amount payable or modification of the payment date in respect of any interest in respect of the Notes or variation of the method of calculating the Rate of Interest in respect of the Notes; or

(iii) reduction of any Minimum Interest Rate and/or Maximum Interest Rate specified in the applicable Pricing Supplement of any Floating Rate Note; or

(iv) modification of the currency in which payment under the Notes and/or the Coupons appertaining thereto are to be made; or

(v) modification of the majority required to pass an Extraordinary Resolution; or

(vi) the sanctioning of any such scheme or proposal as is described in paragraph 19(F) below; or

(vii) alternation of this proviso or the proviso to paragraph 7 below;

the quorum shall be one or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than two-thirds in principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the holders of Notes will be binding on all holders of Notes whether or not they are present at the meeting, and on all holders of Coupons appertaining to such Notes.

7. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of the Noteholders (as provided in Section 4 hereof), be dissolved. In any other case the meeting shall be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Notice of the reconvening of any adjourned meeting shall be given as provided in paragraph 3 hereof except that such notice need be published only once but must be given not less than five days prior to the date on which the meeting is scheduled to be reconvened. Subject to the foregoing, at the reconvening of any meeting adjourned for a lack of a quorum the persons entitled to vote 33% in principal amount of the Notes shall constitute a quorum for the taking of any action set forth in the notice of the original meeting. Notice of the reconvening of an adjourned meeting shall state expressly the percentage of the aggregate principal amount of the Notes that shall constitute a quorum. At a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid, any resolution and all matters (except as limited by Condition 14) shall be effectively passed and decided if passed or decided by the persons entitled to vote a majority in principal amount of the Notes represented and voting at such meeting, provided that such amount shall be not less than 33% in principal amount of the Notes outstanding. Any Noteholder who has executed and delivered an instrument in writing appointing a person as his proxy shall be deemed to be present for the purposes of determining a quorum and be deemed to have voted; *provided*, *however*, that such Noteholder shall be considered as present or voting only with respect to the matters covered by such instrument in writing. Any resolution effectively passed or decision taken at any meeting of the Noteholders duly held in accordance with this paragraph 7 shall be binding on all Noteholders whether or not present or represented at the meeting and whether or not notation of such decision is made upon the Notes.

8. Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in paragraph 3 above and such notice shall (except in cases where the proviso to paragraph 6 above shall apply when it shall state the relevant quorum) state that one or more persons present holding Notes or voting certificates or being proxies at the adjournment meeting whatever the principal amount of the Notes held or represented by them will form a quorum. Subject as aforesaid it shall not be necessary to give any notice of an adjourned meeting.

9. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Noteholder or as a holder of a voting certificate or as a proxy.

10. At any meeting, unless a poll is (before or on the declaration of the results of the show of hands) demanded by the Chairman or the relevant Issuer or by one or more persons present holding Notes or voting

certificates or being proxies and holding or representing in the aggregate not less than two percent in principal amount of the Notes for the time being outstanding, a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

11. Subject to paragraph 13 below, if at any such meeting a poll is so demanded it shall be taken in such manner and subject as hereinafter provided either at once or after an adjournment as the Chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the asking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.

12. The Chairman may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.

13. Any poll demanded at any such meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.

14. Any director or officer of the relevant Issuer and its lawyers and other professional advisers may attend and speak at any meeting. Save as aforesaid, but without prejudice to the proviso to the definition of "outstanding" in sub-clause 1(b) of this Agreement, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Noteholders or join with others in requisitioning the convening of such a meeting unless he either produces the Note or Notes of which he is the holder or a voting certificate or is a proxy. Neither the relevant Issuer, nor any of its subsidiaries shall be entitled to vote at any meeting in respect of Notes held by it for the benefit of any such company and no other person shall be entitled to vote at any meeting in respect of Notes held by it for the benefit of any such company. Nothing herein contained shall prevent any of the proxies named in any block voting instruction from being a director, officer or representative of or otherwise connected with the relevant Issuer.

15. Subject as provided in paragraph 14 hereof at any meeting:

(A) on a show of hands every person who is present in person and produces a Note or voting certificate or is a proxy shall have one vote; and

(B) on a poll every person who is so present shall have one vote in respect of:

(i) in the case of a meeting of the holders of Notes all of which are denominated in a single currency, each minimum integral amount of such currency; and

(ii) in the case of a meeting of the holders of Notes denominated in more than one currency, each U.S. $1.00 or, in the case of a Note denominated in a currency other than U.S. Dollars, the equivalent of U.S. $l.00 in such currency at the Agent's spot buying rate for the relevant currency against U.S. Dollars at or about 11:00 a.m. (London time) on the date of publication of the notice of the relevant meeting (or of the original meeting of which such meeting is an adjournment), or such other amount as the Agent shall in its absolute discretion stipulate in principal amount of Notes so produced or represented by the voting certificate so produced or in respect of which he is a proxy.

Without prejudice to the obligation of the proxies named in any block voting instructions any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

16. The proxies named in any block voting instruction need not be Noteholders.

17. Each block voting instruction together (if so requested by the relevant Issuer) with proof satisfactory to the relevant Issuer of its due execution on behalf of the relevant Paying Agent shall be deposited at such place as the Agent shall approve not less than 24 hours before the time appointed for holding the meeting or

adjourned meeting at which the proxies named in the block voting instruction propose to vote and in default the block voting instruction shall not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting or adjourned meeting proceeds to business. A certified copy of each block voting instruction shall be deposited with the Agent before the commencement of the meeting or adjourned meeting but the Agent shall not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxies named in any such block voting instruction.

18. Any vote given in accordance with the terms of a block voting instruction shall be valid notwithstanding the previous revocation or amendment of the block voting instruction or of any of the Noteholders' instructions pursuant to which it was executed, *provided that* no intimation in writing of such revocation or amendment shall have been received from the relevant Paying Agent by the relevant Issuer at its registered office (or such other place as may have been approved by the Agent of the purpose) by the time being 24 hours before the time appointed for holding the meeting or adjourned meeting at which the block voting instruction is to be used.

19. A meeting of the Noteholders shall in addition to the powers hereinbefore given have the following powers exercisable by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 6 and 7 above) only namely:

(A) Power to sanction any compromise or arrangement proposed to be made between the relevant Issuer and the Noteholders, the Receiptholders and the Couponholders or any of them.

(B) Power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders, the Receiptholders and the Couponholders against the relevant Issuer or against any of its property whether such rights shall arise under this Agreement, the Notes, the Receipts or the Coupons or otherwise.

(C) Power to assent to any modification of the provisions contained in this Agreement or the Terms and Conditions, the Notes, the Receipts or the Coupons which shall be proposed by the relevant Issuer.

(D) Power to give any authority or sanction which under the provisions of this Agreement or the Notes is required to be given by Extraordinary Resolution.

(E) Power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interest of the Noteholders and to confer upon such committee or committees any powers or descriptions which the Noteholders could themselves exercise by Extraordinary Resolution.

(F) Power to sanction any scheme or proposal for the exchange or sale of the Notes for, or the conversion of the Notes into or the cancellation of the Notes in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the relevant Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash.

(G) Power to approve the substitution of any entity in place of the relevant Issuer (or any previous substitute) as the principal debtor in respect of the Notes, the Receipts and the Coupons.

20. Any resolution passed at a meeting of the Noteholders duly convened and held in accordance with this Agreement shall be binding upon all the Noteholders whether present or not present at such meeting and whether or not voting and upon all Receiptholders and Couponholder and each of them shall be bound to give effect thereto accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any resolution duly considered by the Noteholders shall be published in accordance with Condition 13 of the Terms and Conditions of the Notes by the relevant Issuer within 14 days of such result being known, *provided that* the non-publication of such notice shall not invalidate such resolution.

21. The expression "Extraordinary Resolution" when used in this Agreement or the Terms and Conditions means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions herein contained by a majority consisting of not less than 66 $^{2}/_{3}$% of the votes given on such poll.

22. Minutes of all resolutions and proceedings at every such meeting aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed or had.

23. The vote upon any resolution submitted to any meeting of Noteholders shall be by written ballots on which shall be subscribed the signatures of Noteholders or of their representatives by proxy (and the serial number or numbers of the Notes held or represented by them). The permanent chairperson of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in triplicate of all votes cast at the meeting. A record, at least in triplicate, of the proceedings of each meeting of Noteholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was published as provided in paragraph 3 hereof and, if applicable, paragraph 8 hereof. Each copy shall be signed and verified by the affidavits of the chairperson and secretary of the meeting, and one such copy shall be delivered to the relevant Issuer and another to the Agent to be preserved by the Agent, the copy delivered to the Agent to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

24. Subject to all the provisions contained herein the Agent may without the consent of the relevant Issuer, the Noteholders or the Couponholders prescribe such further regulations regarding the requisition and/or the holding of meetings of Noteholders and attendance and voting thereat as the Agent may in its sole discretion think fit.

[FORM OF PUT NOTICE]

[BANK OF AMERICA CORPORATION]/[BANK OF AMERICA, N.A.]

EURO MEDIUM-TERM NOTES DUE
[year of Maturity Date/Redemption Month]

Series No. [ ]

Tranche No. [ ]

By depositing this duly completed Notice with any Paying Agent for the Notes of the above Series (the "Notes") the undersigned holder of such of the Notes [as are surrendered/ in respect of which an authority to Euroclear or Clearstream, Luxembourg is delivered] with this Notice and referred to below irrevocably exercises its options to have such Notes redeemed on [ ] under Condition 5(e) of the Notes.

The Notice relates to Notes in the aggregate principal amount of , in the case of Definitive Notes bearing the following serial numbers:

_____

_____

_____

If the Notes referred to above are to be returned to the undersigned under Clause 10(4) of the Amended and Restated Agency Agreement, they should be returned by post to:

_____

_____

_____

Payment Instructions

Please make payment in respect of the above-mentioned Notes as follows:

(A) by [specify currency] check drawn on a bank in the place of payment determined in accordance with Condition 4(a) mailed to the above address.

(B) by transfer to the following [specify currency] account in the place of payment determined in accordance with Condition 4(a):

Bank: _____

Branch Address: _____

Branch Code: _____

Account Number: _____

Signature of holder: _____

[To be completed by recipient Paying Agent]

Received by: _____

[Signature and stamp of Paying Agent]

At its office at: _____

On: _____

Notes

(A) The Amended and Restated Agency Agreement provides that Notes or authorities so returned will be sent by post, uninsured and at the risk of the Noteholder, unless the Noteholder otherwise requests and pays the costs of such insurance in advance to the relevant Paying Agent.

(B) This Put Notice is not valid unless all of the paragraphs requiring completion are duly completed.

(C) The Paying Agent with whom the above-mentioned Notes are deposited will not in any circumstances be liable to the depositing Noteholder or any other person for any loss or damage arising from any act, default or omission of such Paying Agent in relation to the said Notes or any of them unless such loss or damage was caused by the fraud or gross negligence of such Paying Agent or its directors, officers or employees.

**FORM OF AMENDED AND RESTATED
CALCULATION AGENCY AGREEMENT**

EURO MEDIUM-TERM NOTE PROGRAM

THIS AMENDED AND RESTATED CALCULATION AGENCY AGREEMENT (this "Agreement") is made as of , 200 AMONG:

(A) BANK OF AMERICA CORPORATION (the "Corporation");

(B) BANK OF AMERICA, N.A. (the "Bank"; the Corporation and the Bank are each referred to as an "Issuer" and collectively, the "Issuers"); and

(C) JPMORGAN CHASE BANK, LONDON BRANCH (the "Calculation Agent", which expression shall include its successor or successors as calculation agent hereunder).

WHEREAS:

(A) The Issuers have entered into an Amended and Restated Program Agreement (the "Program Agreement") with the Dealers named therein dated as of August 1, 2003, under which the Issuers may issue Euro Medium-Term Notes (the "Notes"). The Issuers and the Dealers may amend and restate the Program Agreement from time to time in order to, inter alia, increase the aggregate principal amount of Notes that the Corporation or the Bank may have outstanding at any one time under the Program.

(B) The Notes will be issued subject to and with the benefit of an Amended and Restated Agency Agreement (the "Amended and Restated Agency Agreement") dated as of August 1, 2003 and entered into among, inter alia, the Issuers, JPMorgan Chase Bank, London Branch, as Agent (the "Agent" which expression shall include its successor or successors under the Amended and Restated Agency Agreement) and the other parties named therein. The Amended and Restated Agency Agreement may be further amended and restated from time to time in connection with any amendment and restatement of the Program Agreement.

NOW IT IS HEREBY AGREED that:

1. *Appointment of the Calculation Agent*

(1) The Issuers hereby appoint JPMorgan Chase Bank, London Branch, as Calculation Agent in respect of each Series of Notes described in the Schedule hereto (the "Relevant Notes") for the purposes set out in Clause 2 below, all upon the terms set forth herein. The agreement of the parties hereto that this Agreement is to apply to a specific Series of Relevant Notes shall be evidenced by the manuscript annotation and signature in counterpart of the Schedule hereto. As used herein, "Series" means a Tranche of Notes, together with any further Tranche or Tranche of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing) except for the date on which such Notes will be issued (the "Issue Date"), for interest bearing Notes, the date from which such Notes bear interest (if different from the Issue Date) and/or the price (expressed as a percentage of the principal amount of the Notes) at which such Notes will be issued. As used herein "Tranche" means Notes (whether global or Definitive form or both) which are identical in all respects (including as to listing).

(2) The appointment of the Calculation Agent shall continue as the Program may be amended from time to time until terminated in accordance with Clause 6.

2. *Duties of Calculation Agent*

The Calculation Agent shall in relation to each Series of Relevant Notes perform all the functions and duties imposed on the Calculation Agent by the terms and conditions of the Relevant Notes (the "Terms and Conditions"), including endorsing the Schedule hereto appropriately in relation to each Series of Relevant Notes.

3. *Fees*

The Issuers shall continue the same fee arrangements agreed to with the Calculation Agent pursuant to the Calculation Agency Agreement, dated as of July 5, 1996, between the Corporation and the Calculation Agent.

4. *Indemnity*

(1) The Issuers shall indemnify and keep indemnified the Calculation Agent and any of its directors, officers, employees and agents against any losses, liabilities, costs, claims, actions or demands or expenses (including, but not limited to, all reasonable costs, legal fees, charges and expenses paid or incurred in disputing or defending any of the foregoing) which it may reasonably incur or which may be made against it as a result of or in connection with its appointment or the exercise of its powers and duties under this Agreement except such as may result from its own willful default, gross negligence or bad faith or that of its officers, directors, agents or employees, or the material breach by it of the terms of this Agreement.

(2) The Calculation Agent shall indemnify each of the Issuers and any of their respective directors, officers, employees and agents against any loss, liability, cost, claim, action, demand or expense (including, but not limited to, all reasonable costs, legal fees, charges and expenses paid or incurred in disputing or defending any of the foregoing) which either of the Issuers may reasonably incur or which may be made against either of the Issuers as a result of the Calculation Agent's willful default, gross negligence or bad faith or that of its respective officers, directors, agents or employees or the material breach by it of the terms of this Agreement.

5. *Conditions of Appointment*

(1) In acting hereunder and in connection with the Relevant Notes the Calculation Agent shall act as agent of the Issuers and shall not assume thereby any obligations towards or relationship of agency or trust for or with any of the owners or holders of the Relevant Notes or the receipts or coupons (if any) appertaining thereto (the "Receipts" and the "Coupons", respectively).

(2) In relation to each issue of Relevant Notes, the Calculation Agent hereby undertakes to the relevant Issuer to perform such obligations and duties, and shall be obliged to perform such duties and only such duties as are herein and in the Terms and Conditions specifically set forth and no implied duties or obligations shall be read into this Agreement or the Terms and Conditions against the Calculation Agent.

(3) The Calculation Agent may consult with legal and other professional advisers and the written opinion of such advisers shall be full and complete protection in respect of any action taken, omitted or suffered hereunder in good faith and in accordance with the opinion of such advisers.

(4) The Calculation Agent shall be protected and shall incur no liability for or in respect of any action taken, omitted or suffered in reliance upon any instruction, request or order from the relevant Issuer or any notice, resolution, direction, consent, certificate, affidavit, statement, cable, telex or other paper or document which it reasonably believes to be genuine and to have been delivered, signed or sent by the proper party or parties or upon written instructions from the relevant Issuer or notification by any Reference Bank (as defined in the Amended and Restated Agency Agreement).

(5) The Calculation Agent, and any of its officers, directors and employees, may become the owner of, or acquire any interest in, any Notes, Receipts or Coupons (if any) with the same rights that it or he would have if the Calculation Agent were not appointed hereunder, and may engage or be interested in any financial or other transaction with the Issuers and may act on, or as depositary, trustee or agent for, any committee or body of holders of Notes or Coupons (if any) or in connection with any other obligations of the Issuers as freely as if the Calculation Agent were not appointed hereunder.

6. *Termination of Appointment*

(1) The Issuers may terminate the appointment of the Calculation Agent at any time by giving to the Calculation Agent at least 45 days' prior written notice to that effect, provided that, so long as any of the Relevant Notes are outstanding:

(a) such notice shall not expire less than 45 days before any date upon which any payment is due in respect of any Relevant Notes; and

(b) notice shall be given in accordance with Condition 13 of the Terms and Conditions to the holders of the Relevant Notes at least 30 days prior to any removal of the Calculation Agent.

(2) Notwithstanding the provisions of sub-clause (1) above, if at any time:

(a) the Calculation Agent becomes incapable of acting, or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all of any substantial part of its property, or admits in writing its inability to pay or meet its debts as they may mature or suspends payment thereof, or if any order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law or if a receiver of it or of all or a substantial part of its property is appointed or if any officer takes charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation or liquidation; or

(b) the Calculation Agent fails duly to perform any function or duty imposed upon it by the Terms and Conditions and this Agreement,

the Issuers may forthwith without notice terminate the appointment of the Calculation Agent, in which event notice thereof shall be given to the holders of the Relevant Notes in accordance with Condition 13 of the Terms and Conditions as soon as practicable thereafter.

(3) The termination of the appointment pursuant to sub-clause (1) or (2) above of the Calculation Agent hereunder shall not entitle the Calculation Agent to any amount by way of compensation but shall be without prejudice to any amount then accrued due.

(4) The Calculation Agent may resign its appointment hereunder at any time by giving to each Issuer at least 90 days prior written notice to that effect. Following receipt of a notice of resignation from the Calculation Agent, the Issuers promptly shall give notice thereof to the holders of the Relevant Notes in accordance with Condition 13.

(5) Notwithstanding the provisions of sub-clauses (1), (2) and (4) above, so long as any of the Relevant Notes are outstanding, the termination of the appointment of the Calculation Agent (whether by the Issuers or by the resignation of the Calculation Agent) shall not be effective unless upon the expiration of the relevant notice a successor Calculation Agent has been appointed. The Issuers agree with the Calculation Agent that if, by the day falling 10 days before the expiration of any notice under sub-clause (1) or (4) above, the Issuers have not appointed a replacement Calculation Agent, the Calculation Agent, on behalf of the Issuers, shall be entitled to appoint as a successor Calculation Agent in its place a reputable financial institution of good standing.

(6) Upon its appointment becoming effective, a successor Calculation Agent shall without further act, deed or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of its predecessor with like effect as if originally named as the Calculation Agent hereunder.

(7) If the appointment of the Calculation Agent hereunder is terminated (whether by the Issuers or by the resignation of the Calculation Agent), the Calculation Agent shall on the day on which such termination takes effect shall deliver to the successor Calculation Agent all records concerning the Relevant Notes maintained by it (except such documents and records as it is obliged by law or regulation to retain or not to release), but shall have no other duties or responsibilities hereunder.

(8) Any entity into which the Calculation Agent may be merged or converted, or any entity with which the Calculation Agent may be consolidated, or any entity resulting from any merger, conversion

or consolidation to which the Calculation Agent shall be a party, or any entity to which the Calculation Agent shall sell or otherwise transfer all or substantially all of its assets, on the date when such merger, consolidation or transfer becomes effective and to the extent permitted by any applicable laws, shall become the successor Calculation Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, unless otherwise required by the Issuers, and after the said effective date all references in this Agreement to the Calculation Agent shall be deemed to be references to such entity. Written notice of any such merger, conversion, consolidation or transfer forthwith shall be given to the Issuers and the Agent.

7. *Communications*

Any notice or communication given hereunder shall be sufficiently given or served:

(a) if delivered in person to the relevant address specified on the signature pages hereof and, if so delivered, shall be deemed to have been delivered at the time of receipt; or

(b) if sent by facsimile or telex to the relevant number specified on the signature pages hereof and, if so sent, shall be deemed to have been delivered immediately after transmission provided such transmission is confirmed by the answerback of the recipient (in the case of telex) or when an acknowledgment of receipt is received (in the case of facsimile).

Where a communication is received after business hours it shall be deemed to be received and become effective on the next business day. Every communication shall be irrevocable save in respect of any manifest error therein.

8. *Descriptive Headings and Counterparts*

(1) The descriptive headings in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

(2) This Agreement may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement and any party may enter into this Agreement by executing a counterpart.

9. *Governing Law and Jurisdiction*

(1) This Agreement is governed by, and shall be construed in accordance with the laws of the State of New York, notwithstanding any otherwise applicable conflicts of law principles.

(2) The Issuers and the Calculation Agent each hereby irrevocably submit to the non-exclusive jurisdiction of any United States federal court sitting in New York City, the Borough of Manhattan over any suit, action or proceeding arising out of or related to this Agreement (together, the “Proceedings”). The Issuers and the Calculation Agent each irrevocably waive, to the fullest extent permitted by law, any objection which it may have to the laying of the venue of the Proceedings brought in such a court and any claim that the Proceedings have been brought in an inconvenient forum. The Issuers and the Calculation Agent each agree that final judgment in the Proceedings brought in such a case may be enforced in any court in the jurisdiction to which an Issuer or the Calculation Agent is subject by a suit upon such judgment, provided that the service of process is effected upon the Issuers and the Calculation Agent in the manner specified in sub-clause (3) below or as otherwise permitted by law.

(3) As long as any of this Agreement remains in effect, each Issuer shall at all times either maintain an office or have an authorized agent in New York City upon whom process may be served in the Proceedings. Service of process upon either Issuer at its offices or upon such agent with written notice of such service mailed or delivered to the relevant Issuer shall, to the fullest extent permitted by law, be deemed in every respect effective service of process upon such Issuer in the Proceedings. The Issuers hereby appoint the New York office of CT Corporation System, presently situated at 111 Eighth Avenue, New York, New York 10011, U.S.A., as its agent for such purposes, and covenant and agree that service of process in the Proceedings may be made upon either Issuer at its office or at the specified offices of such agent (or such other addresses or at the offices of any other authorized agents which the relevant Issuer may designate by written notice to the Calculation Agent) and prior to any termination of such agencies for any reason, it will so appoint a successor thereto as agent hereunder.

IN WITNESS whereof this Agreement has been entered into the day and year first above written.

BANK OF AMERICA CORPORATION

By: _____

Name:
Title:

Bank of America Corporate Center
100 North Tryon Street
NC1-007-23-01
Charlotte, North Carolina 28255-0065
U.S.A.
Telephone: (704) 386-5972
Telefax No.: (704) 386-0270
Attention: Corporate Treasury

BANK OF AMERICA, N.A.

By: _____

Name:
Title:

Bank of America Corporate Center
100 North Tryon Street
NC1-007-23-01
Charlotte, North Carolina 28255
U.S.A.
Telephone No.: (704) 386-5972
Facsimile No: (704) 386-0270
Attention: Corporate Treasury

JPMORGAN CHASE BANK, LONDON BRANCH
Trinity Tower
9 Thomas More Street
London E1W 1YT
United Kingdom
Telephone: +44-120-234-7440
Telefax No.: +44-120-234-7601
Attention: Manager, Institutional Trust Services

By: _____

Name:
Title:

SCHEDULE TO THE CALCULATION AGENCY AGREEMENT

Series Number	Issue Date	Maturity Date	Title and Principal Amount	Annotation by Calculation Agent/Issuer

Exhibit 10(n)

TERMINATION AGREEMENT

THIS TERMINATION AGREEMENT (the "Agreement") is made and entered into as of the 9th day of December, 2003, by and between Kenneth D. Lewis ("Executive") and Bank of America Corporation, a Delaware corporation (the "Corporation").

Statement of Purpose

Executive has been employed by the Corporation pursuant to that certain Employment Agreement dated April 10, 1998 and effective as of September 30, 1998, as amended (the "Employment Agreement"). The Employment Agreement is currently scheduled to terminate effective September 30, 2004. At Executive's request, the parties have determined to terminate the Employment Agreement effective as of the date hereof in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the foregoing statement of purpose and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that the Employment Agreement is terminated effective as of the date hereof, provided that the "Confidential Information" provisions of Section 9 of the Employment Agreement shall remain in effect. In that regard, from and after the date hereof, as is the case with associates within the Corporation and its subsidiaries generally, Executive shall have the right to terminate his employment at any time with or without cause or notice, and the Corporation reserves for itself an equal right.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

BANK OF AMERICA CORPORATION

By: /s/ STEELE ALPHIN

Name: Steele Alphin
Title: Corp. Personnel Dir.

"Corporation"

/s/ KENNETH D. LEWIS

Kenneth D. Lewis

"Executive"

Exhibit 10(r)

February 18, 2004

Mr. Richard M. DeMartini
9 West 57th Street
NY1-301-48-02
New York, NY 10019

Dear Rich:

This letter sets forth the mutual understanding and agreement between you and Bank of America Corporation regarding your employment with us through April 1, 2004 and your departure as of that date as part of the anticipated management realignment following the merger of Bank of America with FleetBoston Financial Corporation.

1. Departure Date; Employment Until Departure. Your employment with us will end on April 1, 2004. During 2004 until your departure, you will continue to serve in your current capacity as President, Asset Management, and will receive your current rate of base salary in accordance with our normal payroll practices. You will be eligible for consideration for an incentive award for services during 2004 in the target amount of two million dollars ($2,000,000). The actual amount of any incentive award for your services during 2004 will be determined by the Board Compensation Committee at its first meeting following your departure date based on the Compensation Committee's review of your performance during 2004.

2. Post-Departure Services and Covenants. In consideration for the payments and benefits described in section 3 below, you agree to the following:

   (a) Post-Departure Consulting Services. From April 1, 2004 through December 31, 2004, you will stand ready and will furnish to us such reasonable services of an advisory or consulting nature with respect to the transition of your position as we may reasonably call upon you to furnish and your health and other business commitments may permit.

   (b) Non-Solicitation of Associates. You agree that, during the one-year period following April 1, 2004, you will not recruit, hire or attempt to recruit or hire, directly or by assisting others, or otherwise entice or encourage to leave employment any of our associates who were employed by us or any of our affiliated companies (i) as of April 1, 2004 or (ii) at any time during the six (6) month period prior to April 1, 2004.

   (c) Non-Solicitation of Clients and Customers. You agree that, during the one-year period following April 1, 2004, you will not, without the written consent of us, solicit, whether for yourself or on behalf of another business entity, business of any client or customer of ours or any of our affiliated companies or attempt in any manner to persuade, whether for yourself or on behalf of another business entity, any client or customer of ours or our affiliated companies to cease to do business or to reduce the amount of business which the client has customarily done or contemplates doing with us or our affiliated companies, provided that the provisions of this covenant shall apply only with respect to those clients or customers (i) for which you originally established, in whole or in part, the relationship between us or our affiliated company and such client or customer or (ii) with which you have had substantial business contacts during your period of employment with us.

   (d) Confidential Information. You will hold in a fiduciary capacity for the benefit of us all secret or confidential information, knowledge or data relating to us or any of our affiliated companies, and their respective businesses, which have been obtained by you during your employment by us and which will not be or become public knowledge (other than by acts by you or your representatives in violation of this letter agreement). From and after April 1, 2004, except as provided in section 2(e) you will not, without our prior written consent, communicate or divulge any such information, knowledge or data to anyone other than us and those designated by us.

(e) Cooperation. You will cooperate fully with any investigation, legal proceeding, internal audit, external audit or regulatory investigation involving us or any of our affiliated companies.

(f) Mutual Nondisparagement. You will not intentionally make any public statements, encourage others to make statements or release information intended to disparage or defame us, our affiliated companies or any of our directors or officers. Likewise, we will not intentionally make any public statements, encourage others to make statements or release information intended to disparage or defame your reputation. Notwithstanding the foregoing, nothing in section 2(d) or this section 2(f) is intended to prohibit any person from making truthful statements when required by order of a court or other body having jurisdiction, including as described in section 2(e).

(g) Enforcement. In the event of a breach or a threatened breach of any provision of this section, in addition to any other remedies available under law or equity, you agree that we will be entitled to injunctive relief in a court of appropriate jurisdiction to remedy any such breach or threatened breach. You acknowledge that damages would be inadequate and insufficient.

3. Consideration. In consideration for your services and covenants pursuant to section 2 above, we will: (i) continue to pay you your base salary for the period from April 1, 2004 through December 31, 2004; (ii) continue to cover you under our health and welfare plans in which you participate for the period from April 1, 2004 through December 31, 2004, unless and until you receive comparable coverage from a new employer prior to the end of 2004; (iii) provide you access to an office during the period from April 1, 2004 through December 31, 2004, unless and until you accept new employment prior to the end of 2004; and (iv) pay you the sum of two million dollars ($2,000,000) on or as soon as administratively practicable after January 1, 2005.

4. Indemnification. We hereby agree and confirm that your rights to indemnification are and continue to be governed by our Certificate of Incorporation and Bylaws and applicable law.

5. Miscellaneous. This letter agreement contains the entire agreement between us and you with respect to the subject matter hereof, and no amendment, modification or cancellation hereof will be effective unless the same is in writing and executed by the parties (or by their respective duly authorized representatives). This letter agreement will be enforced, interpreted and construed under the laws of the State of Delaware, notwithstanding any conflict-of-laws doctrines of such state or any other jurisdiction to the contrary, and without the aid of any canon, custom or rule requiring construction against the draftsman. All payments to you contemplated hereunder will be subject to all applicable payroll and withholding taxes. This letter agreement will be binding upon and inure to the benefit of the parties hereto, and their respective heirs, executors, administrators, legal representatives, successors and assigns, if any. This letter agreement is executed in multiple originals, each of which will be deemed an original hereof.

Please indicate your agreement with the foregoing by signing, dating and returning the enclosed counterpart of this letter agreement.

Date: 2/19/04

Sincerely,

/s/ STEELE ALPHIN

J. Steele Alphin
Corporate Personnel Executive

ACKNOWLEDGED AND AGREED:

/s/ RICH DEMARTINI

Richard M. DeMartini

Exhibit 10(v)

BANK OF AMERICA CORPORATION

Plan Amendments

WHEREAS, many employees of Bank of America Corporation and its subsidiaries participate in employee benefit plans that provide (i) retirement and deferred compensation benefits, (ii) equity incentive compensation and (iii) health, welfare and severance benefits; and

WHEREAS, certain of those plans provide special benefits in the event of a change in control of the Corporation (including in certain cases accelerated vesting of benefits), including without limitation the following plans:

Bank of America Corporation Key Employee Stock Plan

Bank of America Corporation 2003 Key Associate Stock Plan

Take Ownership! The BankAmerica Global Associate Stock Option Program

Bank of America Corporation 2002 Associates Stock Option Plan

The Bank of America Pension Plan

Bank of America Pension Restoration Plan

Bank of America Corporation and Designated Subsidiaries Supplemental Executive Retirement Plan

Bank of America Corporation and Designated Subsidiaries Supplemental Executive Retirement Plan for Senior Management Employees

Bank of America Corporation and Designated Subsidiaries Deferred Compensation Plan for Key Employees

(collectively, the "Affected Plans"); and

WHEREAS, pursuant to the terms and provisions of the Affected Plans, Bank of America Corporation has reserved the right to amend the Affected Plans in the manner set forth herein;

NOW, THEREFORE, Bank of America Corporation does hereby declare that the Affected Plans are hereby amended effective as of the date hereof as follows:

1. *Effect of FleetBoston Financial Corporation Transaction.* Each Affected Plan is hereby amended by adding the following sentence as a final section to the Affected Plan:

"Notwithstanding anything contained herein to the contrary, the transactions between Bank of America Corporation and FleetBoston Financial Corporation contemplated by that certain Agreement and Plan of Merger dated as of October 27, 2003 between Bank of America Corporation and FleetBoston Financial Corporation shall not constitute or be deemed to constitute a "Change in Control" or "Change of Control" (or any similar term) for purposes of this Plan or for any other purposes."

2. *Continuation of Affected Plans*. Except as expressly or by necessary implication amended hereby, the Affected Plans shall continue in full force and effect.

IN WITNESS WHEREOF, Bank of America Corporation has caused this instrument to be executed by its duly authorized officer as of the 27th day of October, 2003.

BANK OF AMERICA CORPORATION

By: /s/ J. STEELE ALPHIN

J. Steele Alphin, Corporate Personnel Executive

Exhibit 12

Bank of America Corporation and Subsidiaries

Ratio of Earning to Fixed Charges
Ratio of Earnings to Fixed Charges and Preferred Dividends

(Dollars in millions)	Year Ended December 31				
	2003	2002	2001	2000	1999
Excluding Interest on Deposits					
Income before income taxes	**$ 15,861**	$ 12,991	$ 10,117	$ 11,788	$ 12,215
Equity in undistributed earnings of unconsolidated subsidiaries	**(125)**	(6)	(6)	(27)	(167)
Fixed charges:					
Interest expense	**5,271**	5,804	9,117	13,806	10,084
1/3 of net rent expense(1)	**398**	383	379	368	342
Total fixed charges	**5,669**	6,187	9,496	14,174	10,426
Preferred dividend requirements	**6**	6	7	9	10
Fixed charges and preferred dividends	**5,675**	6,193	9,503	14,183	10,436
Earnings	**$ 21,405**	$ 19,172	$ 19,607	$ 25,935	$ 22,474
Ratio of earnings to fixed charges	**3.78**	3.10	2.06	1.83	2.16
Ratio of earnings to fixed charges and preferred dividends	**3.77**	3.10	2.06	1.83	2.15

(Dollars in millions)	Year Ended December 31				
	2003	2002	2001	2000	1999
Including Interest on Deposits					
Income before income taxes	**$ 15,861**	$ 12,991	$ 10,117	$ 11,788	$ 12,215
Equity in undistributed earnings of unconsolidated subsidiaries	**(125)**	(6)	(6)	(27)	(167)
Fixed charges:					
Interest expense	**10,179**	11,238	18,003	24,816	19,086
1/3 of net rent expense(1)	**398**	383	379	368	342
Total fixed charges	**10,577**	11,621	18,382	25,184	19,428
Preferred dividend requirements	**6**	6	7	9	10
Fixed charges and preferred dividends	**10,583**	11,627	18,389	25,193	19,438
Earnings	**$ 26,313**	$ 24,606	$ 28,493	$ 36,945	$ 31,476
Ratio of earnings to fixed charges	**2.49**	2.12	1.55	1.47	1.62
Ratio of earnings to fixed charges and preferred dividends	**2.49**	2.12	1.55	1.47	1.62

(1) Represents an appropriate interest factor.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This report 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" and other similar expressions or future or conditional verbs such as "will," "should," "would" and "could" are intended to identify such forward-looking statements. Readers of the Annual Report of Bank of America Corporation and its subsidiaries (the Corporation) should not rely solely on the forward-looking statements and should consider all uncertainties and risks throughout this 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 Corporation's businesses and economic conditions as a whole; liabilities resulting from litigation and regulatory investigations, including costs, expenses, settlements and judgments; changes in domestic or foreign tax laws, rules and regulations as well as Internal Revenue Service (IRS) or other governmental agencies' interpretations thereof; various monetary and fiscal policies and regulations, including those determined by the Board of Governors of the Federal Reserve System (FRB), 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.

The Corporation, 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 December 31, 2003, the Corporation had $736 billion in assets and approximately 133,500 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

We achieved record earnings in 2003. Net income totaled $10.8 billion, or $7.13 per diluted common share, 17 percent and 21 percent increases, respectively, from $9.2 billion, or $5.91 per diluted common share in 2002. The return on average common shareholders' equity was 22 percent in 2003 compared to 19 percent in 2002. These earnings provided sufficient cash flow to allow us to return approximately $10.0 billion in capital to shareholders in the form of dividends and share repurchases, net of employee stock options exercised.

In 2003, we saw double digit growth in net income for all three of our major businesses (*Consumer and Commercial Banking, Asset Management* and *Global Corporate and Investment Banking*) and continued to

experience strong core business fundamentals in the areas of customer satisfaction and product/market performance.

Customer satisfaction continued to increase, resulting in better retention and increased opportunities to deepen relationships with our customers. Highly satisfied customers, those who rate us a 9 or 10 on a 10-point scale, increased eight percent from 2002 levels. This equates to an increase of 1.1 million customers being highly satisfied with their banking experience.

We added 1.24 million net new checking accounts in 2003, exceeding the full-year goal of one million and more than doubling last year's total net new checking account growth of 528,000.

Our active online banking customers reached 7.2 million, a 52 percent increase from 2002 levels. Forty-four percent of consumer households that hold checking accounts use online banking. Active bill pay customers increased 84 percent to 3.2 million in 2003. Active bill pay users paid $47.3 billion of bills in 2003 compared to $26.2 billion in 2002.

First mortgage originations increased $43.1 billion to $131.1 billion in 2003, resulting from elevated refinancing levels and broader market coverage from our continued deployment of LoanSolutions®, which was first rolled out in the second quarter of 2002. Total mortgages funded through LoanSolutions® totaled $36.3 billion and $7.3 billion in 2003 and 2002, respectively.

Debit card purchase volumes grew 22 percent while consumer credit card purchases increased 13 percent in 2003 from 2002. Total managed consumer credit card revenue, including interest income, increased 25 percent in 2003. Average managed consumer credit card receivables grew 15 percent in 2003 due to new account growth from direct marketing programs and the branch network.

Asset Management exceeded its goal of increasing the number of financial advisors by 20 percent and ended the year with 1,150 financial advisors. 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 10 new wealth centers. In addition, Marsico Capital Management, LLC's (Marsico) assets under management more than doubled to $30.2 billion at December 31, 2003.

Global Corporate and Investment Banking maintained market share in syndicated loans and fixed income areas and gained in areas such as mergers and acquisitions and mortgage-backed securities. Continued improvements in credit quality in our large corporate portfolio drove the $731 million, or 61 percent, decrease in provision for credit losses in *Global Corporate and Investment Banking.* Net charge-offs in 2003 in the large corporate portfolio were at their lowest levels in three years. In addition, large corporate nonperforming assets dropped $1.7 billion, or 57 percent.

Financial Highlights

Net interest income on a fully taxable-equivalent basis increased $596 million to $22.1 billion in 2003. This increase was driven by higher asset and liability management (ALM) portfolio levels (consisting of securities, whole loan mortgages and derivatives), higher consumer loan levels, larger trading-related contributions, higher mortgage warehouse and core deposit funding levels. Partially offsetting these increases was the impact of lower interest rates and reductions in the large corporate, foreign and exited consumer loan businesses portfolios. The net interest yield on a fully taxable-equivalent basis declined 39 basis points (bps) to 3.36 percent in 2003 due to the negative impact of increases in lower-yielding trading-related assets and declining rates offset partially by our ALM portfolio repositioning.

Noninterest income increased $2.9 billion to $16.4 billion in 2003, due to increases in (i) mortgage banking income of $1.2 billion, (ii) equity investment gains of $495 million, (iii) other noninterest income of $485 million, (iv) card income of $432 million and (v) consumer-based fee income of $244 million. The increase in mortgage banking income was driven by gains from higher volumes of mortgage loans sold into the secondary market and improved profit margins. Other noninterest income of $1.1 billion included gains of $772 million, an increase of $272 million over 2002, as we sold whole loan mortgages to manage prepayment risk due to the longer than anticipated low interest rate environment. Additionally, other noninterest income included the equity in the earnings of our investment in Grupo Financiero Santander Serfin (GFSS) of $122 million.

Gains on sales of debt securities in 2003 and 2002, were $941 million and $630 million, respectively, as we continued to reposition the ALM portfolio in response to interest rate fluctuations.

The provision for credit losses declined $858 million to $2.8 billion in 2003 due to an improvement in the commercial portfolio partially offset by a stable but growing consumer portfolio. Nonperforming assets decreased $2.2 billion to $3.0 billion, or 0.81 percent of loans, leases and foreclosed properties at December 31, 2003 compared to 1.53 percent at December 31, 2002. This decline was driven by reduced levels of inflows to nonperforming assets in *Global Corporate and Investment Banking*, together with loan sales and payoffs facilitated by high levels of liquidity in the capital markets.

Noninterest expense increased $1.7 billion in 2003 from 2002, driven by higher personnel costs, increased professional fees including legal expense and increased marketing expense. Higher personnel costs resulted from increased costs of employee benefits of $504 million and revenue-related incentives of $435 million. Employee benefits expense increased due to stock option expense of $120 million in 2003 and the impacts of a change in the expected long-term rates of return on plan assets to 8.5 percent for 2003 from 9.5 percent in 2002 and a change in the discount rate to 6.75 percent in 2003 from 7.25 percent in 2002 for the Bank of America Pension Plan. The increase in professional fees of $319 million was driven by an increase in litigation accruals of $220 million associated with pending litigation principally related to securities matters. Marketing expense increased by $232 million due to higher advertising costs, as well as marketing investments in direct marketing for the credit card business. In addition, recorded in other expense during the third quarter of 2003 was a $100 million charge related to issues surrounding our mutual fund practices.

Income tax expense was $5.1 billion reflecting an effective tax rate of 31.8 percent in 2003 compared to $3.7 billion and 28.8 percent in 2002, respectively. The 2002 effective tax rate was impacted by a $488 million reduction in income tax expense resulting from a settlement with the IRS generally covering tax years ranging from 1984 to 1999 but including tax returns as far back as 1971.

The result of the above was a 17 percent growth in net income in 2003 compared to 2002. Management does not currently expect that this level of growth will recur in 2004.

FleetBoston Merger

On October 27, 2003, we announced a definitive agreement to merge with FleetBoston Financial Corporation (FleetBoston). The merger is expected to create a banking institution with a truly national scope, with an increased presence in America's growth and wealth markets and leading market shares throughout the Northeast, Southeast, Southwest, Midwest and West regions of the United States. The merger will be a stock-for-stock transaction with a purchase price currently estimated to be approximately $46.0 billion. Each share of FleetBoston common stock will be exchanged for 0.5553 of a share of our common stock, resulting in the issuance of approximately 600 million shares of our common stock. FleetBoston shareholders will receive cash instead of any fractional shares of our common stock that would have otherwise been issued at the completion of the merger. The agreement has been approved by both boards of directors and is subject to customary regulatory and shareholder approvals. The closing is expected in April of 2004. At the time of the merger announcement, we anticipated repurchasing approximately 67 million shares through 2004 and 23 million shares in 2005, net of option exercises, as a result of the merger. The effect on our liquidity of this transaction is expected to be minimal.

In connection with the merger, we have been developing a plan to integrate our operations with FleetBoston's. The integration costs have been estimated to be $800 million after-tax, or $1.3 billion pre-tax. The specific details of this plan will continue to be refined over the next several months.

Fourth Quarter 2003 Results

Net income totaled $2.7 billion, or $1.83 per diluted common share for the fourth quarter of 2003. The return on average common shareholders' equity was 22 percent for the three months ended December 31, 2003. Total revenue on a fully taxable-equivalent basis was $9.8 billion. Fully taxable-equivalent net interest income increased $268 million to $5.7 billion from third quarter 2003 levels due to the impact of interest rates, higher ALM portfolio levels and higher levels of consumer loans offset by lower mortgage warehouse levels. Mortgage banking income decreased to $292 million in the fourth quarter from $666 million in the third quarter of 2003 due to lower levels of refinancing production. Equity investment gains

were $215 million in the fourth quarter of 2003 due to $212 million in gains from securities sold that were received in satisfaction of debt that had been restructured and charged off in prior periods. Trading-related results were negatively impacted as we marked down the value of our derivative exposure by $92 million relating to Parmalat Finanziera SpA and its related entities (Parmalat). For additional information on our exposure to Parmalat see "Credit Quality Performance" beginning on page 35. Gains recognized in our whole mortgage loan portfolio were $48 million in the fourth quarter of 2003 compared to $197 million in the third quarter of 2003. During the quarter, we generated $139 million in gains on sales of debt securities compared to $233 million in the third quarter of 2003. The income tax rate decreased from 31.3 percent in the third quarter of 2003 to 30.2 percent in the fourth quarter of 2003 due to adjustments related to our normal tax accrual review, tax refunds received and reductions in previously accrued taxes.

Table 1

Five-Year Summary of Selected Financial Data[1]

(Dollars in millions, except per share information)	2003	2002	2001	2000	1999
Income statement					
Net interest income	**$ 21,464**	$ 20,923	$ 20,290	$ 18,349	$ 18,127
Noninterest income	**16,422**	13,571	14,348	14,582	14,179
Total revenue	**37,886**	34,494	34,638	32,931	32,306
Provision for credit losses	**2,839**	3,697	4,287	2,535	1,820
Gains on sales of debt securities	**941**	630	475	25	240
Noninterest expense	**20,127**	18,436	20,709	18,633	18,511
Income before income taxes	**15,861**	12,991	10,117	11,788	12,215
Income tax expense	**5,051**	3,742	3,325	4,271	4,333
Net income	**10,810**	9,249	6,792	7,517	7,882
Average common shares issued and outstanding (in thousands)	**1,486,703**	1,520,042	1,594,957	1,646,398	1,726,006
Average diluted common shares issued and outstanding (in thousands)	**1,515,178**	1,565,467	1,625,654	1,664,929	1,760,058
Performance ratios					
Return on average assets	**1.41%**	1.40%	1.04%	1.12%	1.28%
Return on average common shareholders' equity	**21.99**	19.44	13.96	15.96	16.93
Total equity to total assets (at year end)	**6.52**	7.61	7.80	7.41	7.02
Total average equity to total average assets	**6.44**	7.18	7.49	7.01	7.55
Dividend payout	**39.58**	40.07	53.44	45.02	40.54
Per common share data					
Earnings	**$ 7.27**	$ 6.08	$ 4.26	$ 4.56	$ 4.56
Diluted earnings	**7.13**	5.91	4.18	4.52	4.48
Dividends paid	**2.88**	2.44	2.28	2.06	1.85
Book value	**33.26**	33.49	31.07	29.47	26.44
Average balance sheet					
Total loans and leases	**$ 356,148**	$ 336,819	$ 365,447	$ 392,622	$ 362,783
Total assets	**764,132**	662,943	650,083	672,067	617,352
Total deposits	**406,233**	371,479	362,653	353,294	341,748
Long-term debt[2]	**68,432**	66,045	69,622	70,293	57,574
Common shareholders' equity	**49,148**	47,552	48,609	47,057	46,527
Total shareholders' equity	**49,204**	47,613	48,678	47,132	46,601
Capital ratios (at year end)					
Risk-based capital:					
Tier 1 capital	**7.85%**	8.22%	8.30%	7.50%	7.35%
Total capital	**11.87**	12.43	12.67	11.04	10.88
Leverage	**5.73**	6.29	6.55	6.11	6.26
Market price per share of common stock					
Closing	**$ 80.43**	$ 69.57	$ 62.95	$ 45.88	$ 50.19
High closing	**83.53**	76.90	65.00	59.25	75.50
Low closing	**65.63**	54.15	46.75	38.00	48.00

(1) As a result of the adoption of Statement of Financial Accounting Standards (SFAS) No. 142 "Goodwill and Other Intangible Assets" (SFAS 142) on January 1, 2002, the Corporation no longer amortizes goodwill. Goodwill amortization expense was $662, $635 and $635 in 2001, 2000 and 1999, respectively.

(2) Includes long-term debt related to trust preferred securities (Trust Securities).

Supplemental Financial Data

In managing our business, we use certain performance measures and ratios not defined in accounting principles generally accepted in the United States (GAAP), including financial information on an operating basis and shareholder value added (SVA). We also calculate certain measures, such as net interest income, core net interest income, net interest yield and the efficiency ratio, on a fully taxable-equivalent basis. Other companies may define or calculate supplemental financial data differently. See Table 2 for supplemental financial data and corresponding reconciliations to GAAP financial measures for the five most recent years.

Supplemental financial data presented on an operating basis is a basis of presentation not defined by GAAP that excludes exit, and merger and restructuring charges. Table 2 includes earnings, earnings per common share (EPS), SVA, return on average assets, return on average equity, efficiency ratio and dividend payout ratio presented on an operating basis. We believe that the exclusion of the exit, and merger and restructuring charges, which represent events outside of our normal operations, provides a meaningful period-to-period comparison and is more reflective of normalized operations.

SVA is a key measure of performance not defined by GAAP, that is used in managing our growth strategy orientation and strengthening our focus on generating long-term growth and shareholder value. SVA is used in measuring the performance of our different business units and is an integral component for allocating resources. Each business segment has a goal for growth in 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 on an operating basis less a charge for the use of capital. Cash basis earnings is defined as 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 and operational risks. The nature of these risks is discussed further beginning on page 31. SVA increased 49 percent to $5.6 billion for 2003 compared to 2002, due to both the $1.6 billion increase in cash basis earnings and the $491 million effect of the decrease in the capital charge, which was driven by a 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 2003. For additional discussion of SVA, see Business Segment Operations beginning on page 13.

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 of 35 percent. 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.

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* 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 are compensated for servicing the securitized assets 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 section beginning on page 18, as trading strategies are evaluated based on total revenue.

Core net interest income increased $147 million in 2003. This increase was driven by higher ALM portfolio levels, consumer loan levels, higher mortgage warehouse and core deposit funding levels. These increases were partially offset by the impact of lower interest rates and reductions in the large corporate, foreign and exited consumer loan portfolios.

Core average earning assets increased $24.7 billion in 2003, driven by the $29.9 billion increase in residential mortgages related to ALM activities during the year and the $6.8 billion increase in credit card outstandings, which includes $2.6 billion of new advances under previously securitized balances that are recorded on our balance sheet, after the revolving period of the securitization, partially offset by the $16.0 billion decrease in the overall commercial loan portfolio.

The core net interest yield decreased 19 bps in 2003, mainly due to the results of our ALM process partially offset by consumer loan growth, primarily credit cards, that was experienced throughout the year.

Table 2

Supplemental Financial Data and Reconciliations to GAAP Financial Measures

(Dollars in millions, except per share information)	2003	2002	2001	2000	1999
Operating basis[1,2]					
Operating earnings	**$ 10,810**	$ 9,249	$ 8,042	$ 7,863	$ 8,240
Operating earnings per common share	**7.27**	6.08	5.04	4.77	4.77
Diluted operating earnings per common share	**7.13**	5.91	4.95	4.72	4.68
Shareholder value added	**5,621**	3,760	3,087	3,081	3,544
Return on average assets	**1.41%**	1.40%	1.24%	1.17%	1.34%
Return on average common shareholders' equity	**21.99**	19.44	16.53	16.70	17.70
Efficiency ratio (fully taxable-equivalent basis)	**52.23**	52.55	55.47	54.38	55.30
Dividend payout ratio	**39.58**	40.07	45.13	43.04	38.77
Net interest income					
Fully taxable-equivalent basis data					
Net interest income	**$ 22,107**	$ 21,511	$ 20,633	$ 18,671	$ 18,342
Total revenue	**38,529**	35,082	34,981	33,253	32,521
Net interest yield	**3.36%**	3.75%	3.68%	3.20%	3.45%
Efficiency ratio	**52.23**	52.55	59.20	56.03	56.92
Core basis data					
Core net interest income	**$ 20,205**	$ 20,058	$ 19,719	$ 18,546	$ 18,583
Core average earning assets	**478,815**	454,157	468,317	506,898	472,329
Core net interest yield	**4.22%**	4.41%	4.21%	3.66%	3.93%
Reconciliation of net income to operating earnings					
Net income	**$ 10,810**	$ 9,249	$ 6,792	$ 7,517	$ 7,882
Exit charges	**—**	—	1,700	—	—
Merger and restructuring charges	**—**	—	—	550	525
Related income tax benefit	**—**	—	(450)	(204)	(167)
Operating earnings	**$ 10,810**	$ 9,249	$ 8,042	$ 7,863	$ 8,240
Reconciliation of EPS to operating EPS					
Earnings per common share	**$ 7.27**	$ 6.08	$ 4.26	$ 4.56	$ 4.56
Exit charges, net of tax benefit	**—**	—	0.78	—	—
Merger and restructuring charges, net of tax benefit	**—**	—	—	0.21	0.21
Operating earnings per common share	**$ 7.27**	$ 6.08	$ 5.04	$ 4.77	$ 4.77
Reconciliation of diluted EPS to diluted operating EPS					
Diluted earnings per common share	**$ 7.13**	$ 5.91	$ 4.18	$ 4.52	$ 4.48
Exit charges, net of tax benefit	**—**	—	0.77	—	—
Merger and restructuring charges, net of tax benefit	**—**	—	—	0.20	0.20
Diluted operating earnings per common share	**$ 7.13**	$ 5.91	$ 4.95	$ 4.72	$ 4.68
Reconciliation of net income to shareholder value added					
Net income	**$ 10,810**	$ 9,249	$ 6,792	$ 7,517	$ 7,882
Amortization of intangibles	**217**	218	878	864	888
Exit charges, net of tax benefit	**—**	—	1,250	—	—
Merger and restructuring charges, net of tax benefit	**—**	—	—	346	358
Cash basis earnings on an operating basis	**11,027**	9,467	8,920	8,727	9,128
Capital charge	**(5,406)**	(5,707)	(5,833)	(5,646)	(5,584)
Shareholder value added	**$ 5,621**	$ 3,760	$ 3,087	$ 3,081	$ 3,544
Reconciliation of return on average assets to operating return on average assets					
Return on average assets	**1.41%**	1.40%	1.05%	1.12%	1.28%
Effect of exit charges, net of tax benefit	**—**	—	0.19	—	—
Effect of merger and restructuring charges, net of tax benefit	**—**	—	—	0.05	0.06
Operating return on average assets	**1.41%**	1.40%	1.24%	1.17%	1.34%
Reconciliation of return on average common shareholders' equity to operating return on average common shareholders' equity					
Return on average common shareholders' equity	**21.99%**	19.44%	13.96%	15.96%	16.93%
Effect of exit charges, net of tax benefit	**—**	—	2.57	—	—
Effect of merger and restructuring charges, net of tax benefit	**—**	—	—	0.74	0.77
Operating return on average common shareholders' equity	**21.99%**	19.44%	16.53%	16.70%	17.70%
Reconciliation of efficiency ratio to operating efficiency ratio (fully taxable-equivalent basis)					
Efficiency ratio	**52.23%**	52.55%	59.20%	56.03%	56.92%
Effect of exit charges, net of tax benefit	**—**	—	(3.73)	—	—
Effect of merger and restructuring charges, net of tax benefit	**—**	—	—	(1.65)	(1.62)
Operating efficiency ratio	**52.23%**	52.55%	55.47%	54.38%	55.30%
Reconciliation of dividend payout ratio to operating dividend payout ratio					
Dividend payout ratio	**39.58%**	40.07%	53.44%	45.02%	40.54%
Effect of exit charges, net of tax benefit	**—**	—	(8.31)	—	—
Effect of merger and restructuring charges, net of tax benefit	**—**	—	—	(1.98)	(1.77)
Operating dividend payout ratio	**39.58%**	40.07%	45.13%	43.04%	38.77%

(1) Operating basis excludes exit, and merger and restructuring charges. Exit charges in 2001 represented provision for credit losses of $395 and noninterest expense of $1,305, both of which were related to the exit of certain consumer finance businesses. Merger and restructuring charges were $550 and $525 in 2000 and 1999, respectively.

(2) As a result of the adoption of SFAS 142 on January 1, 2002, we no longer amortize goodwill. Goodwill amortization expense was $662, $635 and $635 in 2001, 2000 and 1999, respectively.

Trading-related Revenue

Trading account profits represent the net amount earned from our 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 our 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.

Table 3

Trading-related Revenue[1]

(Dollars in millions)	2003	2002	2001
Net interest income (fully taxable-equivalent basis)	**$2,214**	$1,976	$1,609
Trading account profits[2]	**409**	778	1,842
Total trading-related revenue	**$2,623**	$2,754	$3,451
Trading-related revenue by product			
Fixed income	**$1,195**	$ 811	$ 992
Interest rate (fully taxable-equivalent basis)	**897**	832	792
Foreign exchange	**549**	532	532
Equities[3]	**359**	401	901
Commodities	**(47)**	94	165
Market-based trading-related revenue	**2,953**	2,670	3,382
Credit portfolio hedges[4]	**(330)**	84	69
Total trading-related revenue	**$2,623**	$2,754	$3,451

(1) Certain prior period amounts have been reclassified to conform to the current period presentation.
(2) Includes $83 transition adjustment net loss in 2001 recorded as a result of the adoption of SFAS No. 133 “Accounting for Derivative Instruments and Hedging Activities” (SFAS 133).
(3) Does not include commission revenue from equity transactions.
(4) Includes credit default swaps used for credit risk management.

Trading-related revenue decreased five percent to $2.6 billion for 2003 as compared to 2002 as the $238 million increase in net interest income was more than offset by a $369 million decrease in trading account profits. The 2003 increase in fixed income trading-related revenue of $384 million was a result of stronger product origination and distribution flow, in support of investor demand. Driving these results were increased profits in high-yield securities of $283 million and mortgage-backed securities of $23 million. The increase in interest rate trading-related revenue of $65 million was a result of a general increase in trading profits within our strategic trading platform. The $414 million decrease in revenues from our credit portfolio hedges was a result of credit spreads continuing to tighten as overall credit quality improved. This was the primary driver of the decrease in overall trading account profits for 2003 compared to 2002. Another driver of the decrease in trading-related revenue was the $89 million loss in the commodity portfolio associated with 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 in understanding Management’s Discussion and Analysis of Results of Operations and Financial Condition. Some of our accounting principles require significant judgment to estimate values of either assets or liabilities. In addition, certain accounting principles require significant judgment in applying

the complex accounting principles to complicated transactions to determine the most appropriate treatment. We have established procedures and processes to facilitate making the judgments necessary to estimate the values of our assets and liabilities and to analyze complex transactions to prepare financial statements.

The following is a summary of the more judgmental estimates and complex accounting principles. In each area, we have identified and described the development of the variables most important in the estimation process that, with the exception of accrued taxes, involves mathematical models used to derive the estimates. In many cases, there are numerous alternative judgments that could be used in the process of determining the inputs to the model. Where alternatives exist, we have used the factors that we believe represent the most reasonable value in developing the inputs. Actual performance that differs from our estimates of the key variables could impact net income. Separate from the possible future impact to net income from input and model variables, the value of our lending portfolio and market sensitive assets and liabilities may change subsequent to the balance sheet measurement, often significantly, due to the nature and magnitude of future credit and market conditions. Such credit and market conditions may change quickly and in unforeseen ways and the resulting volatility could have a significant, negative effect on future operating results and such fluctuations would not be indicative of deficiencies in our models or inputs.

Allowance for Credit Losses

The allowance for credit losses is our estimate of the probable losses in the loans and leases portfolio and within our unfunded lending commitments.

Changes to the allowance for credit losses are reported in the Consolidated Statement of Income in the provision for credit losses. Our process for determining the allowance for credit losses is discussed in detail in the Credit Risk Management section beginning on page 31 and Note 1 of the consolidated financial statements. Due to the variability in the drivers of the assumptions made in this process, estimates of the portfolio's inherent risks and overall collectibility will change as warranted by changes in the economy, individual industries and individual borrowers. The degree to which any particular assumption would affect the allowance for credit losses would depend on the severity of the change, and changes made, if necessary, to the other assumptions made in this process.

Key judgments used in determining the allowance for credit losses include: (i) risk ratings for pools of commercial loans, (ii) market and collateral values and discount rates for individually evaluated loans, (iii) product type classifications for both commercial and consumer loans, (iv) loss rates used for both commercial and consumer loans and (v) adjustments made to assess current events and conditions. Additionally, considerations regarding domestic and global economic uncertainty and overall credit conditions are used in calculating the allowance for credit losses.

The process of determining the level of the allowance for credit losses requires a high degree of judgment. It is possible that others, given the same information, may at any point in time reach different reasonable conclusions. For management analysis purposes, we do not develop alternative judgments regarding the allowance for credit losses because we do not believe such alternative judgments would provide useful information for determining the recorded allowance. While we do not develop alternative judgments, alternative judgments could result in different estimates of the required allowance for credit losses given a particular set of circumstances and such differences could be material.

Fair Value of Financial Instruments

Trading account assets and liabilities are recorded at fair value, which is primarily based on actively traded markets where prices can be obtained from either direct market quotes or observed transactions. A significant factor affecting the fair value of trading account assets or liabilities is the liquidity of a specific position within the market. Market price quotes may not be readily available for some specific positions, or positions within a market sector where trading activity has slowed significantly or ceased. Situations of illiquidity generally are triggered by the market's perception of credit regarding a single company or a specific market sector. In these instances, fair valuations are derived from the limited market information available and other factors, principally from reviewing the issuer's financial statements and changes in credit ratings made by one or more of the rating agencies. At December 31, 2003, $1.8 billion of trading account assets were fair valued using these alternative approaches, representing three percent of total trading account assets at December 31, 2003. An immaterial amount of trading account liabilities were fair valued using these alternative approaches at December 31, 2003.

Fair values of derivative assets and liabilities traded in the over-the-counter market are determined using quantitative models that require the use of multiple market inputs including rates, prices and indices to generate continuous yield or pricing curves and volatility factors, which are used to value the position. The predominance of market inputs utilized are actively quoted and can be validated through external sources, including brokers, market transactions and third party pricing services. Estimation risk is greater for derivative asset and liability positions that are either option-based or have longer maturity dates where observable market inputs are less readily available or are altogether unobservable, in which case quantitative-based extrapolations of rate, price or index scenarios are used in determining fair values.

The fair values of derivative assets and liabilities include adjustments for market liquidity, counterparty credit quality, future servicing costs and other deal specific factors, where appropriate. To ensure the prudent application of estimates and management judgment in determining the fair value of derivative assets and liabilities, various processes and controls have been adopted, which include: a Model Validation Policy that requires a review and approval of quantitative models used for deal pricing, financial statement fair value determination and risk quantification; a Trading Product Valuation Policy that requires verification of all traded product valuations; and a periodic review and substantiation of daily profit and loss reporting for all traded products. These processes and controls are performed independent of the business segment. At December 31, 2003, the fair values of derivative assets and liabilities determined by these quantitative models were $10.7 billion and $7.9 billion, respectively. These amounts reflect the full fair value of the derivatives and do not isolate the discrete value associated with the subjective valuation variable. Further, they represent five percent and four percent of derivative assets and liabilities, respectively, before the impact of legally enforceable master netting agreements. For the period ended December 31, 2003, there were no changes to the quantitative models, or uses of such models, that resulted in a material adjustment to the income statement.

Excess Spread Certificates (the Certificates), a mortgage banking asset, are carried at estimated fair value. The Certificates do not have readily observable prices; therefore, we value them using an option-adjusted spread model that requires several key components including the option-adjusted spread levels, portfolio characteristics, proprietary prepayment models, and delinquency rates**.** We compare our fair value estimates and assumptions to observable market data, where available, to recent market activity, portfolio experience and values necessary to meet reasonable return objectives. At December 31, 2003 and 2002, $2.3 billion and $1.6 billion of the Certificates were valued using this model. For more information on mortgage banking assets, see Notes 1 and 8 of the consolidated financial statements.

Available-for-sale securities are recorded at fair value, which is based on direct market quotes from actively traded markets. None of the available-for-sale securities were valued using mathematical models.

Principal Investing

Principal Investing within the *Equity Investments* segment, discussed in more detail in Business Segment Operations on page 13, is comprised of a diversified portfolio of investments in privately-held and publicly-traded companies at all stages, from start-up to buyout. These investments are made either directly in a company or held through a fund. Some of these companies may need access to additional cash to support their long-term business models. Market conditions as well as company performance may impact whether such funding is sourced from private investors or via capital markets.

Investments for which there are active market quotes are carried at estimated fair value. The majority of our investments do not have publicly available price quotations. At December 31, 2003, we had nonpublic investments of $5.0 billion or approximately 94 percent of the total portfolio. Valuation of these investments requires significant management judgment. Management determines values of the underlying investments based on varying methodologies including periodic reviews of the investee's financial statements and financial condition, discounted cash flows, the prospects of the investee's industry and current overall market conditions for similar investments. Periodically, when events occur or information comes to the attention of management regarding one or more investments that indicate a change in value of that investment is warranted, investments are adjusted from their original invested amount to estimated market values at the balance sheet date with changes being recorded in equity investment gains/losses in the Consolidated Statement of Income. Investments are not adjusted above the original amount invested unless there is clear evidence of a market value in excess of the original invested amount. This evidence is typically

in the form of a recent transaction in that particular investment. As part of the valuation process, senior management reviews the portfolio and determines when an impairment needs to be recorded. The *Principal Investing* portfolio is not material to our Consolidated Balance Sheet, but the impact of the valuation adjustments may be material to our operating results for any particular quarter.

Accrued Taxes

We estimate tax expense based on the amount we expect to owe various tax jurisdictions. We currently file income tax returns in approximately 85 jurisdictions. Our estimate of tax expense is reported in the Consolidated Statement of Income. Accrued taxes represent the net estimated amount due or to be received from taxing jurisdictions either currently or in the future and are reported as a component of accrued expenses and other liabilities on the Consolidated Balance Sheet. In estimating accrued taxes, we assess the relative merits and risks of the appropriate tax treatment of transactions taking into account statutory, judicial and regulatory guidance in the context of our tax position.

Changes to our estimate of accrued taxes occur periodically due to changes in the tax rates, implementation of new tax planning strategies, resolution with taxing authorities of issues with previously taken tax positions and newly enacted statutory, judicial and regulatory guidance. These changes, when they occur, affect accrued taxes and can be material to our operating results for any particular quarter. Taxes are discussed in more detail in Notes 1 and 18 of the consolidated financial statements.

Goodwill

The nature and accounting for goodwill is discussed in detail in Notes 1 and 10 of the consolidated financial statements. Assigned goodwill is subject to a market value recoverability test that records a loss if the implied fair value of goodwill is less than the amount recorded in the financial statements for any individual reporting unit. The first part of this test is a comparison, at the reporting unit level, of the fair value of each reporting unit to its carrying amount, including goodwill. The reporting units utilized for this test were those that are one level below the core business segments identified on page 13.

The fair values of the reporting units are determined using a discounted cash flow model. The discounted cash flows were calculated by taking the net present value of estimated cash flows using a combination of historical results, estimated future cash flows and an appropriate price to earnings multiple. We use our internal forecasts to estimate future cash flows and actual results typically differ from forecasted results. However, these differences have not been material and we believe that this methodology provides a reasonable means to determine fair values. Cash flows are discounted using a discount rate based on a weighted average cost of capital resulting in a range of 8.7 percent to 11 percent. Weighted average cost of capital is determined using the 10-year U.S. Treasury rate adjusted for estimated required market returns and risk/return rates for similar industries of the reporting unit.

Our evaluations for the year ended December 31, 2003 indicated that none of our goodwill was impaired.

Accounting Standards

Our accounting for hedging activities, securitizations and off-balance sheet entities requires significant judgment in interpreting and applying the accounting principles related to these matters. Judgments include, but are not limited to: the determination of whether a financial instrument or other contract meets the definition of a derivative in accordance with SFAS 133 and the applicable hedge criteria including whether the derivative used in our hedging transactions is expected to be or has been highly effective as a hedge; the accounting for the transfer of financial assets and extinguishments of liabilities in accordance with SFAS No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities—a replacement of FASB Statement No. 125” (SFAS 140) and the applicable determination as to whether assets transferred meet the specific criteria for sale accounting; and the determination of when certain special purpose entities should be consolidated on our balance sheet and statement of income in accordance with Financial Accounting Standards Board (FASB) Interpretation No. 46 “Consolidation of Variable Interest Entities, an interpretation of ARB No. 51” (FIN 46) and the applicable determination of expected losses and returns as defined in FIN 46. For a more complete discussion of these principles, see Notes 1, 6 and 9 of the consolidated financial statements.

The remainder of Management's Discussion and Analysis of Results of Operations and Financial Condition should be read in conjunction with the consolidated financial statements and related notes presented on pages 71 through 132. See Note 1 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.*

In managing our four business segments, we evaluate results using both financial and nonfinancial measures. Financial measures consist primarily of revenue, net income and SVA. Nonfinancial measures include, but are not limited to, market share and customer satisfaction. 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 certain assets and liabilities used in our ALM process.

From time to time, we refine the business segment strategy and reporting. As we continued to refine our business segment strategy in 2002, we moved a portion of our thirty-year mortgage portfolio from the *Consumer and Commercial Banking* segment to *Corporate Other.* The mortgages designated solely for our ALM process were moved to *Corporate Other* to reflect the fact that management decisions regarding this portion of the mortgage portfolio are driven by corporate ALM considerations and not by the business segments' management. In the third quarter of 2002, certain consumer finance businesses in the process of liquidation (subprime real estate, auto leasing and manufactured housing) were transferred from *Consumer and Commercial Banking* to *Corporate Other* and in the first quarter of 2003, certain commercial lending businesses in the process of liquidation were transferred from *Consumer and Commercial Banking* to *Corporate Other.*

See Note 20 of the consolidated financial statements for additional business segment information including the allocation of certain expenses, 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.

Table 4

Business Segment Summary

(Dollars in millions)	Total Corporation		Consumer and Commercial Banking[1]		Asset Management[1]	
	2003	2002	2003	2002	2003	2002
Net interest income (fully taxable-equivalent basis)	**$ 22,107**	$ 21,511	**$ 15,970**	$ 15,205	**$ 754**	$ 752
Noninterest income	**16,422**	13,571	**10,333**	8,411	**1,880**	1,626
Total revenue	**38,529**	35,082	**26,303**	23,616	**2,634**	2,378
Provision for credit losses	**2,839**	3,697	**2,062**	1,806	**1**	318
Gains on sales of debt securities	**941**	630	**12**	45	**—**	—
Amortization of intangibles	**217**	218	**179**	175	**6**	6
Other noninterest expense	**19,909**	18,218	**12,301**	11,301	**1,608**	1,488
Income before income taxes	**16,505**	13,579	**11,773**	10,379	**1,019**	566
Income tax expense	**5,695**	4,330	**4,252**	3,836	**349**	191
Net income	**$ 10,810**	$ 9,249	**$ 7,521**	$ 6,543	**$ 670**	$ 375
Shareholder value added	**$ 5,621**	$ 3,760	**$ 5,450**	$ 4,392	**$ 368**	$ 81
Net interest yield (fully taxable-equivalent basis)	**3.36%**	3.75%	**4.67%**	5.26%	**3.14%**	3.06%
Return on average equity	**21.99**	19.44	**36.79**	33.77	**23.97**	14.99
Efficiency ratio (fully taxable-equivalent basis)	**52.23**	52.55	**47.45**	48.60	**61.29**	62.84
Average:						
Total loans and leases	**$ 356,148**	$ 336,819	**$ 188,706**	$ 182,463	**$ 23,143**	$ 23,916
Total assets	**764,132**	662,943	**364,703**	312,973	**25,851**	26,079
Total deposits	**406,233**	371,479	**312,582**	283,255	**13,162**	12,030
Common equity/Allocated equity	**49,148**	47,552	**20,444**	19,376	**2,794**	2,500
Year end:						
Total loans and leases	**371,463**	342,755	**196,307**	186,069	**24,666**	23,009
Total assets	**736,445**	660,951	**386,330**	339,976	**27,540**	25,645
Total deposits	**414,113**	386,458	**326,235**	297,646	**14,710**	13,305

(Dollars in millions)	Global Corporate and Investment Banking [1]		Equity Investments [1]		Corporate Other	
	2003	2002	2003	2002	2003	2002
Net interest income (fully taxable-equivalent basis)	**$ 4,825**	$ 4,797	**$ (160)**	$ (165)	**$ 718**	$ 922
Noninterest income	**4,108**	3,880	**(94)**	(281)	**195**	(65)
Total revenue	**8,933**	8,677	**(254)**	(446)	**913**	857
Provision for credit losses	**477**	1,208	**25**	7	**274**	358
Gains (losses) on sales of debt securities	**(14)**	(97)	**—**	—	**943**	682
Amortization of intangibles	**28**	32	**3**	3	**1**	2
Other noninterest expense	**5,407**	5,031	**108**	88	**485**	310
Income before income taxes	**3,007**	2,309	**(390)**	(544)	**1,096**	869
Income tax expense (benefit)	**995**	748	**(141)**	(213)	**240**	(232)
Net income (loss)	**$ 2,012**	$ 1,561	**$ (249)**	$ (331)	**$ 856**	$ 1,101
Shareholder value added	**$ 983**	$ 251	**$ (475)**	$ (583)	**$ (705)**	$ (381)
Net interest yield (fully taxable-equivalent basis)	**1.98%**	2.38%	**n/m**	n/m	**n/m**	n/m
Return on average equity	**20.94**	13.96	**(11.91)%**	(15.56)%	**n/m**	n/m
Efficiency ratio (fully taxable-equivalent basis)	**60.85**	58.35	**n/m**	n/m	**n/m**	n/m
Average:						
Total loans and leases	**$ 49,365**	$ 63,133	**$ 259**	$ 440	**$ 94,675**	$ 66,867
Total assets	**292,301**	241,522	**6,245**	6,179	**75,032**	76,190
Total deposits	**66,181**	64,767	**—**	—	**14,308**	11,427
Common equity/Allocated equity[2]	**9,611**	11,183	**2,086**	2,125	**14,213**	12,368
Year end:						
Total loans and leases	**41,170**	57,823	**77**	437	**109,243**	75,417
Total assets	**248,833**	220,241	**6,251**	6,064	**67,491**	69,025
Total deposits	**58,590**	67,212	**—**	—	**14,578**	8,295

n/m = not meaningful

(1) There were no material intersegment revenues among the segments.

(2) Equity in *Corporate Other* represents equity of the Corporation not allocated to the business segments.

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. Customer satisfaction increased eight percent at December 31, 2003 compared to December 31, 2002. We added 1.24 million net new checking accounts in 2003, exceeding the full-year goal of one million and more than doubling last year's total net new checking account growth of 528,000. This growth resulted from the introduction of new products, advancement of our multicultural strategy and strong customer retention. In 2004, we anticipate checking account growth to exceed 2003 levels. 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, all contributed to success with our customers.

The major subsegments of *Consumer and Commercial Banking* are *Banking Regions, Consumer Products* and *Commercial Banking.*

Banking Regions serves consumer households and small businesses in 21 states and the District of Columbia through its network of 4,277 banking centers, 13,241 ATMs, telephone and Internet channels on www.bankofamerica.com. *Banking Regions* provides a wide range of products and services, including deposit products such as checking accounts, money market savings accounts, time deposits and IRAs, debit card products and credit products such as home equity, mortgage and personal auto loans. It also provides treasury management, credit services, community investment, e-commerce and brokerage services to nearly two million small business relationships across the franchise. *Banking Regions* also includes *PremierBanking*, which provides high-touch banking, which represents more direct contact with the client, and investment solutions to affluent clients with balances up to $3 million.

Consumer Products provides services including the origination, fulfillment and servicing of residential mortgage loans, issuance and servicing of credit cards, direct banking via telephone and Internet, student lending and certain insurance services. *Consumer Products* also provides retail finance and floorplan programs to marine, RV and auto dealerships.

Commercial Banking provides commercial lending and treasury management services primarily to middle-market companies with annual revenue between $10 million and $500 million. These services are available through relationship manager teams as well as through alternative channels such as the telephone via the commercial service center and the Internet by accessing Bank of America Direct. *Commercial Banking* also includes the Real Estate Banking Group, which provides project financing and treasury management to private developers, homebuilders and commercial real estate firms across the U.S. *Commercial Banking* also provides lending and investing services to develop low- and moderate-income communities.

Consumer and Commercial Banking drove our financial results in 2003 as total revenue increased $2.7 billion, or 11 percent. Net income rose $1.0 billion, or 15 percent. 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 drove a $1.1 billion, or 24 percent, increase in SVA.

Net interest income increased $765 million due to overall deposit and loan portfolio growth. This increase was offset by the compression of deposit interest margins and the net results of ALM activities. Net interest income was positively impacted by the $6.2 billion, or three percent, increase in average loans and leases in 2003, compared to 2002, resulting from a $6.3 billion, or six percent, increase in consumer loans. An eight percent increase in average direct/indirect loans contributed to the growth in the consumer loan portfolio. Average commercial loans remained relatively unchanged in 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 $29.3 billion, or 10 percent, increase in average deposits in 2003.

Significant Noninterest Income Components

(Dollars in millions)	2003	2002
Service charges	**$4,353**	$4,069
Mortgage banking income	**1,922**	761
Card income	**3,052**	2,620
Trading account profits (losses)	**(169)**	(7)

Increases in both consumer and corporate service charges led to the $284 million, or seven percent, increase in service charge income. Consumer service charges increased $247 million, or eight percent, to $3.2 billion due to favorable repricing and increased levels of deposit fees from new account growth of $254 million. Corporate service charges increased $37 million, or three percent, to $1.2 billion due to a $31 million increase in income from pricing initiatives and account growth.

Decreasing mortgage interest rates in the first half of 2003 drove a sharp increase in refinance volumes within the mortgage industry leading to increases in our loan production and sales activity. First mortgage loan originations increased $43.1 billion to $131.1 billion in 2003, resulting from elevated refinancing levels and broader market coverage from our ongoing deployment of LoanSolutions®, which was first rolled out in the second quarter of 2002. Total mortgages funded through LoanSolutions® totaled $36.3 billion and $7.3 billion in 2003 and 2002, respectively. First mortgage loan origination volume was composed of approximately $91.8 billion of retail loans and $39.3 billion of wholesale loans in 2003, compared to $59.9 billion and $28.1 billion, respectively, in 2002. Increased mortgage prepayments, resulting from the extended low interest rate environment of 2003, led to a $32.6 billion net decline in the average portfolio of first mortgage loans serviced to $250.4 billion in 2003. Increased sales of loans to the secondary market in 2003, along with improved profit margins drove the $1.2 billion increase in mortgage banking income. In 2003 and 2002, loan sales to the secondary market were $107.4 billion and $51.6 billion, respectively.

As we have seen interest rates rise from mid-year levels, the warehouse and pipeline of mortgage loan applications at December 31, 2003 were approximately 70 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 we can garner market share from increased distribution, increased advertising and sales productivity; however, we do expect the decline in industry volumes to negatively impact mortgage banking income in 2004 compared to 2003. We also believe our increased focus on home equity lending will replace a portion of the drop in mortgage revenue with higher net interest income.

Trading account profits (losses) primarily represent the net mark-to-market adjustments on mortgage banking assets and related derivative instruments used as an economic hedge on the assets. Impacting trading account profits (losses) in 2003 was a net reduction, including the negative impact of changes in prepayment speeds, in the value of our mortgage banking assets and related derivative instruments of $159 million, due to a difference between the change in the value of our mortgage banking assets and the related derivatives. The value of mortgage banking assets increased to $2.7 billion at December 31, 2003 compared to $2.1 billion at December 31, 2002 due to new additions from loan sales, offset by normal paydowns, amortization and negative mark-to-market adjustments.

Increases in both debit and credit card income resulted in the 16 percent increase in card income. The increase in debit card income of $111 million, or 14 percent, to $896 million was due to increases in purchase volumes related to account growth and higher activation and penetration levels. Credit card income increased $321 million, or 18 percent, resulting from higher interchange fees of $154 million, driven by increased credit card purchase volumes, late fees of $113 million, overlimit fees of $86 million, cash advance fees of $43 million and other miscellaneous fees of $95 million offset by lower excess servicing income of $170 million. Debit card purchase volumes grew 22 percent while credit card purchases increased 13 percent in 2003 from 2002. Currently, management anticipates that credit and debit card purchase volumes will

continue to increase in 2004. Card income included activity from the securitized portfolio of $116 million and $157 million in 2003 and 2002, respectively. Noninterest income, rather than net interest income and provision for credit losses, is recorded for assets that have been securitized as we are compensated for servicing the securitized assets and record servicing income and gains or losses on securitizations, where appropriate. New advances on previously securitized accounts 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. Average on-balance sheet credit card outstandings increased 32 percent, due to over 4 million new accounts and an increase of $2.6 billion 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 15 percent in 2003 due to new account growth from direct marketing programs and the branch network.

On January 23, 2004, the Federal District Court in the Eastern District of New York approved Visa U.S.A.'s previously entered into agreement in principle to settle the class action anti-trust lawsuit filed against it by Wal-Mart and other retailers (the settlement). Effective January 1, 2004, the settlement permitted 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 were reduced by approximately 30 percent. This reduction was effective until January 1, 2004, at which time Visa U.S.A. was free to set competitive rates. The after-tax impact of the reduction in interchange fees on net income in 2003 was $52 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 $90 million in 2004.

An increase in provision in the held consumer credit card loan portfolio of $613 million and declines in provision for other consumer loans of $239 million and commercial loans of $140 million resulted in a $256 million, or 14 percent, increase in the provision for credit losses. The increase in held consumer credit card provision to $1.8 billion was due to increases of $192 million related to higher outstandings, $173 million from charge-offs of new advances on previously securitized balances, and $255 million from charge-offs related to 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.

Noninterest expense increased $1.0 billion, or nine percent, due to increases in data processing costs of $305 million, personnel expense of $291 million, other general operating expenses of $142 million, marketing and promotional fees of $112 million and occupancy expense of $92 million. Personnel expense increased as a result of higher incentive compensation of $178 million driven by increased mortgage sales production. Marketing and promotional fees were up due to increased advertising and marketing investments of $105 million in direct marketing 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: (i) to continue to expand distribution capabilities to reach key constituencies and markets; (ii) to complete the expansion and rollout of integrated wealth management models to better serve our clients' financial needs; and (iii) to continue to strengthen and develop our full array of investment management products and services for individuals and institutions. *Asset Management* exceeded its goal of increasing financial advisors by 20 percent and ended the year with 1,150 financial advisors. 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 10 new wealth centers. The Private Bank successfully completed the rollout of its high-net-worth model to all markets. BACAP has experienced growth in assets under management led by higher market valuations, sales in assets advised by Marsico and sales in the fee-based assets of BACAP's Consulting Services Group.

Total revenue increased $256 million, or 11 percent, in 2003 and net income increased 79 percent, due to lower provision for credit losses of $317 million and an increase in equity investment gains of $199 million. SVA increased by $287 million, or 354 percent, as the increase in net income was partially offset by the impact of an increase in capital levels. The increase in capital levels was driven by additional goodwill recorded in mid-2002 representing final contingent consideration in connection with the acquisition of the remaining 50 percent of Marsico. All conditions related to this contingent consideration have been met.

Client Assets

	December 31	
	2003	2002
(Dollars in billions)		
Assets under management	**$335.7**	$310.3
Client brokerage assets	**88.8**	90.9
Assets in custody	**49.9**	46.6
Total client assets	**$474.4**	$447.8

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 $25.4 billion, or eight percent, due to a $33.7 billion, or 41 percent, increase in equities, led by improved market valuations and sales in assets advised by Marsico, offset by a decline of $13.2 billion, or eight percent, in money market assets. Client brokerage assets, a source of commission revenue, decreased $2.1 billion, or two percent. Client brokerage assets consist largely of investments in bonds, annuities, money market mutual funds and equities. Assets in custody increased $3.3 billion, or seven 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 remained relatively flat as growth in deposits and increased loan spreads were offset by lower loan balances and the net results of ALM activities. Average loans and leases decreased $773 million, or three percent, in 2003. Average deposits increased $1.1 billion, or nine percent, in 2003.

Significant Noninterest Income Components

	2003	2002
(Dollars in millions)		
Asset management fees[1]	**$1,160**	$1,087
Brokerage income	**420**	435
Total investment and brokerage services	**$1,580**	$1,522

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

Noninterest income increased $254 million, or 16 percent, in 2003 due to an increase in equity investment gains of $199 million related to gains from securities sold that were received in satisfaction of debt that had been restructured and charged off in prior periods and higher asset management fees.

Provision for credit losses decreased $317 million, primarily due to one large charge-off recorded in 2002.

Noninterest expense increased $120 million, or eight percent, due to a $50 million allocation of the charge related to issues surrounding our mutual fund practices, previously announced in the third quarter of 2003 and increased expenses associated with the addition of financial advisors.

Global Corporate and Investment Banking

Our *Global Corporate and Investment Banking* strategy is to align our resources with sectors where we can deliver value 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. *Global Corporate and Investment Banking* provides a broad range of financial services to domestic and international corporations,

financial institutions, and government entities. Clients are supported through offices in 30 countries in four distinct geographic regions: U.S. and Canada; Asia; Europe, Middle East and Africa; and Latin America. Products and services provided include loan origination, merger and acquisition advisory, debt and equity underwriting and trading, cash management, derivatives, foreign exchange, leasing, leveraged finance, structured finance and trade services.

Global Corporate and Investment Banking offers clients a comprehensive range of global capabilities through three subsegments:*Global Investment Banking, Global Credit Products* and *Global Treasury Services.*

Global Investment Banking includes our investment banking activities and risk management products.*Global Investment Banking* underwrites and makes markets for its clients in equity and equity-linked securities, high-grade and high-yield corporate debt securities, commercial paper, and mortgage-backed and asset-backed securities as well as provides correspondent clearing services for other securities broker/dealers and prime brokerage services. It also provides debt and equity securities research, loan syndications, mergers and acquisitions advisory services and private placements.

In addition, *Global Investment Banking* provides risk management solutions for our global customer base using interest rate, equity, credit and commodity derivatives, foreign exchange, fixed income and mortgage-related products. In support of these activities, the businesses may take positions in these products and capitalize on market-making activities. The *Global Investment Banking* business is a primary dealer in the U.S. as well as in several international locations.

Global Credit Products provides credit and lending services for our clients with our corporate industry-focused portfolios, which also includes leasing.*Global Credit Products* is also responsible for actively managing loan and counterparty risk in our large corporate portfolio using available risk mitigation techniques, including credit default swaps.

Global Treasury Services provides the technology, strategies and integrated solutions to help financial institutions, government agencies and our corporate clients manage their operational cash flows on a local, regional, national and global level.

Our financial performance continues to improve as total revenue increased $256 million, or three percent, in 2003, due to increases in investment banking income of $188 million, miscellaneous other income of $160 million, service charges of $63 million and investment and brokerage service fees of $58 million. Net income increased $451 million, or 29 percent. SVA increased by $732 million, or 292 percent, as a result of lower capital, the increase in net income and a decrease in the capital charge related to improving credit quality including a reduction in nonperforming assets.

Net interest income remained relatively flat at $4.8 billion. Average loans and leases declined $13.8 billion, or 22 percent, in 2003, primarily as a result of either the client selection process or refinancing by clients in the public markets as companies restructured their capital positions coupled with the lack of demand for additional bank debt as capital expenditures or inventory financing continued to be moderate. Average deposits increased $1.4 billion, or two percent, in 2003, despite decreases in compensating balances by the U.S. Treasury and foreign deposits.

Noninterest income increased $228 million, or six percent, in 2003, as increases in investment banking income, service charges, and investment and brokerage services were partially offset by a decline in trading account profits. Active market-based trading account profits increased by $170 million; however, this was more than offset by credit portfolio hedges that decreased by $414 million.

Investment banking income increased $188 million, or 13 percent, in 2003. We continued to maintain syndicated lending and fixed income market share and gained in areas such as mergers and acquisitions, and mortgage-backed securities. Although the overall market for securities underwriting declined for equity offerings, our continued strong market share in equity offerings resulted in a 34 percent increase in securities underwriting fees.

Investment Banking Income

(Dollars in millions)	2003	2002
Securities underwriting	**$ 963**	$ 721
Syndications	**428**	427
Advisory services	**228**	288
Other	**50**	45
Total	**$1,669**	$1,481

Investment and brokerage services income was $693 million and $636 million in 2003 and 2002, respectively. Service charges on accounts were $1.2 billion for both periods.

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 products to conform to the current period presentation.

Trading-related Revenue

(Dollars in millions)	2003	2002
Net interest income (fully taxable-equivalent basis)	**$2,214**	$1,976
Trading account profits	**588**	832
Total trading-related revenue	**$2,802**	$2,808
Trading-related revenue by product		
Fixed income	**$1,371**	$ 833
Interest rate (fully taxable-equivalent basis)	**922**	879
Foreign exchange	**549**	532
Equities[1]	**337**	386
Commodities	**(47)**	94
Market-based trading-related revenue	**3,132**	2,724
Credit portfolio hedges[2]	**(330)**	84
Total trading-related revenue	**$2,802**	$2,808

(1) Does not include commission revenue from equity transactions.
(2) Includes credit default swaps used for credit risk management.

Total trading-related revenue remained flat at $2.8 billion as the $238 million increase in net interest income was offset by a $244 million decrease in trading account profits in 2003. This decrease in trading account profits was principally attributable to the $414 million decrease in revenue from credit portfolio hedges used as part of the overall credit risk management process. For additional information on credit portfolio hedges, see Concentrations of Credit Risk on page 32. Market-based trading-related revenue increased by $408 million, or 15 percent, resulting from an increase of $538 million in fixed income trading. Driving the increase in fixed income trading were increased high-yield sales and trading activities of $283 million and an increase of $23 million of sales and trading activities in mortgage-backed securities. Interest rate sales and trading increased $43 million due to general trading-related activities in the improving economy. Offsetting this increase was a decline in commodities revenue of $141 million primarily due to the adverse impact on jet fuel prices from the SARS outbreak in the second quarter of 2003. Equities also declined by $49 million, which was offset by an increase of $63 million in trading commissions that was included in investment and brokerage services income. The growth in our overall trading reflects the strength of our debt sales and trading platform, which capitalized on the tightening of credit spreads and stronger distribution capabilities in the investor market.

Continued improvements in credit quality in our large corporate portfolio drove the $731 million, or 61 percent, decrease in provision for credit losses. In 2003, net charge-offs of $690 million in the large corporate

portfolio were at their lowest levels in three years. Large corporate nonperforming assets dropped $1.7 billion, or 57 percent, in 2003, due to reduced levels of inflows of $2.3 billion, nonperforming loan sales of $1.4 billion, charge-offs of $841 million, and paydowns and payoffs of $667 million.

Noninterest expense increased $372 million, or seven percent, due to costs associated with downsizing operations in South America and Asia and restructuring of locations within the United States of $113 million, higher incentive compensation for market-based activities of $104 million, increased expenses from ongoing litigation and litigation reserves of $74 million, and a $50 million allocation of the charge related to issues surrounding our mutual fund practices.

Equity Investments

Equity Investments includes *Principal Investing* and our strategic alliances and investment portfolio *Principal Investing* is comprised of a diversified portfolio of investments in privately-held and publicly-traded companies at all stages, from start-up to buyout. Investments are made on both a direct and indirect basis in the U.S. and overseas. Indirect investments represent passive limited partnership commitments to funds managed by experienced third party private equity investors who act as general partners.

In 2003, revenue increased $192 million, or 43 percent, due to an improvement in equity investment gains*Equity Investments* had a net loss of $249 million in 2003 compared to a net loss of $331 million in 2002. The improvement was primarily due to lower impairments. SVA increased by $108 million, or 19 percent, due to the improvement in the net loss, lower capital levels and the reduction in the rate used to calculate the charge for the use of capital.

The following table presents the equity investment portfolio in*Principal Investing* by major industry.

Equity Investments in the Principal Investing Portfolio

	December 31	
	2003	2002
(Dollars in millions)		
Consumer discretionary	**$1,435**	$1,311
Industrials	**876**	999
Information technology	**741**	830
Telecommunication services	**639**	673
Health care	**385**	397
Financials	**332**	266
Materials	**266**	337
Consumer staples	**245**	276
Real estate	**229**	236
Individual trusts, nonprofits, government	**48**	79
Utilities	**35**	22
Energy	**29**	29
Total	**$5,260**	$5,455

The following table presents the equity investment gains (losses) in*Principal Investing.*

Equity Investment Gains (Losses) in Principal Investing

	2003	2002
(Dollars in millions)		
Cash gains	**$ 273**	$ 432
Impairments	**(438)**	(708)
Fair value adjustments	**47**	(10)
Total	**$(118)**	$(286)

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

Noninterest income primarily consists of equity investment gains (losses). While overall economic conditions in 2003 improved, leading to lower impairment charges of $438 million in 2003 compared to $708 million in 2002, weakness in the private equity markets remained. This weakness resulted in a reduced level of cash gains in 2003 as compared to 2002. We anticipate that, with a continued improvement in the economy, cash gains should increase and impairments should continue to decline.

Corporate Other

Corporate Other consists primarily of certain results associated with our ALM process and certain consumer finance and commercial lending businesses that are being liquidated. Beginning in the first quarter of 2003, net interest income from certain results associated with our ALM process 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 increased $56 million, or seven percent, in 2003. Net income decreased $245 million, or 22 percent.

Net interest income decreased $204 million, or 22 percent, primarily due to the continued run-off of certain consumer finance and commercial lending businesses that are being liquidated. Average loans and leases increased $27.8 billion, or 42 percent, in 2003, due to the ALM process. Average deposits increased $2.9 billion, or 25 percent, in 2003.

Noninterest income increased $260 million to $195 million in 2003, resulting from increases in gains on whole loan sales. Gains on whole loan sales increased $272 million to $772 million resulting from sales of whole loan mortgages used to manage prepayment risk due to the longer than anticipated low interest rate environment.

Gains on sales of debt securities in 2003 and 2002, were $943 million and $682 million, respectively, as we continued to reposition the ALM portfolio in response to changes in interest rates.

Noninterest expense increased $174 million, or 56 percent, due to a $187 million increase in professional fees resulting from litigation expenses.

Managing Risk

Overview

Our management 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 much of our revenue from managing risk from customer transactions for profit. Through our management governance structure, risk and return are evaluated with a goal of producing sustainable revenue, reducing earnings volatility and increasing shareholder value. Our business exposes us to four major risks: liquidity, credit, market and operational.

Liquidity risk is the inability to accommodate liability maturities and deposit withdrawals, fund asset growth and meet contractual obligations through unconstrained access to funding at reasonable market rates. Credit risk is the risk of loss arising from customer or counterparty's inability to meet its obligation and exists in our outstanding loans and leases, trading account assets, derivative assets and unfunded lending commitments that include loan commitments, letters of credit and financial guarantees. Market risk is the potential loss due to adverse changes in the market value or yield of a position. Market value is defined as the value at which positions could be sold in a transaction with a willing and knowledgeable counterparty. Operational risk is the potential for loss resulting from events involving people, processes, technology, external events, execution, legal, compliance and regulatory matters, and reputation.

Risk Management Processes and Methods

We have established control processes and use various methods to align risk-taking and risk management throughout our organization. These control processes and methods are designed around "three lines of defense": lines of business; Risk Management (including Compliance) joined by other support units such as Finance, Personnel and Legal; and Corporate Audit.

Our business segments each contain lines of business that are responsible for identifying, quantifying, mitigating and managing all risks. Except for trading-related business activities, interest rate risk associated with our business activities is managed centrally in the Corporate Treasury function. Lines of business management make and execute the business plan and are closest to the changing nature of risks and, therefore, we believe are best able to take actions to manage and mitigate those risks. Our management processes, structures and policies aid us in complying with laws and regulations and provide clear lines for decision-making and accountability. Wherever practical, we attempt to house decision-making authority as close to the customer as possible while retaining supervisory control functions outside of the lines of business.

The Risk Management organization translates approved business plans into approved limits, approves requests for changes to those limits, approves transactions as appropriate, and works closely with business units to establish and monitor risk parameters. Risk Management has assigned a Risk Executive to each of the four business segments who is responsible for oversight for all risks associated with that business segment.

Corporate Audit provides an independent assessment of our management and internal control systems. Corporate Audit activities are designed to provide reasonable assurance that resources are adequately protected; significant financial, managerial and operating information is materially complete, accurate and reliable; and employees' actions are in compliance with corporate policies, standards, procedures, and applicable laws and regulations.

We use various methods to manage risks at the line of business levels and corporate-wide. Examples of these methods include planning and forecasting, risk committees and forums, limits, models, and hedging strategies. Planning and forecasting facilitates analysis of actual versus planned results and provides an indication of unanticipated risk levels. Generally, risk committees and forums are comprised of lines of business, risk management, legal and finance personnel, among others, and actively monitor performance against plan, limits and potential issues. Limits, the amount of exposure that may be taken in a product, relationship, region or industry, are set based on metrics thereby seeking to align risk goals with those of each line of business and are part of our overall risk management process to help reduce the volatility of market, credit and operational losses. Models are used to estimate market value and net interest income sensitivity, and to estimate both expected and unexpected losses for each product and line of business. Hedging strategies are used to improve concentrations of credit risk to specific counterparties and to manage interest rate, foreign exchange and market risk in the portfolio.

The formal processes used to manage risk represent only one portion of our overall risk management process. Corporate culture and the actions of our associates are also critical to effective risk management. Through our Code of Ethics, we set a high standard for our associates. The Code of Ethics provides a framework for all of our associates to conduct themselves with the highest integrity in the delivery of our products or services to our customers. Additionally, we have continued to strengthen the linkage between the associate performance management process and individual compensation to encourage associates to work toward corporate-wide risk goals.

Oversight

The Board of Directors evaluates risk through the Chief Executive Officer (CEO) and three Board committees. The Finance Committee reviews market, credit, liquidity and operational risk; the Asset Quality Committee reviews credit and related market risk; and the Audit Committee reviews the scope and coverage of external and corporate audit activities. Additionally, Senior Management oversight of our risk-taking and risk management activities is conducted through three senior management committees, the Risk and Capital Committee (RCC), the Asset and Liability Committee (ALCO) and the Credit Risk Committee (CRC). The RCC establishes long-term strategy and short-term operating plans. The RCC also establishes our risk appetite through corporate performance measures, capital allocations, aggregate risk levels and overall capital planning. The RCC reviews actual performance to plan and actual risk incurred to approved risk levels, including information regarding credit, market and operational risk. The ALCO, a subcommittee of the Finance Committee, approves limits for various trading activities, as well as oversees Corporate Treasury's process of using various financial instruments, both cash and derivative positions to manage interest rate risk inherent in our businesses, otherwise known as the ALM process. ALCO also reviews

portfolio hedging used for managing liquidity, market and credit portfolio risks as well as interest rate risk inherent in our nontrading financial instruments and trading risk inherent in our customer and proprietary trading portfolio. Trading risk refers to the risk of loss of value and related net interest income of our trading positions. The CRC establishes corporate credit practices and limits, including industry and country concentration limits, approval requirements and exceptions. CRC also reviews business asset quality results versus plan, portfolio management, hedging results and the adequacy of the allowance for credit losses.

The following sections, Liquidity Risk Management, Credit Risk Management beginning on page 31, Market Risk Management beginning on page 42 and Operational Risk Management beginning on page 49, address in more detail the specific procedures, measures and analyses of the four categories of risk that we manage.

Liquidity Risk Management

Liquidity Risk

Liquidity is the ongoing ability to accommodate liability maturities and deposit withdrawals, fund asset growth and meet contractual obligations through 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 changes in our business operations or unanticipated events.

We manage liquidity at two primary levels. The first level is the liquidity of the parent company, which is the holding company that owns the banking and nonbanking subsidiaries. The second level is the liquidity of the banking subsidiaries. The management of liquidity at both levels is essential because the parent company and banking subsidiaries each have different funding needs and sources, and each are subject to certain regulatory guidelines and requirements. Through its subcommittee ALCO, the Finance Committee is responsible for establishing our liquidity policy as well as approving operating and contingency procedures and monitoring liquidity on an ongoing basis. Corporate Treasury is responsible for planning and executing our funding activities and strategy.

A primary objective of liquidity risk management is to provide a planning mechanism for unanticipated changes in the demand or need of liquidity created by customer behavior or capital market conditions. In order to achieve this objective, liquidity management and business unit activities are managed consistent with a strategy of funding stability, flexibility and diversity. We emphasize maximizing and preserving customer deposits and other customer-based funding sources. Deposit rates and levels are monitored, and trends and significant changes are reported to the Finance Committee. Deposit marketing strategies are reviewed for consistency with our liquidity policy objectives. Asset securitizations also enhance funding diversity and stability and are considered an additional source of contingency funding.

We develop and maintain contingency funding plans that separately address the parent company and banking subsidiaries' liquidity. These plans evaluate market-based funding capacity under various levels of market conditions and specify actions and procedures to be implemented under liquidity stress. Further, these plans address alternative sources of liquidity, measure the overall ability to fund our operations, and define roles and responsibilities for effectively managing liquidity through a problem period.

Our borrowing costs and ability to raise funds are directly impacted by our credit ratings and changes thereto. The credit ratings of Bank of America Corporation and Bank of America, National Association (Bank of America, N.A.) are reflected in the table below.

Table 5

Credit Ratings

December 31, 2003	Bank of America Corporation			Bank of America, N.A.	
	Senior Debt	Subordinated Debt	Commercial Paper	Short-Term	Long-Term
Moody's	Aa2	Aa3	P-1	P-1	Aa1
S&P	A+	A	A-1	A-1+	AA-
Fitch, Inc.	AA	AA-	F1+	F1+	AA+

Primary sources of funding for the parent company include dividends received from its banking and nonbanking subsidiaries and proceeds from the issuance of senior and subordinated debt, commercial paper and equity. Primary uses of funds for the parent company include repayment of maturing debt and commercial paper, share repurchases, dividends paid to shareholders, and subsidiary funding through capital or debt.

Parent company liquidity is maintained at levels sufficient to fund holding company and nonbank affiliate operations during various stress scenarios in which access to normal funding sources is disrupted. The primary measure used in assessing the parent company's liquidity is "Time to Required Funding" in a stress environment. This measure assumes that the parent company is unable to generate funds from debt or equity issuance, receives no dividend income from subsidiaries, and no longer pays dividends to shareholders. Projected liquidity demands are met with available liquidity until the liquidity is exhausted. Under this scenario, the amount of time which elapses before the current liquid assets are exhausted is considered the "Time to Required Funding". ALCO approves the target range set for this metric and monitors adherence to the target. In order to remain in the target range, we use the "Time to Required Funding" measurement to determine the timing and extent of future debt issuances and other actions.

Primary sources of funding for the banking subsidiaries include customer deposits, wholesale funding and asset securitizations, sales and repurchase obligations. Primary uses of funds for the banking subsidiaries include repayment of maturing obligations and growth in the ALM and core asset portfolios, including loan demand.

ALCO regularly reviews the funding plan for the banking subsidiaries and focuses on maintaining prudent levels of wholesale borrowing. Also for the banking subsidiaries, expected wholesale borrowing capacity over a 12-month horizon compared to current outstandings is evaluated using a variety of business environments. These environments have differing earnings performance, customer relationship and ratings scenarios. Funding exposure related to our role as liquidity provider to certain off-balance sheet financing entities is also measured under a stress scenario. In this measurement, ratings are downgraded such that the off-balance sheet financing entities are not able to issue commercial paper and backup facilities that we provide are drawn upon. In addition, potential draws on credit facilities to issuers with ratings below a certain level are analyzed to assess potential funding exposure.

Our primary business activities allow us to obtain funds from our customers in many ways and require us to provide funds to our customers in many different forms. A key element of our success is the ability to balance the cash provided from our deposit base and the capital markets against cash used in our activities.

One ratio used to monitor trends is the "loan to domestic deposit" (LTD) ratio. The LTD ratio reflects the percent of loans that could be funded by domestic deposits. A ratio below 100 percent would indicate that market-based funding would not be needed to fund new loans; conversely, a ratio above 100 percent would indicate that market-based funds would be needed to fund new loans. The ratio was 98 percent for 2003 compared to 97 percent for 2002. For further discussion see Deposit and Other Funding Sources below.

We originate loans both for retention on our 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 market conditions.

Table 6

Average Balance Sheet

(Dollars in millions)	2003	2002
Assets		
Time deposits placed and other short-term investments	**$ 9,056**	$ 10,038
Federal funds sold and securities purchased under agreements to resell	**78,857**	45,640
Trading account assets	**97,222**	79,562
Debt securities	**72,267**	75,298
Loans and leases	**356,148**	336,819
Other assets	**150,582**	115,586
Total assets	**$ 764,132**	$ 662,943
Liabilities and shareholders' equity		
Domestic interest-bearing deposits	**$ 251,307**	$ 225,464
Foreign interest-bearing deposits	**35,204**	36,549
Short-term borrowings	**147,580**	104,153
Trading account liabilities	**37,176**	31,600
Long-term debt[(1)]	**68,432**	66,045
Noninterest-bearing deposits	**119,722**	109,466
Other liabilities	**55,507**	42,053
Shareholders' equity	**49,204**	47,613
Total liabilities and shareholders' equity	**$ 764,132**	$ 662,943

(1) Includes long-term debt related to Trust Securities.

Deposits and Other Funding Sources

Deposits are a key source of funding. Table I on page 53 provides information on the average amounts of deposits and the rates paid by deposit category. Average deposits increased $34.8 billion to $406.2 billion in 2003 compared to 2002 due to a $25.8 billion increase in average domestic interest-bearing deposits and a $10.3 billion increase in average noninterest-bearing deposits, partially offset by a $1.3 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 $32.7 billion to $363.4 billion, a 10 percent increase from a year ago. The increase was due to the growth in money market deposits of $17.1 billion, noninterest-bearing deposits of $10.3 billion, savings of $2.8 billion, and consumer CDs and IRAs of $2.6 billion due to an emphasis on total relationship balances and customer preference for stable investments in uncertain economic times. Market-based deposit funding increased $2.0 billion to $42.8 billion in 2003. The increase was due to a $3.4 billion increase in negotiable CDs, public funds and other domestic time deposits that was offset by a $1.3 billion decrease in foreign interest-bearing deposits. Deposits, on average, represented 53 percent and 56 percent of total sources of funds during 2003 and 2002, respectively.

Table 7 summarizes average deposits by category.

Table 7

Average Deposits

(Dollars in millions)	2003	2002
Deposits by type		
Domestic interest-bearing:		
Savings	**$ 24,538**	$ 21,691
NOW and money market accounts	**148,896**	131,841
Consumer CDs and IRAs	**70,246**	67,695
Negotiable CDs and other time deposits	**7,627**	4,237
Total domestic interest-bearing	**251,307**	225,464
Foreign interest-bearing:		
Banks located in foreign countries	**13,959**	15,464
Governments and official institutions	**2,218**	2,316
Time, savings and other	**19,027**	18,769
Total foreign interest-bearing	**35,204**	36,549
Total interest-bearing	**286,511**	262,013
Noninterest-bearing	**119,722**	109,466
Total deposits	**$ 406,233**	$ 371,479
Core and market-based deposits		
Core deposits	**$ 363,402**	$ 330,693
Market-based deposits	**42,831**	40,786
Total deposits	**$ 406,233**	$ 371,479

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 $43.4 billion to $147.6 billion for 2003 compared to 2002 due to increases in federal funds purchased and securities sold under agreements to repurchase of $34.6 billion and other short-term borrowings of $8.8 billion that were used to fund asset growth or facilitate trading activities. Issuances and repayments of long-term debt were $17.2 billion and $9.3 billion, respectively, for 2003.

Obligations and Commitments

We have contractual obligations to make future payments on debt and lease agreements. Additionally, in the normal course of business, we enter into contractual arrangements whereby we commit to future purchases of products or services from unaffiliated parties. Obligations that are legally binding agreements whereby we agree to purchase products or services with a specific minimum quantity defined at a fixed, minimum or variable price over a specified period of time are defined as purchase obligations. Included in purchase obligations are vendor contracts of $3.5 billion, commitments to purchase securities of $5.1 billion and commitments to purchase loans of $8.3 billion. The most significant of our vendor contracts include communication services, marketing and software contracts. Other long-term liabilities include our obligations related to the Qualified Pension Plan, Nonqualified Pension Plans and Postretirement Health and Life Plans (the Plans). Obligations to the Plans are based on the current and projected obligations of the Plans, performance of the Plans' assets and any participant contributions, if applicable. During 2003 and 2002, we contributed $460 million and $823 million, respectively, to the Plans, and we expect to make at least $87 million of contributions during 2004. Management believes the effect of the Plans on liquidity is not significant to our overall financial condition. Debt and lease obligations are more fully discussed in Note 12 of the consolidated financial statements.

Table 8 presents total long-term debt and other obligations at December 31, 2003.

Table 8

Long-term Debt and Other Obligations

December 31, 2003

(Dollars in millions)	Due in 1 year or less	Thereafter	Total
Long-term debt and capital leases[1]	$12,193	$ 63,150	$ 75,343
Purchase obligations	14,074	2,850	16,924
Operating lease obligations	1,308	8,075	9,383
Other long-term liabilities	87	—	87
Total	$27,662	$ 74,075	$ 101,737

(1) Includes principal payments only and capital lease obligations of $26.

Many of our lending relationships contain both funded and unfunded elements. The funded portion is reflected on our balance sheet. The unfunded component of these commitments is not recorded on our balance sheet until a draw is made under the loan facility.

These commitments, as well as guarantees, are more fully discussed in Note 13 of the consolidated financial statements.

The following table summarizes the total unfunded, or off-balance sheet, credit extension commitment amounts by expiration date. Charge cards (nonrevolving card lines) to individuals and government entities guaranteed by the U.S. government in the amount of $13.7 billion (related outstandings of $233 million) were not included in credit card line commitments in the table below.

Table 9

Credit Extension Commitments

December 31, 2003

(Dollars in millions)	Expires in 1 year or less	Thereafter	Total
Loan commitments[1]	$ 80,563	$ 131,218	$ 211,781
Standby letters of credit and financial guarantees	19,077	12,073	31,150
Commercial letters of credit	2,973	287	3,260
Legally binding commitments	102,613	143,578	246,191
Credit card lines	84,940	8,831	93,771
Total	$ 187,553	$ 152,409	$ 339,962

(1) Equity commitments of $1,678 related to obligations to fund existing equity investments were included in loan commitments at December 31, 2003.

On- and 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. Additionally, some customers receive the benefit of commercial paper financing rates related to certain lease arrangements. We facilitate these transactions and collect fees from the financing entity for the services it provides including administration, trust services and marketing the commercial paper.

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. These forms of asset

support are senior to the first layer of asset support provided by customers through over-collateralization or by support provided by third parties. The rating agencies require that a certain percentage of the commercial paper entity's assets be supported by both the seller's over-collateralization and our SBLC in order to receive their respective investment rating. The SBLC would be drawn on only when the over-collateralization provided by the seller and third parties is not sufficient to cover losses of the related asset. Liquidity commitments made to the commercial paper entity are designed to fund scheduled redemptions of commercial paper if there is a market disruption or the new commercial paper cannot be issued to fund the redemption of the maturing commercial paper. The liquidity facility has the same legal priority as the commercial paper. We do not enter into any other form of guarantee with these entities.

We manage our credit risk on these commitments by subjecting them to our normal underwriting and risk management processes. At December 31, 2003 and 2002, the Corporation had off-balance sheet liquidity commitments and SBLCs to these financing entities of $23.5 billion and $34.2 billion, respectively. Substantially all of these liquidity commitments and SBLCs mature within one year. These amounts are included in Table 9. $6.4 billion of the decrease in the liquidity commitments and SBLCs was due to the entities consolidated as a result of FIN 46. Net revenues earned from fees associated with these off-balance sheet financing entities were approximately $355 million and $484 million for 2003 and 2002, respectively.

We generally do not purchase any commercial paper issued by these financing entities other than during the underwriting process when we act as issuing agent nor do we purchase any of the commercial paper for our own account. Derivative instruments related to these entities are marked to market through the statement of income. SBLCs and liquidity commitments are accounted for pursuant to SFAS No. 5, "Accounting for Contingencies" (SFAS 5), and are discussed further in Note 13 of the consolidated financial statements.

In January 2003, the FASB issued FIN 46 that addresses off-balance sheet financing entities. We adopted FIN 46 on July 1, 2003 and consolidated approximately $12.2 billion of assets and liabilities related to certain of our multi-seller asset-backed commercial paper conduits. There was no material impact to Tier 1 Capital as a result of consolidation or subsequent deconsolidation and prior periods were not restated. On October 8, 2003, one of these entities entered into a Subordinated Note Purchase Agreement with an unrelated third party. As a result of the sale of the subordinated note to a third party, we deconsolidated approximately $8.0 billion of the previously consolidated conduits. There was no impact to net income as a result of the deconsolidation. In December 2003, the FASB issued FASB Interpretation No. 46 (Revised December 2003) "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51" (FIN 46R). FIN 46R is an update of FIN 46 and contains different implementation dates based on the types of entities subject to the standard and based on whether a company has adopted FIN 46. We anticipate adopting FIN 46R as of March 31, 2004 and do not expect that it will have a material impact on our results of operations or financial condition. There was no material impact to net income as a result of applying FIN 46 on July 1, 2003. At December 31, 2003, the remaining consolidated assets and liabilities were reflected in available-for-sale debt securities, other assets, and commercial paper and other short-term borrowings in the *Global Corporate and Investment Banking* business segment. As of December 31, 2003, our loss exposure associated with these entities including unfunded lending commitments was approximately $6.4 billion.

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. The commercial paper entities are Qualified 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 of high-grade corporate or municipal bonds, collateralized debt obligations and asset-backed securities. These entities issue collateralized commercial paper to third party market participants and passive derivative instruments to us. Assets sold to the entities typically have an investment rating ranging from Aaa/AAA to Aa/AA. We may provide liquidity, SBLCs or similar loss protection commitments to the entity, or we may enter into derivatives with the entity in which we assume certain risks. The liquidity facility and derivatives have the same legal standing with the commercial paper.

The derivatives provide interest rate, currency and a pre-specified amount of credit protection to the entity in exchange for the commercial paper rate. These derivatives are provided for in the legal documents and help to alleviate any cash flow mismatches. In some cases, if an asset's rating declines below a certain investment quality as evidenced by its investment rating or defaults, we are no longer exposed to the risk of

loss. At that time, the commercial paper holders assume the risk of loss. In other cases, we agree to assume all of the credit exposure related to the referenced asset. Legal documents for each entity specify asset quality levels that require the entity to automatically dispose of the asset once the asset falls below the specified quality rating. At the time the asset is disposed, we are required to reimburse the entity for any credit-related losses depending on the pre-specified level of protection provided.

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 6 of the consolidated financial statements. At December 31, 2003 and 2002, the Corporation had off-balance sheet liquidity commitments, SBLCs and other financial guarantees to the financing entities of $5.4 billion and $4.5 billion, respectively. Substantially all of these liquidity commitments, SBLCs and other financial guarantees mature within one year. These amounts are included in Table 9. Net revenues earned from fees associated with these entities were $50 million and $37 million in 2003 and 2002, respectively.

We generally do not purchase any of the commercial paper issued by these types of financing entities other than during the underwriting process when we act as issuing agent nor do we purchase any of the commercial paper for our own account. We do not consolidate these types of entities because they are considered Qualified Special Purpose Entities as defined in SFAS 140. Derivative instruments related to these entities are marked to market through the statement of income. SBLCs and liquidity commitments are accounted for pursuant to SFAS 5 and are discussed further in Note 13 of the consolidated financial statements.

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 Notes 1 and 9 of the consolidated financial statements for additional discussion of off-balance sheet financing entities.

Capital Management

The final component of liquidity risk is capital management, which focuses on the level of shareholders' equity. Shareholders' equity was $48.0 billion at December 31, 2003 compared to $50.3 billion at December 31, 2002, a decrease of $2.3 billion. This decrease was driven by share repurchases of $9.8 billion, dividends paid of $4.3 billion and net unrealized losses on derivatives of $2.8 billion offset by net income of $10.8 billion and common stock issued under employee plans of $4.2 billion. The net impact to earnings per share of share repurchases and issuances under employee plans in 2003 was $0.06 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 14 of the consolidated financial statements.

We have, from time to time, sold put options on our common stock to independent third parties. The put option program was designed to partially offset the cost of share repurchases. As of December 31, 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.

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 risk characteristics of the individual business segments and the products they offer. Capital is allocated separately based on the following types of risk: credit, market and operational. Average common equity allocated to business units was $34.9 billion in 2003 and $35.2 billion in 2002. Average unallocated common equity (not allocated to business units) was $14.2 billion in 2003 and $12.4 billion in 2002.

As a regulated financial services company, we are governed by certain regulatory capital requirements. The regulatory Tier 1 Capital ratio was 7.85 percent at December 31, 2003, a decrease of 37 bps from a year ago, reflecting higher risk-weighted assets. The minimum Tier 1 Capital ratio required is four percent. As of December 31, 2003, we were classified as "well-capitalized" for regulatory purposes, the highest classification. For additional information on the regulatory capital ratios along with a description of the

components of risk-based capital, capital adequacy requirements and prompt corrective action provisions, see Note 15 of the consolidated financial statements.

The capital treatment of Trust Securities is currently under review by the FRB due to the issuing trust companies being deconsolidated under FIN 46. Depending on the capital treatment resolution, Trust Securities may no longer qualify for Tier 1 Capital treatment, but instead would qualify for Tier 2 Capital. On July 2, 2003, the FRB 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, we will continue to report Trust Securities in Tier 1 Capital until further notice from the FRB. On September 2, 2003, the FRB 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 December 31, 2003, in accordance with FIN 46, as originally issued, we consolidated approximately $4.3 billion of assets of multi-seller asset-backed commercial paper conduits. See Notes 1 and 9 of the consolidated financial statements for additional information on FIN 46.

Credit Risk Management

Credit risk is the risk of loss arising from a customer or counterparty's inability to meet its obligation and exists in our outstanding loans and leases, trading account assets, derivative assets and unfunded lending commitments that include loan commitments, letters of credit and financial guarantees. We define the credit exposure to a client as the amount representing the maximum loss potential arising from all these product classifications, except for derivative positions where we use the current mark-to-market values of the counterparty component to 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. For additional information on derivatives and credit extension commitments, see Notes 6 and 13 of the consolidated financial statements.

We manage credit risk 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 in two major groups: commercial and consumer.

Commercial Portfolio Credit Risk Management

Commercial credit risk management begins with an assessment of the credit risk profile of an individual borrower (or counterparty) based on an analysis of the borrower's financial position in conjunction with current industry, economic and macro geopolitical trends. As part of the overall credit risk assessment of a borrower, each commercial credit exposure or transaction is assigned a risk rating and is subject to approval based on defined credit approval standards. Subsequent to loan origination, risk ratings are adjusted on an ongoing basis, if necessary, to reflect changes in the obligor's financial condition, cash flow or ongoing financial viability. We use risk rating aggregations to measure and evaluate concentrations within portfolios. Risk ratings are also a factor in determining the level of assigned economic capital and the allowance for credit losses. In making decisions regarding credit, we consider risk rating, collateral, country, industry and single name concentration limits while also balancing the total client relationship and SVA.

Both our lines of business and Risk Management personnel use a variety of tools to continuously monitor a borrower/counterparty's ability to perform under its obligations. Adjustments in credit exposures are made as a result of this ongoing analysis and review. Additionally, we utilize syndication of exposure to other entities, loan sales, credit derivatives and collateralized loan obligations (CLOs) to manage the size of the loan portfolio. These activities play an important role in reducing credit exposures for risk mitigation purposes or where it has been determined that credit risk concentrations are undesirable.

Banc of America Strategic Solutions, Inc. (SSI) is a majority-owned consolidated subsidiary of Bank of America, N.A., a wholly-owned subsidiary of the Corporation, that manages problem asset resolution and the coordination of exit strategies, if applicable, including bulk sales, collateralized debt obligations and other resolutions of domestic commercial distressed assets. For additional discussion, see "Problem Loan Management" on page 42.

Consumer Portfolio Credit Risk Management

Credit risk management for consumer credit begins with initial underwriting and occurs throughout a borrower's credit cycle. Statistical techniques are used to establish product pricing, risk appetite, operating processes and metrics to balance risks and rewards appropriately. Consumer exposure is grouped by product and other attributes for purposes of evaluating credit risk. Statistical models are built using detailed behavioral information from external sources such as credit bureaus as well as internal historical experience. These models form the foundation of our consumer credit risk management process and are used in determining approve/decline credit decisions, collections management procedures, portfolio management decisions, adequacy of the allowance for loan and lease losses, and economic capital allocation for credit risk.

Table 10

Outstanding Loans and Leases

	December 31			
	2003		2002	
(Dollars in millions)	Amount	Percent	Amount	Percent
Commercial—domestic	**$ 96,644**	**26.0 %**	$ 105,053	30.6 %
Commercial—foreign	**15,293**	**4.1**	19,912	5.8
Commercial real estate—domestic	**19,043**	**5.1**	19,910	5.8
Commercial real estate—foreign	**324**	**0.1**	295	0.1
Total commercial	**131,304**	**35.3**	145,170	42.3
Residential mortgage	**140,513**	**37.8**	108,197	31.6
Home equity lines	**23,859**	**6.4**	23,236	6.8
Direct/Indirect consumer	**33,415**	**9.0**	31,068	9.1
Consumer finance	**5,589**	**1.5**	8,384	2.4
Credit card	**34,814**	**9.4**	24,729	7.2
Foreign consumer	**1,969**	**0.6**	1,971	0.6
Total consumer	**240,159**	**64.7**	197,585	57.7
Total[(1)]	**$ 371,463**	**100.0 %**	$ 342,755	100.0 %

(1) Includes lease financings of $11,376 and $14,332 at December 31, 2003 and 2002, respectively.

Concentrations of Credit Risk

Portfolio credit risk is evaluated with a goal that concentrations of credit exposure do not result in undesirable levels of risk. We review and measure concentrations of credit exposure by industry, product, geography and customer relationship. Risk due to borrower concentrations is more prevalent in the commercial portfolio. We also review and measure commercial real estate loans by geographic location and property type. Additionally, within our international portfolio, we also evaluate borrowings by region and by country. Tables 11 and 12, Table X on page 59 and Table XI on page 60 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*, concentrations continue 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 utilize various risk mitigation tools to hedge our economic risk to certain credit counterparties, including credit default swaps and CLOs in which a layer of loss is sold to third parties. However, this gives rise to earnings volatility as a consequence of accounting asymmetry as we mark to market our credit default swaps through trading account profits and CLOs as required by SFAS 133, while the loans are recorded at historical cost less an allowance for credit losses or, if held for sale, the lower of cost or market.

As previously discussed, the improvement in credit quality contributed to a $731 million, or 61 percent, decrease in provision for credit losses reported in *Global Corporate and Investment Banking*. However, the credit portfolio hedges lost $330 million in value for 2003 compared to an increase in value of $84 million for

2002 as a result of narrowing credit spreads due to improved credit quality in the large corporate sector. At December 31, 2003 and 2002, the notional amount of these credit derivatives was $14.8 billion and $16.7 billion, respectively.

During 2003, we entered into several transactions whereby we purchased credit protection on a portion of our residential mortgage loan portfolio from unaffiliated parties. These transactions are designed to aid us as part of our ALM overall risk management strategy. At December 31, 2003, approximately $63.4 billion of residential mortgage loans were covered by the purchased credit protection. Our regulatory risk-weighted assets were reduced as a result of this transaction because we had effectively transferred a degree of credit risk on these loans to unaffiliated parties. These transactions had the effect of reducing our risk-weighted assets by $18.6 billion and resulted in a 26 bp increase in our Tier 1 Risk-based Capital ratio at December 31, 2003.

Table 11 shows utilized commercial credit exposure by significant industry based on Standard and Poor's industry classifications and includes commercial loans and leases, commercial letters of credit, SBLCs and financial guarantees as well as the mark-to-market exposure for derivatives. As depicted in the table, we believe that utilized commercial credit exposure is well-diversified across a range of industries.

Table 11

Utilized Commercial Credit Exposure by Significant Industry

	December 31	
	2003	2002
(Dollars in millions)		
Banks	**$ 25,088**	$ 20,889
Real estate	**22,228**	22,463
Diversified financials	**20,427**	21,818
Retailing	**15,152**	13,560
Education and government	**13,919**	10,196
Leisure and sports, hotels and restaurants	**10,099**	10,970
Transportation	**9,355**	9,941
Food, beverage and tobacco	**9,134**	9,692
Materials	**8,860**	11,256
Consumer durables and apparel	**8,313**	8,078
Capital goods	**8,244**	9,863
Commercial services and supplies	**7,206**	7,674
Health care equipment and services	**7,064**	6,729
Utilities	**5,012**	8,109
Media	**4,701**	7,675
Energy	**4,348**	4,770
Other[(1)]	**33,744**	36,285
Total	**$ 212,894**	$ 219,968

(1) At December 31, 2003 and 2002, Other included amounts for Individuals and Trusts of credit exposure outstanding of $14,307 and $13,481, respectively, representing 6.7 percent and 6.1 percent of total commercial credit exposure, respectively. The remaining balance in Other included credit exposure to religious and social organizations, insurance, telecommunications services, technology hardware and equipment, and food and staples retailing.

An additional measure of the risk diversification is the distribution of loans by loan size. Table IX on page 58 presents the non-real estate outstanding commercial loans and leases by significant industry. Over 99 percent of the non-real estate outstanding commercial loans and leases were less than $50 million, representing 89 percent of the total outstanding amount of non-real estate commercial loans and leases. We believe that the non-real estate commercial loan and lease portfolio is well-diversified across a range of industries.

Table X on page 59 presents outstanding commercial real estate loans by geographic region and by property type. The amounts presented in Table X do not include outstanding loans and leases that 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. Over 99 percent of the commercial real estate loans outstanding in Table X were less than $50 million, representing 96 percent of the total outstanding amount of commercial real estate loans. We believe the commercial real estate loan portfolio is well-diversified in terms of both geographic region and property type.

Foreign Portfolio

Table 12 sets forth total foreign exposure broken out by region at December 31, 2003 and 2002. Total foreign exposure is defined to include credit exposure plus securities and other investments for all exposure with a country of risk other than the United States.

Table 12

Regional Foreign Exposure and Selected Emerging Markets Exposure[1, 2]

	At December 31	
(Dollars in millions)	2003	2002
Regional Foreign Exposure		
Asia	**$ 13,605**	$13,912
Europe	**49,532**	43,034
Africa	**108**	80
Middle East	**584**	435
Latin America	**4,974**	3,915
Other[3]	**9,998**	8,709
Total	**$ 78,801**	$70,085
Selected Emerging Markets[4]		
Asia	**$ 11,012**	$10,296
Central and Eastern Europe	**270**	364
Latin America	**4,974**	3,915
Total	**$ 16,256**	$14,575

(1) The balances above do not reflect the netting of local funding or liabilities against local exposures as allowed by the Federal Financial Institutions Examinations Council (FFIEC).
(2) Exposures for Asia and Latin America have been reduced by $12 and $173, respectively, at December 31, 2003, and $12 and $763, 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) Other includes Australia, Bermuda, Canada, Cayman Islands, New Zealand and supranational entities.
(4) There is no generally accepted definition of emerging markets. The definition that we used included all countries in Asia excluding Japan; all countries in Latin America excluding Cayman Islands and Bermuda; and all countries in Central and Eastern Europe except Greece.

Our total foreign exposure was $78.8 billion at December 31, 2003, an increase of $8.7 billion from December 31, 2002. Our foreign exposure was concentrated in Europe, which accounted for $49.5 billion, or 63 percent, of total foreign exposure. Growth in exposure in Europe during 2003 took place in Western Europe and was distributed across a variety of industries with the largest concentration in the banking sector that accounted for approximately 63 percent of the growth. At December 31, 2003 and 2002, the United Kingdom and Germany were the only countries whose total cross-border outstandings exceeded 0.75 percent of our total assets. The United Kingdom had total cross-border exposure of $10.1 billion and $9.4 billion, respectively, representing 1.37 percent and 1.42 percent of total assets, respectively. At December 31, 2003 and 2002, Germany had total cross-border exposure of $6.9 billion and $5.8 billion, respectively, representing 0.93 percent and 0.87 percent of total assets, respectively. The bulk of the exposure to both of these countries was concentrated in the banking sector.

At December 31, 2003, foreign exposure to entities in countries defined as emerging markets increased 12 percent to $16.3 billion, or 21 percent of total foreign exposure, compared to $14.6 billion or 21 percent of total exposure at the end of 2002. At December 31, 2003, 68 percent of the emerging markets exposure was in Asia compared to 71 percent at December 31, 2002. Growth in Asian emerging markets was largely concentrated in South Korea due to increases in short-term trade financing. India also contributed to growth in Asian emerging markets with increases in acceptances and trading of Indian government securities. A decline in Singapore due to a decrease in client activity partially offset this growth.

Growth in Latin America was attributable to the acquisition of 24.9 percent of the Mexican entity GFSS in the first quarter of 2003 for $1.6 billion. This growth was partially offset by a reduction in Mexican Brady Bonds that were called during the second quarter of 2003 as well as reductions in loans and trading activity in Brazil and continued reductions of our exposure in Argentina. Mexico is the only country in the region where we significantly increased our exposure. We will continue to participate in trading activities to take advantage of favorable market conditions.

The primary components of our exposure in Brazil at December 31, 2003 and 2002 were $406 million and $562 million, respectively, of traditional credit exposure (loans, letters of credit, etc.) and $159 million and $290 million, respectively, of Brazilian government securities. Derivatives exposure totaled $7 million at December 31, 2003 compared to $55 million at December 31, 2002. At December 31, 2003 and 2002, the allowance for credit losses related to Brazil consisted of $76 million and $60 million, respectively, related to traditional credit exposure. Nonperforming loans in Brazil were $39 million at December 31, 2003 compared to $90 million at December 31, 2002. Net charge-offs in 2003 totaled $33 million compared to $8 million in 2002.

The primary components of our exposure in Argentina at December 31, 2003 and 2002, were $144 million and $339 million, respectively, of traditional credit exposure, and $65 million and $62 million, respectively, of Argentine government securities. Derivatives exposure totaled $2 million at both December 31, 2003 and 2002. The allowance for credit losses related to Argentina's traditional credit exposure was $104 million and $177 million at December 31, 2003 and 2002, respectively. At December 31, 2003 and 2002, Argentina nonperforming loans were $107 million and $278 million, respectively. Net charge-offs in 2003 totaled $82 million compared to $113 million in 2002.

Credit Quality Performance

Overall credit quality continued to improve in 2003 as all major commercial asset quality indicators showed positive trends while consumer credit quality performance remained stable. In 2003, commercial criticized exposure declined $8.7 billion to $12.7 billion, as presented in Table 13. Decreases in criticized exposure resulted from overall improvement in credit quality, paydowns and payoffs that resulted largely from increased refinancings in the capital markets, reduced levels of inflows, loan sales and charge-offs. Most of the decrease in 2003 was in our large corporate portfolio, which was down $7.0 billion for the year. Reductions were concentrated in the commercial—domestic product in the utilities, telecommunications services, media and chemicals industries.

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. As evidenced by the improvement in credit quality, nonperforming assets, presented in Table 14, declined $2.2 billion from December 31, 2002 due to decreases in the nonperforming commercial loan category. Decreases in total nonperforming commercial loans were due to reduced levels of inflows of $2.8 billion, loan sales of $1.5 billion, paydowns and payoffs of $1.3 billion that resulted from increased refinancings in the capital markets, improvements in the credit quality of individual exposures and charge-offs. There are no assurances that the elevated levels of paydowns and payoffs experienced in 2003 will continue in 2004. Eighty-four percent of the reduction in nonperforming commercial loans was in our large corporate portfolio. Nonperforming commercial—domestic loans decreased by $1.3 billion and represented 1.56 percent of commercial—domestic loans at December 31, 2003 compared to 2.65 percent at December 31, 2002. Nonperforming commercial—foreign loans decreased $773 million and represented 3.83 percent of commercial—foreign loans at December 31, 2003 compared to 6.83 percent at December 31, 2002.

Within the consumer portfolio, nonperforming loans decreased $95 million to $638 million, and represented 0.27 percent of consumer loans at December 31, 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 stemming from our ALM strategies to capitalize on the large increase of refinancings in the market.

Sales of nonperforming assets in 2003 totaled $1.7 billion, comprised of $1.5 billion of nonperforming commercial loans, $141 million of nonperforming consumer loans and $123 million of foreclosed properties. Sales of nonperforming assets in 2002 totaled $543 million, comprised of $296 million of nonperforming commercial loans, $105 million of nonperforming consumer loans and $142 million of foreclosed properties.

Table 13

Commercial Criticized Exposure[1]

	December 31			
	2003		2002	
(Dollars in millions)	Amount	Percent[2]	Amount	Percent[2]
Commercial—domestic	**$ 8,847**	**6.08%**	$ 16,401	10.78%
Commercial—foreign	**2,820**	**6.71**	3,804	8.93
Commercial real estate—domestic	**956**	**3.83**	1,150	4.62
Commercial real estate—foreign	**27**	**8.40**	2	0.79
Total commercial criticized exposure	**$ 12,650**	**5.94%**	$ 21,357	9.71%

(1) Criticized exposure corresponds to the Special Mention, Substandard and Doubtful asset categories defined by by regulatory authorities. Exposure amounts include loans and leases, foreclosed properties, letters of credit, bankers' acceptances, derivatives and assets held for sale.
(2) Commercial criticized exposure is taken as a percentage of total utilized exposure which includes loans and leases, foreclosed properties, letters of credit, bankers' acceptances, derivatives and assets held for sale.

Table 14

Nonperforming Assets[1]

	December 31	
(Dollars in millions)	2003	2002
Commercial—domestic	**$ 1,507**	$ 2,781
Commercial—foreign	**586**	1,359
Commercial real estate—domestic	**140**	161
Commercial real estate—foreign	**2**	3
Total commercial	**2,235**	4,304
Residential mortgage	**531**	612
Home equity lines	**43**	66
Direct/Indirect consumer	**28**	30
Consumer finance	**32**	19
Foreign consumer	**4**	6
Total consumer	**638**	733
Total nonperforming loans	**2,873**	5,037
Foreclosed properties	**148**	225
Total nonperforming assets[2]	**$ 3,021**	$ 5,262

(1) In 2003, $575 in interest income was contractually due on nonperforming loans and troubled debt restructured loans. Of this amount, $141 was actually recorded as interest income in 2003.
(2) Balances do not include $202 and $120 of nonperforming assets included in other assets at December 31, 2003 and 2002, respectively.

Table 15 presents the additions to and reductions in nonperforming assets in the commercial and consumer portfolios during 2003 and 2002.

Table 15

Nonperforming Assets Activity

(Dollars in millions)	2003	2002
Nonperforming assets, January 1	**$ 5,262**	$ 4,908
Commercial		
Additions to nonperforming assets:		
New nonaccrual loans and foreclosed properties	**2,134**	4,963
Advances on loans	**199**	244
Total commercial additions	**2,333**	5,207
Reductions in nonperforming assets:		
Paydowns, payoffs and sales	**(2,804)**	(2,171)
Returns to performing status	**(197)**	(149)
Charge-offs[1]	**(1,352)**	(2,354)
Transfers to assets held for sale	**(108)**	—
Total commercial reductions	**(4,461)**	(4,674)
Total commercial net additions to (reductions in) nonperforming assets	**(2,128)**	533
Consumer		
Additions to nonperforming assets:		
New nonaccrual loans and foreclosed properties	**1,583**	1,694
Transfers from assets held for sale[2]	**5**	77
Total consumer additions	**1,588**	1,771
Reductions in nonperforming assets:		
Paydowns, payoffs and sales	**(712)**	(957)
Returns to performing status	**(878)**	(886)
Charge-offs[1]	**(111)**	(107)
Total consumer reductions	**(1,701)**	(1,950)
Total consumer net reductions in nonperforming assets	**(113)**	(179)
Total net additions to (reductions in) nonperforming assets	**(2,241)**	354
Nonperforming assets, December 31	**$ 3,021**	$ 5,262

(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 $133 million and $223 million at December 31, 2003 and 2002, respectively. Consumer loans past due 90 days or more and still accruing interest were $698 million and $541 million at December 31, 2003 and 2002, respectively, which included held credit card loans of $616 million and $424 million, respectively.

Commercial—domestic loan net charge-offs, as presented in Table 17, decreased $714 million to $757 million in 2003 compared to 2002, reflecting overall improvement in the portfolio and to a lesser extent, reductions in various industry sectors, the largest of which was telecommunications services.

Commercial—foreign loan net charge-offs were $306 million in 2003 compared to $521 million in 2002. The decrease was attributable to reductions in exposure to the telecommunications and media industry sectors. The largest concentration of commercial—foreign loan net charge-offs in 2003, excluding Parmalat, was attributable to Argentina.

Held credit card net charge-offs increased $420 million to $1.5 billion in 2003 compared to 2002, of which $173 million were from new advances on previously securitized balances. Such advances 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 over the past two years and economic conditions including higher bankruptcy filings. We expect the trend related to the impact of the growth of seasoned credit card portfolio to continue.

As a matter of corporate practice, we do not discuss specific client relationships; however, we have made an exception for two names due to the publicity and interest surrounding them: Enron Corporation and its related entities (Enron), and Parmalat. At December 31, 2003 and 2002, our credit exposure related to Enron was $102 million and $185 million respectively, of which $81 million and $150 million was secured. Nonperforming loans related to Enron were $78 million and $159 million at December 31, 2003 and 2002, respectively. During 2003 and 2002, we charged off $58 million and $48 million, respectively, related to Enron. Our credit exposure related to Parmalat was $274 million and $617 million at December 31, 2003 and 2002, respectively, of which $123 million and $290 million was supported by credit insurance or collateralized by cash. Our exposure at December 31, 2003 included both loans and derivatives. Direct loans and letters of credit totaling $244 million consisted of loans of $105 million that were supported by credit insurance and $121 million that were not cash collateralized or credit insured with specific reserves of $66 million, and undrawn letters of credit collateralized by cash of $18 million. In addition, our exposure also included derivatives of $30 million. Nonperforming loans related to Parmalat were $226 million at December 31, 2003. There were no nonperforming loans related to Parmalat at December 31, 2002. In the fourth quarter of 2003, we exercised our contractual rights under the credit agreements to repay $167 million of loans collateralized by cash and retained $18 million of cash collateral that secured undrawn letters of credit. We charged off $114 million of direct loans that were not cash collateralized or credit insured. In addition, we marked down the value of our derivatives by 75 percent, or $92 million, resulting in the balance of $30 million at December 31, 2003.

Included in Other Assets are loans held for sale and leveraged lease partnership interests of $8.4 billion and $332 million, respectively, at December 31, 2003 and $13.8 billion and $387 million, respectively, at December 31, 2002. Included in these balances are nonperforming loans held for sale and leveraged lease partnership interests of $199 million and $3 million, respectively, at December 31, 2003 and $118 million and $2 million, respectively, at December 31, 2002.

Allowance for Credit Losses

Loans and Leases

The allowance for loan and lease losses is allocated to each product type based on specific and formula components, as well as a general component. See Note 1 of the consolidated financial statements for additional discussion on our allowance for credit losses.

The specific component of the allowance for loan and lease losses covers those commercial loans that are nonperforming or impaired. An allowance is established when the discounted cash flows (or collateral value or observable market price) is lower than the carrying value of that loan. For purposes of computing the specific loss component of the allowance, larger impaired loans are evaluated individually and smaller impaired loans are evaluated as a pool using historical loss experience for the respective product type and risk rating of the loan.

The formula component of the allocated allowance covers performing commercial loans and leases, and consumer loans. The allowance for commercial loans is established by product type by analyzing historical loss experience, by internal risk rating, current economic conditions and performance trends within each portfolio segment. The formula component allowance for consumer loans is based on aggregated portfolio segment evaluations generally by product type. Loss forecast models are utilized for consumer products that consider a variety of factors including, but not limited to, historical loss experience, estimated defaults or foreclosures based on portfolio trends, delinquencies, economic trends and credit scores.

The general component of the allowance for loan and lease losses is maintained to cover uncertainties that affect our estimate of probable losses. These uncertainties include the imprecision inherent in the forecasting methodologies, as well as domestic and global economic uncertainty, large single name defaults or event risk. We assess these components, among other current events and conditions, to determine the overall level of the general component. The relationship of the general component to the total allowance for credit losses may fluctuate from period to period. We evaluate the adequacy of the allowance for loan and lease losses based on the combined total of specific, formula and general components.

We monitor differences between estimated and actual incurred loan and lease losses. This monitoring process includes periodic assessments by senior management of loan and lease portfolios and the models used to estimate incurred losses in those portfolios.

Additions to the allowance for loan and lease losses are made by charges to the provision. Credit exposures (excluding derivatives) deemed to be uncollectible are charged against the allowance for loan and lease losses. Recoveries of previously charged off amounts are credited to the allowance for loan and lease losses.

Unfunded Lending Commitments

In addition to the allowance for loan and lease losses, we also compute an estimate of probable losses related to unfunded lending commitments, such as letters of credit and binding unfunded loan commitments. This computation is similar to the methodology utilized in calculating the allowance for commercial loans and leases with specific, formula and general components, adjusted for the probability of drawdown. The reserve for unfunded lending commitments is included in accrued expenses and other liabilities on the Consolidated Balance Sheet.

We monitor differences between estimated and actual incurred credit losses. This monitoring process includes periodic assessments by senior management of credit portfolios and the models used to estimate incurred losses in those portfolios.

Additions to the reserve for unfunded lending commitments are made by changes to the provision for unfunded lending commitments. Credit exposures (excluding derivatives) deemed to be uncollectible are charged against the reserve.

Table 16 presents a rollforward of the allowance for credit losses.

Table 16

Allowance for Credit Losses

(Dollars in millions)	2003	2002
Allowance for loan and lease losses, January 1	**$ 6,358**	$ 6,278
Loans and leases charged off		
Commercial—domestic	**(989)**	(1,793)
Commercial—foreign	**(408)**	(566)
Commercial real estate—domestic	**(46)**	(45)
Total commercial	**(1,443)**	(2,404)
Residential mortgage	**(64)**	(56)
Home equity lines	**(38)**	(40)
Direct/Indirect consumer	**(322)**	(355)
Consumer finance	**(280)**	(333)
Credit card	**(1,657)**	(1,210)
Other consumer domestic	**(57)**	(57)
Foreign consumer	**(6)**	(5)
Total consumer	**(2,424)**	(2,056)
Total loans and leases charged off	**(3,867)**	(4,460)
Recoveries of loans and leases previously charged off		
Commercial—domestic	**232**	322
Commercial—foreign	**102**	45
Commercial real estate—domestic	**5**	8
Total commercial	**339**	375
Residential mortgage	**24**	14
Home equity lines	**26**	14
Direct/Indirect consumer	**141**	145
Consumer finance	**68**	78
Credit card	**143**	116
Other consumer domestic	**19**	21
Foreign consumer	**1**	—
Total consumer	**422**	388
Total recoveries of loans and leases previously charged off	**761**	763
Net charge-offs	**(3,106)**	(3,697)
Provision for loan and lease losses	**2,916**	3,801
Other, net	**(5)**	(24)
Allowance for loan and lease losses, December 31	**$ 6,163**	$ 6,358
Reserve for unfunded lending commitments, January 1	**$ 493**	$ 597
Provision for unfunded lending commitments	**(77)**	(104)
Reserve for unfunded lending commitments, December 31	**$ 416**	$ 493
Total	**$ 6,579**	$ 6,851
Loans and leases outstanding at December 31	**$ 371,463**	$ 342,755
Allowance for loan and lease losses as a percentage of loans and leases outstanding at December 31	**1.66%**	1.85%
Average loans and leases outstanding during the year	**$ 356,148**	$ 336,819
Net charge-offs as a percentage of average outstanding loans and leases during the year	**0.87%**	1.10%
Allowance for loan and lease losses as a percentage of nonperforming loans at December 31	**215**	126
Ratio of allowance for loan and lease losses at December 31 to net charge-offs	**1.98**	1.72

For reporting purposes, we allocate the allowance across products; however, the allowance is available to absorb all credit losses without restriction. Table 17 presents our allocation by product type.

Table 17

Allocation of the Allowance for Credit Losses by Product Type

	December 31			
	2003		2002	
(Dollars in millions)	Amount	Percent	Amount	Percent
Allowance for loan and lease losses				
Commercial—domestic	**$ 1,420**	**21.6%**	$ 2,231	32.5%
Commercial—foreign	**619**	**9.4**	855	12.5
Commercial real estate—domestic	**404**	**6.2**	430	6.3
Commercial real estate—foreign	**9**	**0.1**	9	0.1
Total commercial[1]	**2,452**	**37.3**	3,525	51.4
Residential mortgage	**149**	**2.3**	108	1.6
Home equity lines	**61**	**0.9**	49	0.7
Direct/Indirect consumer	**340**	**5.2**	361	5.3
Consumer finance	**376**	**5.7**	323	4.7
Credit card	**1,602**	**24.3**	1,031	15.1
Foreign consumer	**8**	**0.1**	9	0.1
Total consumer	**2,536**	**38.5**	1,881	27.5
General	**1,175**	**17.9**	952	13.9
Allowance for loan and lease losses	**6,163**	**93.7**	6,358	92.8
Reserve for unfunded lending commitments				
Commercial—domestic	**80**	**1.2**	160	2.3
Commercial—foreign	**60**	**0.9**	32	0.5
Commercial real estate	**5**	**0.1**	9	0.1
Total commercial	**145**	**2.2**	201	2.9
General	**271**	**4.1**	292	4.3
Reserve for unfunded lending commitments	**416**	**6.3**	493	7.2
Total	**$ 6,579**	**100.0%**	$ 6,851	100.0%

(1) Includes commercial impaired loans of $391 and $919 at December 31, 2003 and 2002, respectively.

During the third quarter of 2003, we updated historic loss rate factors used in estimating the allowance for credit losses to incorporate more current information.

The allowance for total commercial loan and lease losses declined $1.1 billion to $2.5 billion as a result of improvement in credit quality, reflected by the $8.7 billion and $2.1 billion decreases in commercial criticized exposure and commercial nonperforming assets; and a $13.9 billion reduction in commercial loans and leases between December 31, 2003 and December 31, 2002. Specific reserves on commercial impaired loans decreased $528 million, or 57 percent, in 2003, reflecting a decrease in our investment in specific loans considered impaired of $1.9 billion to $2.1 billion at December 31, 2003. The reduction in the levels of impaired loans and the respective reserves resulted from the overall improvements in commercial credit quality, loan sales, paydowns and payoffs largely due to increased refinancings in the capital markets, and net charge-offs. The allowance for loan and lease losses in the consumer portfolio increased $655 million from December 31, 2002 due to portfolio growth, new advances on previously securitized consumer credit balances, continued seasoning of outstandings from new consumer credit card growth and economic conditions including higher bankruptcy filings. General reserves on loans and leases at December 31, 2003 were $1.2 billion, up $223 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, the uncertainty in the global arena and continued exposure to large single name defaults or event risk. The reserve for unfunded lending commitments decreased $77 million between December 31, 2003 and December 31, 2002 due to improvements in the overall commercial credit quality. Given our overall assessment of probable losses in the portfolio, the allowance for credit losses was reduced by $272 million from December 31, 2002.

Problem Loan Management

SSI was established in 2001 to better align the management of commercial loan credit workout operations by providing more effective and efficient management processes afforded by a closely aligned end-to-end function. We believe that economic returns will be maximized by assisting distressed companies in refinancing with other lenders or through the capital markets, facilitating the sale of the entire company or certain assets/subsidiaries, negotiating traditional restructurings using company cash flows to repay debts, selling individual assets in the secondary market when the market prices are attractive relative to assessed collateral values and by executing collateralized debt obligations or otherwise disposing of assets in bulk. From time to time, we may contribute or sell certain loans to SSI.

In September 2001, Bank of America, N.A. contributed to SSI commercial loans with a gross book balance of $3.2 billion in exchange for a class of preferred and for a class of common stock of SSI. For financial reporting under GAAP, the loan contribution was accounted for at carryover book basis as appropriate for entities under common control, and there was no change in the designation or measurement of the loans because the individual loan resolution strategies were not affected by the realignment or contribution. From time to time, management may identify certain loans to be considered for accelerated disposition. At that time, such loans or pools of loans would be redesignated as held for sale and remeasured at the lower of cost or market.

The loan contribution was effected as an exchange for tax purposes. As is common in workout situations, the loans had a tax basis higher than their fair market value. Under the Internal Revenue Code (the Code), SSI received a carryover tax basis in the contributed loans. In addition, under the Code, the aggregate tax basis of the class of preferred and the class of common stock received in the exchange was equal to the basis of the loans contributed. Under the Code, the preferred stock's allocated tax basis was equal to its fair market value and the common stock was allocated the remaining tax basis, resulting in a tax basis in excess of its fair market value and book basis. We took into account the tax loss that resulted from the difference in tax basis and fair market value, recognized on the sale of this class of common stock to an unrelated third party, as well as the carryover tax basis in the contributed loans. We believe that recognition of the tax loss continues to be appropriate.

During 2003 and 2002, Bank of America, N.A. sold commercial loans with a gross book balance of approximately $3.0 billion and $2.7 billion, respectively, to SSI. For tax purposes, under the Code, the sales were treated as a taxable exchange. The tax and accounting treatment of these sales had no financial statement impact on us because the sales were transfers among entities under common control, and there was no change in the individual loan resolution strategies.

Market Risk Management

Market risk is the potential loss due to adverse changes in the market value or yield of a position. This risk is inherent in the financial instruments associated with our operations and/or activities including loans, deposits, securities, short-term borrowings, long-term debt, trading account assets and liabilities, and derivatives. Market-sensitive assets and liabilities are generated through loans and deposits associated with our traditional banking business, our customer and proprietary trading operations, our ALM process, credit risk management, and mortgage banking activities.

Our traditional banking loan and deposit products are nontrading positions and are not reported at market value but instead are reported at amortized cost for assets or the amount owed for liabilities (historical cost). While the accounting rules require an historical cost view of traditional banking assets and liabilities, these positions are still subject to changes in economic value based on varying market conditions. Interest rate risk is the effect of changes in the economic value of our loans and deposits, as well as our other interest rate sensitive instruments, and is reflected in the levels of future income and expense produced by these positions versus levels that would be generated by current levels of interest rates. We seek to mitigate interest rate risk as part of the ALM process.

We seek to mitigate trading risk within our prescribed risk appetite using hedging techniques. Trading positions are reported at estimated market value with changes reflected in income. Trading positions are subject to various risk factors, which include exposures to interest rates and foreign exchange rates, as well

as equity, mortgage, commodity and issuer risk factors. We seek to mitigate these risk exposures by utilizing a variety of financial instruments. The following discusses the key risk components along with respective risk mitigation techniques.

Interest Rate Risk

Interest rate risk represents exposures we have to instruments whose values vary with the level of interest rates. These instruments include, but are not limited to, loans, deposits, bonds, futures, forwards, options and other derivative instruments. We seek to mitigate risks associated with the exposures in a variety of ways that typically involve taking offsetting positions in cash or derivative markets. The cash and derivative instruments allow us to seek to mitigate risks by reducing the effect of movements in the level of interest rates, changes in the shape of the yield curve as well as changes in interest rate volatility. Hedging instruments used to mitigate these risks include related derivatives —options, futures, forwards, swaps, swaptions, and caps and floors.

Foreign Exchange Risk

Foreign exchange risk represents exposures we have to changes in the values of current holdings and future cash flows denominated in other currencies. The types of instruments exposed to this risk include investments in foreign subsidiaries, foreign currency-denominated loans, foreign currency-denominated securities, future cash flows in foreign currencies arising from foreign exchange transactions, and various foreign exchange derivative instruments whose values fluctuate with changes in currency exchange rates or foreign interest rates. Instruments used to mitigate this risk are foreign exchange options, futures, forwards and deposits. These instruments help insulate us against losses that may arise due to volatile movements in foreign exchange rates or interest rates.

Mortgage Risk

Our exposure to mortgage risk takes several forms. First, we trade and engage in market-making activities in a variety of mortgage securities, including whole loans, pass-through certificates, commercial mortgages, and collateralized mortgage obligations. Second, we originate a variety of asset-backed securities, which involves the accumulation of mortgage-related loans in anticipation of eventual securitization. Third, we may hold positions in mortgage securities and residential mortgage loans as part of the ALM portfolio. These activities generate market risk since these instruments are sensitive to changes in the level of market interest rates, changes in mortgage prepayments and interest rate volatility. Options, futures, forwards, swaps, swaptions and U.S. Treasury securities are used to hedge mortgage risk by seeking to mitigate the effects of changes in interest rates.

Equity Market Risk

Equity market risk arises from exposure to securities that represent an ownership interest in a corporation in the form of common stock or other equity-linked instruments. The instruments held that would lead to this exposure include, but are not limited to, the following: common stock, listed equity options (puts and calls), over-the-counter equity options, equity total return swaps, equity index futures and convertible bonds. We seek to mitigate the risk associated with these securities via portfolio hedging that focuses on reducing volatility from changes in stock prices. Instruments used for risk mitigation include options, futures, swaps, convertible bonds and cash positions.

Commodity Risk

Commodity risk represents exposures we have to products traded in the petroleum, natural gas and power markets. Our principal exposure to these markets emanates from customer-driven transactions. These transactions consist primarily of futures, forwards, swaps and options. We seek to mitigate exposure to the commodity markets with instruments including, but not limited to, options, futures and swaps in the same or similar commodity product, as well as cash positions.

Issuer Risk

Our trading portfolio is exposed to issuer risk where the value of a trading account asset may be adversely impacted for various reasons directly related to the issuer, such as management performance,

financial leverage or reduced demand for the issuer's goods or services. Perceived changes in the creditworthiness of a particular debtor or sector can have significant effects on the replacement costs of both cash and derivative positions. We seek to mitigate the impact of credit spreads, credit migration and default risks on the market value of the trading portfolio with the use of credit default swaps, and credit fixed income and similar securities.

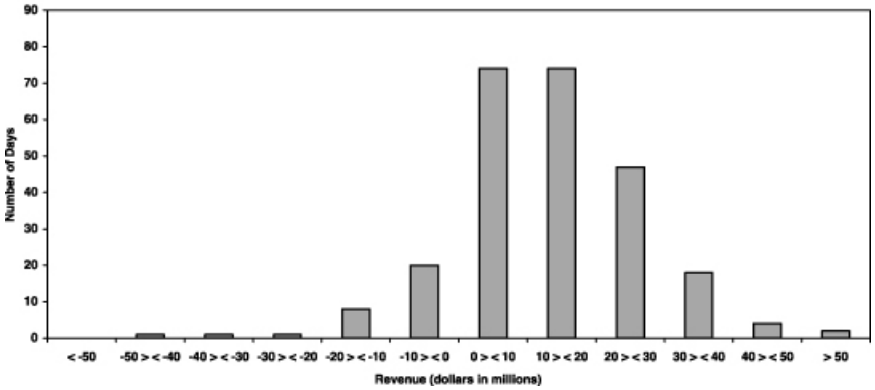
Trading Risk Management

Trading-related revenues represent the amount earned from our trading positions, which include trading account assets and liabilities, derivative positions and mortgage banking assets. Trading positions are taken in a diverse range of financial instruments and markets, and are reported at fair value. For more information on fair value, see Complex Accounting Estimates and Principles on page 9. Trading account profits can be volatile and are largely driven by general market conditions and customer demand. Trading account profits are dependent on the volume and type of transactions, the level of risk assumed, and the volatility of price and rate movements at any given time within the ever-changing market environment.

The histogram of daily revenue or loss below is a simple graphic depicting trading volatility and tracking success of trading-related revenue for 2003. Trading-related revenue encompasses both proprietary trading and customer-related activities. In 2003, positive trading-related revenue was recorded for 88 percent of trading days. Furthermore, only four percent of the total trading days had losses greater than $10 million, and the largest loss was $41 million. This can be compared to 2002 and 2001 as follows:

- In 2002, positive trading-related revenue was recorded for 86 percent of trading days and only five percent of the total trading days had losses greater than $10 million. The largest loss realized in 2002 was $32 million.
- In 2001, positive trading-related revenue was recorded for 88 percent of trading days and only four percent of the total trading days had losses greater than $10 million. The largest loss realized in 2001 was $58 million.

Histogram of Daily Trading-related Revenue
Twelve Months Ended December 31, 2003



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 statistic used to measure and manage market risk. Trader limits and VAR are used to manage day-to-day risks and are subject to testing where we compare expected performance to actual performance. This testing provides us a view of our models' predictive accuracy. All limit excesses are communicated to senior management for review.

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 in 2003, did not exceed VAR in 2002 and exceeded VAR once in 2001.

There are numerous assumptions and estimates associated with modeling, and actual results could differ. In addition to reviewing our underlying model assumptions with senior management, we mitigate the uncertainties related to these assumptions and estimates through close monitoring and by updating the assumptions and estimates on an ongoing basis. If the results of our analysis indicate higher than expected levels of risk, proactive measures are taken to adjust risk levels.

Table 18 presents average, high and low daily VAR for both 2003 and 2002.

Table 18

Trading Activities Market Risk

	2003			2002		
(Dollars in millions)	Average VAR	High VAR [1]	Low VAR [1]	Average VAR	High VAR [1]	Low VAR [1]
Foreign exchange	**$ 4.1**	**$ 7.8**	**$ 2.1**	$ 3.2	$ 7.1	$ 0.5
Interest rate	**27.0**	**65.2**	**15.1**	28.8	40.3	17.3
Credit[2]	**20.7**	**32.6**	**14.9**	14.8	21.6	6.5
Real estate/mortgage[3]	**14.1**	**41.4**	**3.6**	19.2	61.6	2.5
Equities	**19.9**	**53.8**	**6.6**	8.8	18.2	4.3
Commodities	**8.7**	**19.3**	**4.1**	9.2	15.4	3.4
Less: Portfolio diversification	**(60.9)**	**—**	**—**	(43.9)	—	—
Total trading portfolio	**$ 33.6**	**$ 91.0**	**$ 11.2**	$ 40.1	$ 69.8	$ 19.2

(1) 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.
(2) Credit includes credit fixed income and credit default swaps used for credit risk management.
(3) Real estate/mortgage, which is included in the fixed income category in Table 3 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 the ability to aggregate trading risk across different businesses. Historically, we used a mathematical method to allocate risk across different trading businesses that did not assume the benefit of diversification across markets. This change resulted in a lower VAR calculation starting in the fourth quarter 2002.

The reduction in average VAR for 2003 was primarily due to the 2002 methodology enhancements and the $5 million decline in real estate/mortgages, partially offset by increases in equities of $11 million. The increase in equities was mainly due to the increased economic risk from customer-facilitated business that was held in inventory throughout the first three quarters of 2003 and sold during the fourth quarter 2003. 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 interest rates and total trading portfolio was $47.4 million and $61.2 million, respectively, during 2003.

Stress Testing

Because the very nature of a VAR model suggests results can exceed our estimates, we “stress test” our portfolio. Stress testing estimates the value change in our trading portfolio due to abnormal market movements. Various stress scenarios are run regularly against the trading portfolio to verify that, even under extreme market moves, we will preserve our capital; to determine the effects of significant historical events; and to determine the effects of specific, extreme hypothetical, but plausible events. The results of the stress scenarios are calculated daily and reported to senior management as part of the regular reporting process. The results of certain specific, extreme hypothetical scenarios are presented to ALCO.

In addition, each business has established risk concentration limits with the goal of ensuring the amount of risk taken within each business is consistent with the risk appetite for that business. Each

business is independently monitored to assure adherence to approved risk measures, limits and controls. The primary risk mitigation tool involves monitoring exposures relative to concentration, balance sheet, notional and derivative limits.

Interest Rate Risk Management

Interest rate risk represents the most significant market risk exposure to our nontrading financial instruments. Our overall goal is to manage interest rate sensitivity so that movements in interest rates do not adversely affect net interest income. Interest rate risk is measured as the potential volatility to our net interest income caused by changes in market interest rates. Client facing activities, primarily lending and deposit-taking, create interest rate sensitive positions on our balance sheet. Interest rate risk from these activities as well as the impact of ever-changing market conditions, is mitigated using the ALM process.

Sensitivity simulations are used to estimate the impact on net interest income of numerous interest rate scenarios, balance sheet trends and strategies. These simulations estimate levels of short-term financial instruments, securities, loans, deposits, borrowings and derivative instruments. In addition, these simulations incorporate assumptions about balance sheet dynamics such as loan and deposit growth and pricing, changes in funding mix, and asset and liability repricing and maturity characteristics. In addition to net interest income sensitivity simulations, market value sensitivity measures are also utilized.

The Balance Sheet Management group maintains a net interest income forecast utilizing different rate scenarios, including a most likely scenario, which is designed around an economic forecast that is meant to estimate our expectation of the most likely path of rates for the upcoming horizon. The Balance Sheet Management group constantly updates the net interest income forecast for changing assumptions and differing outlooks based on economic trends and market conditions.

The Balance Sheet Management group reviews the impact on net interest income of parallel and nonparallel shifts in the yield curve over different horizons. The overall interest rate risk position and strategies are reviewed on an ongoing basis with ALCO. At December 31, 2003, we were positioned to benefit from rising long-term interest rates, with short-term interest rates being stable.

Table 19 provides our estimated net interest income at risk over the subsequent year from December 31, 2003 and 2002, resulting from a 100 bp gradual (over 12 months) increase or decrease in interest rates from the forward curve calculated as of December 31, 2003 and 2002, respectively. Beginning in the third quarter 2003, these shocks were 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. The prior period has been restated to conform to the current methodology.

Table 19

Estimated Net Interest Income at Risk

	-100bp	+100bp
December 31, 2003	**1.2%**	**(1.1)%**
December 31, 2002	0.5%	1.4%

As part of the ALM process, we use securities, residential mortgages, and interest rate and foreign exchange derivatives in managing interest rate sensitivity.

Securities

The securities portfolio is integral to our ALM process. 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 the relative mix of cash and derivative positions. In 2003 and 2002, we purchased securities of $195.9 billion and $146.0 billion, respectively, sold $171.5 billion and $137.1 billion, respectively and received paydowns of $27.2 billion and $25.0 billion, respectively. Not included in the purchases above were $65.2 billion of forward purchase contracts of both mortgage-backed securities and mortgage loans at December 31, 2003 settling from January 2004 to February 2004 with an average yield of 5.79 percent, and $3.5 billion of forward purchase contracts of both mortgage-backed

securities and mortgage loans at December 31, 2002 settling in January 2003 with an average yield of 5.91 percent. These forward purchase contracts, included in Table 20, were accounted for as derivatives and their net-of-tax unrealized gains and losses were included in accumulated other comprehensive income (OCI). The pre-tax unrealized gain on these forward purchase contracts at December 31, 2003 and 2002 was $1.9 billion and $58 million, respectively. There were also $8.0 billion of forward sale contracts of mortgage-backed securities at December 31, 2003 settling in February 2004 with an average yield of 6.14 percent, and $19.7 billion of forward sale contracts of mortgage-backed securities at December 31, 2002 settling in January and February 2003 with an average yield of 6.05 percent. These forward sale contracts, included in Table 20, were accounted for as derivatives and their net-of-tax unrealized gains and losses were included in accumulated OCI. The pre-tax unrealized gain on these forward sale contracts at December 31, 2003 was $22 million compared to a pre-tax unrealized loss of $189 million at December 31, 2002. During the year, we continuously monitored the interest rate risk position of the portfolio and repositioned the securities portfolio in order to mitigate risk and to take advantage of interest rate fluctuations. Through sales in the securities portfolio, we realized $941 million and $630 million in gains on sales of debt securities during 2003 and 2002, respectively.

Residential Mortgage Portfolio

We repositioned the ALM mortgage loan portfolio to mitigate prepayment risk resulting from the unusually low rate environment. The residential mortgages, a component of our ALM strategy, grew primarily through whole loan purchase activity. In 2003 and 2002, we purchased $92.8 billion and $55.0 billion, respectively, of residential mortgages in the wholesale market for our ALM portfolio and interest rate risk management. Not included in the purchases above were $4.6 billion of forward purchase commitments of mortgage loans at December 31, 2003 settling in January 2004. These commitments, included in Table 20, were accounted for as derivatives at December 31, 2003 under the provisions of SFAS No. 149 “Amendment of Statement 133 on Derivative Instruments and Hedging Activities” (SFAS 149) and their net-of-tax unrealized gains and losses were included in accumulated OCI. The pre-tax unrealized gain on these forward purchase commitments at December 31, 2003 was $10 million. During 2003 and 2002, we sold $27.5 billion and $22.7 billion, respectively, of whole mortgage loans and recognized $772 million and $500 million, respectively, in gains on the sales included in other noninterest income. Additionally, during the same periods we received paydowns of $62.8 billion and $36.9 billion, respectively.

Interest Rate and Foreign Exchange Derivative Contracts

Interest rate and foreign exchange derivative contracts are utilized in our ALM process and serve as an efficient, low-cost tool to mitigate our risk. We use derivatives to hedge or offset the changes in cash flows or market values of our balance sheet. See Note 6 of the consolidated financial statements for additional information on our hedging activities.

Our interest rate contracts are generally nonleveraged generic interest rate and basis swaps, options, futures and forwards. In addition, we use foreign currency contracts to mitigate the foreign exchange risk associated with foreign-denominated assets and liabilities, as well as our equity investments in foreign subsidiaries. Table 20 reflects the notional amounts, fair value, weighted average receive fixed and pay fixed rates, expected maturity and estimated duration of our ALM derivatives at December 31, 2003 and 2002.

Table 20

Asset and Liability Management Interest Rate and Foreign Exchange Contracts

December 31, 2003

(Dollars in millions, average estimated duration in years)	Fair Value	Expected Maturity							Average Estimated Duration
		Total	2004	2005	2006	2007	2008	Thereafter	
Open interest rate contracts									
Total receive fixed swaps [1]	$ (1,204)								5.45
Notional amount		$ 156,772	$ —	$ 4,580	$ 4,363	$ 36,348	$ 36,199	$ 75,282	
Weighted average receive rate		3.78%	— %	3.61%	5.22%	3.18%	3.00%	4.38%	
Total pay fixed swaps [1]	(2,103)								5.41
Notional amount		$ 135,578	$ 81	$ 3,688	$ 14,581	$ 39,254	$ 13,650	$ 64,324	
Weighted average pay rate		4.01%	6.04%	2.13%	2.93%	3.34%	3.78%	4.82%	
Basis swaps	38								
Notional amount		$ 16,356	$ 9,000	$ 500	$ 4,400	$ 45	$ 590	$ 1,821	
Total swaps	(3,269)								
Option products [2]	1,582								
Net notional amount [3]		$ 84,965	$ 1,267	$ 50,000	$ 3,000	$ —	$ 30,000	$ 698	
Futures and forward rate contracts [4]	1,908								
Net notional amount [3]		$ 106,156	$ 86,156	$ 20,000	$ —	$ —	$ —	$ —	
Total open interest rate contracts	221								
Closed interest rate contracts [5,6]	839								
Net interest rate contract position	1,060								
Open foreign exchange contracts	1,129								
Notional amount		$ 7,364	$ 100	$ 488	$ 468	$ (379)	$ 1,560	$ 5,127	
Total ALM contracts	$ 2,189								

December 31, 2002

(Dollars in millions, average estimated duration in years)	Fair Value	Expected Maturity						Average Estimated Duration
		Total	2003	2004	2005	2006	2007	Thereafter	
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 December 31, 2003, $14.2 billion of the receive fixed swap notional and $114.5 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 Eurodollar futures, U. S. Treasury futures and forward purchase and sale contracts. Included are $69.8 billion of forward purchase contracts and $8.0 billion of forward sale contracts of mortgage-backed securities and mortgage loans, at December 31, 2003, as discussed on page 46. 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 $839 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, $238 million gain was included in accumulated OCI and $601 million gain was included as a basis adjustment of long-term debt at December 31, 2003. As of December 31, 2002, $234 million was included in accumulated OCI and the remainder was a basis adjustment of long-term debt.

Consistent with our strategy of managing interest rate sensitivity, the notional amount of our net received fixed interest rate swap position decreased $33.6 billion to $21.2 billion at December 31, 2003 compared to December 31, 2002 to mitigate changes in value of other financial instruments. The net option position increased $36.6 billion to $85.0 billion at December 31, 2003 compared to December 31, 2002 to offset interest rate risk in other portfolios. This increase occurred throughout 2003.

Mortgage Banking Risk Management

Mortgage production activities create unique interest rate and prepayment risk. Interest rate risk occurs between the loan commitment date (pipeline) and the date the loan is sold to the secondary market. To mitigate interest rate risk, we enter into various financial instruments including interest rate swaps, forward delivery contracts, Eurodollar futures and option contracts. The notional amount of such contracts was $13.1 billion at December 31, 2003 with associated net unrealized losses of $42 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, $27 million and $140 million, respectively, were recorded in accumulated OCI. These unrealized losses at December 31, 2003 and 2002 were offset by economic gains in the warehouse that will be recognized upon delivery to the secondary market.

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 mitigate prepayment risk using various financial instruments including purchased options and swaps. The notional amounts of such contracts at December 31, 2003 and 2002 were $64.2 billion and $53.1 billion, respectively. The related unrealized loss was $328 million at December 31, 2003 compared to an unrealized gain of $955 million at December 31, 2002. These amounts are included in the Derivatives table in Note 6 of the consolidated financial statements. See Note 1 of the consolidated financial statements for additional discussion of these financial instruments in the mortgage banking assets section.

Operational Risk Management

Operational risk is the potential for loss resulting from events involving people, processes, technology, external events, execution, legal, compliance and regulatory matters, 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.

In keeping with our management governance structure, the lines of business are responsible for all the risks within the business including operational risks. Such risks are managed through corporate-wide or line of business specific policies and procedures, controls and monitoring tools. Examples of these include personnel management practices, data reconciliation processes, fraud management units, transaction processing monitoring and analysis, business recovery planning, and new product introduction processes.

The Corporate Operational Risk Executive and the Compliance Risk Executive, reporting to the Chief Risk Officer, provide oversight to facilitate the consistency of effective policies, “best industry practices”, controls and monitoring tools for managing and assessing operational risks across the company. These executives also work with the business segment executives and their risk counterparts to implement appropriate policies, processes and assessments at the line of business level. Compliance and operational risk awareness is also driven across the company through training and strategic communication efforts.

Operational risks fall into two major classifications, business specific and corporate-wide risks affecting all business lines. At the business segment level, there are Business Segment Risk Executives that are responsible for oversight of all operational risks in the business segments they support. In their management of these specific risks, they utilize corporate-wide operational risk policies, processes and assessments. For business specific risks, operational and compliance risk management work with the business segments to drive consistency in policies, processes, assessments and use of “best industry practices”.

With respect to corporate-wide risks, such as information security, business recovery, legal and compliance, operational and compliance risk management assess the risks, develop a consolidated corporate view and communicate that view to the line of business level. To help assess and manage corporate-wide risks, we also utilize specialized support groups, such as Legal, Information Security, Business Recovery,

Supply Chain Management, Finance, and Technology and Operations. These groups assist the lines of business in the development and implementation of risk management practices specific to the needs of the individual businesses.

Operational and compliance risk management, working in conjunction with senior business segment executives, have developed key tools to help manage, monitor and summarize operational risk. One such tool the businesses and executive management utilize is a corporate-wide quarterly self-assessment process, which helps to identify and evaluate the status of risk issues, including mitigation plans, if appropriate. The goal of this process, which originates at the line of business level, is to continuously assess changing market and business conditions. The self-assessment process also assists in identifying emerging operational risk issues and determining how they should be managed —at the line of business or corporate level. The risks identified in this process are also integrated into our quarterly financial forecasting process. In addition to the self-assessment process, key operational risk indicators have been developed and are used to help identify trends and issues on both a corporate and a line of business level.

2002 Compared to 2001

The following discussion and analysis provides a comparison of our results of operations for 2002 and 2001. This discussion should be read in conjunction with the consolidated financial statements and related notes on pages 71 through 132. In addition, Tables 1 and 2 contain financial data to supplement this discussion.

Overview

Net income totaled $9.2 billion, or $5.91 per diluted common share, in 2002 compared to $6.8 billion, or $4.18 per diluted common share, in 2001. The return on average common shareholders' equity was 19.44 percent in 2002 compared to 13.96 percent in 2001.

Earnings excluding charges related to our strategic decision to exit certain consumer finance businesses in 2001 were $8.0 billion, or $4.95 per diluted common share. Excluding these charges, the return on average common shareholders' equity was 16.53 percent in 2001. SVA, which excludes exit and restructuring charges, remained essentially unchanged at $3.1 billion. For additional information on the use of calculated financial measures and reconciliations to corresponding GAAP measures, see the Supplemental Financial Data section beginning on page 6.

For the Corporation, an increase in net interest income of $633 million was more than offset by a decline in noninterest income of $777 million. The impact of higher levels of securities and residential mortgage loans, higher levels of core deposit funding, the margin impact of higher trading account assets, consumer loan growth and the absence of 2001 losses associated with auto lease financing had a positive effect on net interest income. The securitization of subprime real estate loans and reduced commercial loan levels negatively impacted net interest income relative to 2001. The net interest yield improved seven bps in 2002 from 2001, due to an increase in consumer loans, higher levels of core deposit funding, the absence of 2001 losses associated with auto lease financing and higher levels of securities and residential mortgage loans, offset by the securitization of subprime real estate loans and higher trading account assets.

Noninterest income declined as market conditions in 2002 negatively impacted our market-sensitive revenue. This decline was partially offset by strong performance in consumer-based fee income and gains recognized in our whole mortgage loan portfolio created by the interest rate fluctuations that occurred in 2002. Other noninterest income included gains from whole mortgage loan sales of $500 million in 2002 compared to $20 million in 2001. Gains on sales of debt securities were $630 million, an increase of $155 million from 2001.

The provision for credit losses decreased $590 million, due to $395 million in 2001 associated with exiting the subprime real estate lending business. Net charge-offs were down $547 million to $3.7 billion, or 1.10 percent of average loans and leases, a decrease of six bps. Decreases in consumer finance and commercial—domestic net charge-offs of $771 million and $478 million, respectively, and $635 million of charge-offs in 2001 related to exiting the subprime real estate lending business were partially offset by increases in held consumer credit card and commercial—foreign net charge-offs of $422 million and $313 million, respectively.

Nonperforming assets were $5.3 billion, or 1.53 percent of loans, leases and foreclosed properties at December 31, 2002, a $354 million increase from December 31, 2001. Nonperforming assets in the large corporate portfolio within *Global Corporate and Investment Banking* drove the increase, partially offset by credit quality improvement in the commercial portfolio within *Consumer and Commercial Banking.*

Noninterest expense declined $2.3 billion as reductions in personnel expense and professional fees of $147 million and $39 million, respectively, were offset by increased data processing and marketing expenses of $241 million and $71 million, respectively. Additionally, noninterest expense in 2001 included $1.3 billion of business exit costs, $662 million in goodwill amortization expense and $334 million of litigation expenses in fourth quarter 2001. Excluding these items in 2001, noninterest expense was relatively unchanged in 2002 compared to the prior year.

Salaries expense declines of $381 million, resulting from a decrease in incentive compensation, were partially offset by increased employee benefit costs of $278 million, which largely resulted from higher healthcare costs and the $69 million impact of a change in the expected long-term rate of return on plan assets to 8.5 percent for the Bank of America Pension Plan. Incentive compensation, primarily in *Global Corporate and Investment Banking*, declined $258 million, consistent with reductions in market-sensitive revenues. In the fourth quarter of 2002, we also recorded a $128 million severance charge related to outsourcing and strategic alliances.

Reduced consulting and other professional fees reflected the increased use of in-house personnel for consulting and productivity-related activities. Data processing expense increases reflected $45 million in costs associated with terminated contracts on discontinued software licenses in the third quarter of 2002, as well as higher volumes of online bill pay activity, check imaging and higher item processing and check clearing expenses. Marketing expense increased in 2002 as we expanded our advertising campaign. Advertising efforts primarily focused on card, mortgage, online banking and bill pay.

Income tax expense in 2002 was $3.7 billion resulting in an effective tax rate of 28.8 percent. During 2002, we reached a settlement with the IRS generally covering tax years ranging from 1984 to 1999 but including returns as far back as 1971. As a result of this settlement, we recorded a $488 million reduction in income tax expense.

Business Segment Operations

Consumer and Commercial Banking

Total revenue increased $2.0 billion, or nine percent, in 2002 compared to 2001. An increase in average loans and leases, deposit growth and the results of our ALM process contributed to the $1.3 billion, or ten percent, increase in net interest income. These increases were offset by the compression of deposit interest margins. Increases in mortgage banking income of 27 percent, service charges of eight percent and card income of eight percent drove the $638 million, or eight percent, increase in noninterest income. These increases were offset by a decrease in trading account profits. Net income rose $1.2 billion, or 22 percent, due to the increases in net interest income and noninterest income discussed above, offset by an increase in the provision for credit losses. Higher provision in the credit card loan portfolio, offset by a decline in provision within *Commercial Banking* resulted in a $226 million, or 14 percent, increase in the provision for credit losses.

Asset Management

Total revenue declined $120 million, or five percent, in 2002. Net interest income declined $12 million, or two percent, due to the impact of declines in loan balances and loan yields. Noninterest income decreased $108 million, or six percent. This decline was due to a decrease in investment and brokerage services activities, which reflected the current market environment. Declines in personal asset management fees and

brokerage income more than offset an increase in mutual fund fees. Provision expense increased $195 million, driven by the charge-off of one large credit in the Private Bank. The elimination of goodwill amortization of $51 million and lower revenue-related incentive compensation of $44 million were the drivers of the $67 million, or four percent, decrease in noninterest expense. These decreases were partially offset by increased expenses related to the growth of the segment's distribution capabilities. Net income decreased $144 million, or 28 percent. Assets under management remained relatively flat in 2002 compared to 2001, as the decline in equity funds due to the weakened economic environment was offset by an increase in money market and other short-term fixed income funds.

Global Corporate and Investment Banking

Total revenue in *Global Corporate and Investment Banking* declined $818 million, or nine percent, in 2002 driven by a decline in trading–related revenue. Net interest income increased by $192 million, or four percent, as a result of higher net interest income from trading-related activities and the results of our ALM process offset by lower commercial loan levels. Noninterest income declined $1.0 billion, or 21 percent, resulting from declines in trading account profits and investment banking income, offset by increases in investment and brokerage services, and service charges. In 2002, net income decreased $282 million, or 15 percent as improvements in noninterest expense and credit-related costs were offset by a decline in revenue. Noninterest expense decreased by $399 million, or seven percent, driven by lower market-based compensation and the elimination of goodwill amortization. Provision expense declined $84 million in 2002 to $1.2 billion due to lower loan levels and higher than normal recoveries.

Equity Investments

In 2002, both revenue and net income substantially decreased due to higher *Principal Investing* impairment charges. *Principal Investing* recorded cash gains of $432 million, offset by impairment charges of $708 million and fair value adjustment losses of $10 million. Noninterest income primarily consists of equity investment gains (losses). Weakness in equity markets in 2002 and a $140 million gain in the strategic investments portfolio in the first quarter of 2001 related to the sale of an interest in the Star Systems ATM network were the primary drivers for the decline in equity investment gains.

Statistical Financial Information

Table I

Average Balances and Interest Rates—Fully Taxable-equivalent Basis

	2003			2002			2001		
(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	$ 9,056	$ 172	1.90 %	$ 10,038	$ 243	2.42 %	$ 6,723	$ 318	4.73 %
Federal funds sold and securities purchased under agreements to resell	78,857	1,373	1.74	45,640	870	1.91	35,202	1,414	4.02
Trading account assets	97,222	3,993	4.11	79,562	3,860	4.85	66,418	3,653	5.50
Debt securities	72,267	3,223	4.46	75,298	4,100	5.44	60,372	3,761	6.23
Loans and leases[1]:									
Commercial—domestic	99,000	6,971	7.04	109,724	7,370	6.72	133,569	9,879	7.40
Commercial—foreign	17,489	613	3.50	21,287	824	3.87	26,492	1,567	5.90
Commercial real estate—domestic	19,740	850	4.31	21,161	1,043	4.93	24,607	1,700	6.91
Commercial real estate—foreign	302	12	3.99	408	17	4.23	348	20	6.08
Total commercial	136,531	8,446	6.19	152,580	9,254	6.06	185,016	13,166	7.12
Residential mortgage	127,059	6,872	5.41	97,204	6,423	6.61	81,472	5,920	7.27
Home equity lines	22,890	1,040	4.55	22,807	1,213	5.32	22,013	1,625	7.38
Direct/Indirect consumer	32,593	1,964	6.03	30,264	2,145	7.09	30,374	2,466	8.12
Consumer finance	6,888	520	7.54	10,533	856	8.12	27,709	2,242	8.09
Credit card	28,210	2,886	10.23	21,410	2,195	10.25	16,641	1,879	11.29
Foreign consumer	1,977	68	3.43	2,021	74	3.68	2,222	127	5.80
Total consumer	219,617	13,350	6.08	184,239	12,906	7.01	180,431	14,259	7.90
Total loans and leases	356,148	21,796	6.12	336,819	22,160	6.58	365,447	27,425	7.50
Other earning assets	43,953	1,729	3.94	26,164	1,517	5.80	26,154	2,065	7.90
Total earning assets[2]	657,503	32,286	4.91	573,521	32,750	5.71	560,316	38,636	6.90
Cash and cash equivalents	22,637			21,166			22,542		
Other assets, less allowance for loan and lease losses	83,992			68,256			67,225		
Total assets	$ 764,132			$ 662,943			$ 650,083		
Interest-bearing liabilities									
Domestic interest-bearing deposits:									
Savings	$ 24,538	$ 108	0.44 %	$ 21,691	$ 138	0.64 %	$ 20,208	$ 213	1.05 %
NOW and money market deposit accounts	148,896	1,236	0.83	131,841	1,369	1.04	114,657	2,498	2.18
Consumer CDs and IRAs	70,246	2,784	3.96	67,695	2,968	4.39	74,458	3,853	5.17
Negotiable CDs, public funds and other time deposits	7,627	130	1.70	4,237	128	3.03	5,848	290	4.96
Total domestic interest-bearing deposits	251,307	4,258	1.69	225,464	4,603	2.04	215,171	6,854	3.19
Foreign interest-bearing deposits[3]:									
Banks located in foreign countries	13,959	403	2.89	15,464	442	2.86	23,397	1,053	4.49
Governments and official institutions	2,218	31	1.40	2,316	43	1.86	3,615	152	4.21
Time, savings and other	19,027	216	1.14	18,769	346	1.84	22,940	827	3.62
Total foreign interest-bearing deposits	35,204	650	1.85	36,549	831	2.27	49,952	2,032	4.07
Total interest-bearing deposits	286,511	4,908	1.71	262,013	5,434	2.07	265,123	8,886	3.35
Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	147,580	1,951	1.32	104,153	2,089	2.01	92,476	4,167	4.51
Trading account liabilities	37,176	1,286	3.46	31,600	1,261	3.99	29,995	1,155	3.85
Long-term debt[4]	68,432	2,034	2.97	66,045	2,455	3.72	69,622	3,795	5.45
Total interest-bearing liabilities[2]	539,699	10,179	1.89	463,811	11,239	2.42	457,216	18,003	3.94
Noninterest-bearing sources:									
Noninterest-bearing deposits	119,722			109,466			97,529		
Other liabilities	55,507			42,053			46,660		
Shareholders' equity	49,204			47,613			48,678		
Total liabilities and shareholders' equity	$ 764,132			$ 662,943			$ 650,083		
Net interest spread			3.02			3.29			2.96
Impact of noninterest-bearing sources			0.34			0.46			0.72
Net interest income/yield on earning assets		$ 22,107	3.36 %		$ 21,511	3.75 %		$ 20,633	3.68 %

(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 $2,972, $1,983 and $978 in 2003, 2002 and 2001, 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) decreased interest expense on the underlying liabilities $(305), $(141) and $63 in 2003, 2002 and 2001, respectively. These amounts were substantially offset by corresponding decreases or increases in the interest paid on the underlying liabilities. For further information on interest rate contracts, see "Interest Rate Risk Management" beginning on page 46.

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

(4) Includes long-term debt related to Trust Securities.

Table II

Analysis of Changes in Net Interest Income—Fully Taxable-equivalent Basis

(Dollars in millions)	From 2002 to 2003			From 2001 to 2002		
	Due to Change in[1]			Due to Change in[1]		
	Volume	Rate	Net Change	Volume	Rate	Net Change
Increase (decrease) in interest income						
Time deposits placed and other short-term investments	**$ (24)**	**$ (47)**	**$ (71)**	$ 157	$ (232)	$ (75)
Federal funds sold and securities purchased under agreements to resell	**636**	**(133)**	**503**	421	(965)	(544)
Trading account assets	**855**	**(722)**	**133**	723	(516)	207
Debt securities	**(169)**	**(708)**	**(877)**	930	(591)	339
Loans and leases:						
Commercial—domestic	**(717)**	**318**	**(399)**	(1,759)	(750)	(2,509)
Commercial—foreign	**(147)**	**(64)**	**(211)**	(311)	(432)	(743)
Commercial real estate—domestic	**(70)**	**(123)**	**(193)**	(238)	(419)	(657)
Commercial real estate—foreign	**(4)**	**(1)**	**(5)**	5	(8)	(3)
Total commercial			**(808)**			(3,912)
Residential mortgage	**1,976**	**(1,527)**	**449**	1,147	(644)	503
Home equity lines	**5**	**(178)**	**(173)**	58	(470)	(412)
Direct/Indirect consumer	**166**	**(347)**	**(181)**	(9)	(312)	(321)
Consumer finance	**(297)**	**(39)**	**(336)**	(1,390)	4	(1,386)
Credit card	**697**	**(6)**	**691**	538	(222)	316
Foreign consumer	**(1)**	**(5)**	**(6)**	(10)	(43)	(53)
Total consumer			**444**			(1,353)
Total loans and leases			**(364)**			(5,265)
Other earning assets	**1,032**	**(820)**	**212**	2	(550)	(548)
Total interest income			**(464)**			(5,886)
Increase (decrease) in interest expense						
Domestic interest-bearing deposits:						
Savings	**19**	**(49)**	**(30)**	15	(90)	(75)
NOW and money market deposit accounts	**180**	**(313)**	**(133)**	376	(1,505)	(1,129)
Consumer CDs and IRAs	**116**	**(300)**	**(184)**	(353)	(532)	(885)
Negotiated CDs, public funds and other time deposits	**103**	**(101)**	**2**	(80)	(82)	(162)
Total domestic interest-bearing deposits			**(345)**			(2,251)
Foreign interest-bearing deposits:						
Banks located in foreign countries	**(43)**	**4**	**(39)**	(359)	(252)	(611)
Governments and official institutions	**(2)**	**(10)**	**(12)**	(54)	(55)	(109)
Time, savings and other	**4**	**(134)**	**(130)**	(148)	(333)	(481)
Total foreign interest-bearing deposits			**(181)**			(1,201)
Total interest-bearing deposits			**(526)**			(3,452)
Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	**877**	**(1,015)**	**(138)**	530	(2,608)	(2,078)
Trading account liabilities	**222**	**(197)**	**25**	62	44	106
Long-term debt	**91**	**(512)**	**(421)**	(196)	(1,144)	(1,340)
Total interest expense			**(1,060)**			(6,764)
Net increase in net interest income			**$ 596**			$ 878

(1) The changes for each category of interest income and expense are divided between the portion of change attributable to the variance in volume or rate for that category. The change in rate/volume variance has been allocated to the rate variance.

Table III

Core Net Interest Income[1]

(Dollars in millions)	2003	2002	2001
Net interest income			
As reported on a fully taxable-equivalent basis	**$ 22,107**	$ 21,511	$ 20,633
Trading-related net interest income	**(2,214)**	(1,976)	(1,609)
Impact of revolving securitizations	**312**	523	695
Core net interest income	**$ 20,205**	$ 20,058	$ 19,719
Average earning assets			
As reported	**$ 657,503**	$ 573,521	$ 560,316
Trading-related earning assets	**(182,030)**	(125,656)	(102,111)
Impact of revolving securitizations	**3,342**	6,292	10,112
Core average earning assets	**$ 478,815**	$ 454,157	$ 468,317
Net interest yield on earning assets			
As reported	**3.36%**	3.75%	3.68%
Impact of trading-related activities	**0.83**	0.61	0.47
Impact of revolving securitizations	**0.03**	0.05	0.06
Core net interest yield on earning assets	**4.22%**	4.41%	4.21%

(1) Certain prior period amounts have been reclassified to conform to current period presentation.

Table IV

Selected Loan Maturity Data[1]

	December 31, 2003			
(Dollars in millions)	Due in 1 Year or Less	Due After 1 Year Through 5 Years	Due After 5 Years	Total
Commercial—domestic	$ 32,229	$ 39,126	$ 20,136	$ 91,491
Commercial real estate—domestic	8,045	8,963	2,035	19,043
Foreign[2]	10,214	2,414	417	13,045
Total selected loans	$ 50,488	$ 50,503	$ 22,588	$ 123,579
Percent of total	40.8%	40.9%	18.3%	100.0%
Sensitivity of loans to changes in interest rates for loans due after one year:				
Fixed interest rates		$ 6,744	$ 10,676	
Floating or adjustable interest rates		43,759	11,912	
Total		$ 50,503	$ 22,588	

(1) Loan maturities are based on the remaining maturities under contractual terms.
(2) Loan maturities include consumer and commercial foreign loans.

Table V

Short-term Borrowings

(Dollars in millions)	2003 Amount	2003 Rate	2002 Amount	2002 Rate	2001 Amount	2001 Rate
Federal funds purchased						
At December 31	**$ 2,356**	**0.84 %**	$ 5,167	1.15 %	$ 5,487	1.45 %
Average during year	**5,736**	**1.10**	5,470	1.63	6,267	3.99
Maximum month-end balance during year	**7,877**	**—**	9,663	—	8,718	—
Securities sold under agreements to repurchase						
At December 31	**75,690**	**1.12**	59,912	1.44	42,240	1.25
Average during year	**102,074**	**1.15**	67,751	1.73	54,826	4.01
Maximum month-end balance during year	**124,746**	**—**	99,313	—	70,674	—
Commercial paper						
At December 31	**7,605**	**1.09**	114	1.20	1,558	1.99
Average during year	**2,976**	**1.29**	1,025	1.73	4,156	4.91
Maximum month-end balance during year	**9,136**	**—**	1,946	—	7,410	—
Other short-term borrowings						
At December 31	**34,873**	**1.76**	25,120	1.29	20,659	2.13
Average during year	**36,794**	**1.84**	29,907	2.71	27,227	5.56
Maximum month-end balance during year	**51,916**	**—**	41,235	—	39,391	—

Table VI

Long-term Debt and Other Obligations

(Dollars in millions)	December 31, 2003 Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years	Total
Long-term debt and capital leases[1]	$ 12,193	$ 17,606	$ 9,297	$ 36,247	$ 75,343
Purchase obligations[2]	14,074	1,104	791	955	16,924
Operating lease obligations	1,308	2,410	2,146	3,519	9,383
Other long-term liabilities	87	—	—	—	87
Total	$ 27,662	$ 21,120	$ 12,234	$ 40,721	$ 101,737

(1) Includes principal payments only and capital lease obligations of $26.

(2) Obligations that are legally binding agreements whereby we agree to purchase products or services with a specific minimum quantity defined at a fixed, minimum or variable price over a specified period of time are defined as purchase obligations.

Table VII

Credit Extension Commitments

(Dollars in millions)	December 31, 2003				
	Expires in 1 year or less	Expires after 1 year through 3 years	Expires after 3 years through 5 years	Expires after 5 years	Total
Loan commitments[1]	$ 80,563	$ 55,125	$ 25,634	$ 50,459	$ 211,781
Standby letters of credit and financial guarantees	19,077	7,662	828	3,583	31,150
Commercial letters of credit	2,973	92	5	190	3,260
Legally binding commitments	102,613	62,879	26,467	54,232	246,191
Credit card lines	84,940	8,831	—	—	93,771
Total	$ 187,553	$ 71,710	$ 26,467	$ 54,232	$ 339,962

(1) Equity commitments of $1,678 related to obligations to fund existing equity investments were included in loan commitments at December 31, 2003.

Table VIII

Outstanding Loans and Leases

(Dollars in millions)	December 31									
	2003		2002		2001		2000		1999	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Commercial—domestic	**$ 96,644**	**26.0%**	$ 105,053	30.6%	$ 118,205	35.9%	$ 146,040	37.2%	$ 143,450	38.7%
Commercial—foreign	**15,293**	**4.1**	19,912	5.8	23,039	7.0	31,066	7.9	27,978	7.5
Commercial real estate—domestic	**19,043**	**5.1**	19,910	5.8	22,271	6.8	26,154	6.7	24,026	6.5
Commercial real estate—foreign	**324**	**0.1**	295	0.1	383	0.1	282	0.1	325	0.1
Total commercial	**131,304**	**35.3**	145,170	42.3	163,898	49.8	203,542	51.9	195,779	52.8
Residential mortgage	**140,513**	**37.8**	108,197	31.6	78,203	23.8	84,394	21.5	81,860	22.1
Home equity lines	**23,859**	**6.4**	23,236	6.8	22,107	6.7	21,598	5.5	17,273	4.7
Direct/Indirect consumer	**33,415**	**9.0**	31,068	9.1	30,317	9.2	29,859	7.6	31,997	8.6
Consumer finance	**5,589**	**1.5**	8,384	2.4	12,652	3.9	36,398	9.3	32,490	8.8
Credit card	**34,814**	**9.4**	24,729	7.2	19,884	6.0	14,094	3.6	9,019	2.4
Foreign consumer	**1,969**	**0.6**	1,971	0.6	2,092	0.6	2,308	0.6	2,244	0.6
Total consumer	**240,159**	**64.7**	197,585	57.7	165,255	50.2	188,651	48.1	174,883	47.2
Total[1]	**$ 371,463**	**100.0%**	$ 342,755	100.0%	$ 329,153	100.0%	$ 392,193	100.0%	$ 370,662	100.0%

(1) Includes lease financings of $11,376, $14,332, $18,726, $22,486 and $22,671 at December 31, 2003, 2002, 2001, 2000 and 1999, respectively.

Table IX

Non-real Estate Outstanding Commercial Loans and Leases by Significant Industry[1]

(Dollars in millions)	December 31 2003	2002
Retailing	**$ 11,474**	$ 10,572
Education and government	**7,874**	5,624
Transportation	**7,715**	8,030
Leisure and sports, hotels and restaurants	**7,477**	8,139
Food, beverage and tobacco	**6,942**	7,335
Diversified financials	**6,469**	8,344
Capital goods	**5,729**	7,088
Materials	**5,704**	7,972
Commercial services and supplies	**5,701**	6,449
Health care equipment and services	**4,052**	3,912
Religious and social organizations	**2,975**	2,426
Media	**2,821**	5,911
Utilities	**2,635**	5,590
Energy	**2,516**	3,076
Consumer durables and apparel	**2,161**	2,591
Telecommunications services	**1,967**	3,105
Food and staples retailing	**1,364**	1,344
Technology hardware and equipment	**1,260**	1,368
Banks	**1,199**	1,881
Automobiles and components	**1,029**	1,024
Software and services	**948**	908
Insurance	**840**	1,616
Other[2]	**21,085**	20,660
Total	**$ 111,937**	$ 124,965

(1) Certain prior period amounts have been reclassified to conform to current period presentation.

(2) At December 31, 2003 and 2002, Other included $10,510 and $9,090, respectively, of loans outstanding to Individuals and Trusts, representing 2.8 percent and 2.7 percent of total outstanding loans and leases, respectively. The remaining balance in Other included loans to industries that included pharmaceuticals and biotechnology, and household and personal products.

Table X

Outstanding Commercial Real Estate Loans[1]

(Dollars in millions)	December 31 2003	2002
By Geographic Region[2]		
California	**$ 4,994**	$ 4,769
Southwest	**2,737**	2,945
Florida	**2,316**	2,424
Northwest	**2,068**	2,067
Carolinas	**1,437**	1,324
Midwest	**1,432**	1,696
Mid-Atlantic	**1,432**	1,332
Midsouth	**1,055**	1,166
Geographically diversified	**639**	1,075
Northeast	**490**	667
Other states	**443**	445
Non-US	**324**	295
Total	**$ 19,367**	$ 20,205
By Property Type		
Residential	**$ 3,631**	$ 3,153
Office buildings	**3,431**	3,978
Apartments	**3,411**	3,556
Shopping centers/retail	**2,295**	2,549
Industrial/warehouse	**1,790**	1,898
Land and land development	**1,494**	1,309
Multiple use	**560**	718
Hotels/motels	**548**	853
Miscellaneous commercial	**204**	378
Other	**2,003**	1,813
Total	**$ 19,367**	$ 20,205

(1) Certain prior period amounts have been reclassified to conform to current period presentation.
(2) Distribution is based on geographic location of collateral.

Table XI

Selected Emerging Markets[1]

(Dollars in millions)	Loans and Loan Commitments	Other Financing[2]	Derivative Assets	Debt Securities/ Other Investments[3]	Total Cross-border Exposure[4]	Gross Local Country Exposure[5]	Total Foreign Exposure December 31, 2003	Increase/ (Decrease) from December 31, 2002
Region/Country								
Asia								
China	$ 49	$ 23	$ 82	$ 45	$ 199	$ 99	**$ 298**	$ 54
Hong Kong[6]	166	19	118	113	416	3,489	**3,905**	101
India	132	543	61	275	1,011	942	**1,953**	580
Indonesia	31	—	13	84	128	3	**131**	11
Malaysia	7	2	3	27	39	146	**185**	(55)
Philippines	22	35	2	55	114	62	**176**	20
Singapore	189	11	65	13	278	890	**1,168**	(500)
South Korea	638	636	41	83	1,398	531	**1,929**	693
Taiwan	226	173	32	—	431	458	**889**	(200)
Thailand	20	5	16	37	78	173	**251**	(12)
Other	8	16	4	—	28	99	**127**	24
Total	1,488	1,463	437	732	4,120	6,892	**11,012**	716
Central and Eastern Europe								
Poland	—	15	10	84	109	24	**133**	(99)
Turkey	8	3	—	19	30	—	**30**	(28)
Other	16	17	31	43	107	—	**107**	33
Total	24	35	41	146	246	24	**270**	(94)
Latin America								
Argentina	106	56	2	123	287	56	**343**	(122)
Brazil	115	217	7	139	478	263	**741**	(434)
Chile	75	49	5	2	131	—	**131**	(10)
Colombia	31	14	1	8	54	4	**58**	(30)
Mexico	556	208	105	1,914	2,783	259	**3,042**	1,453
Venezuela	93	19	—	144	256	—	**256**	24
Other	93	75	202	33	403	—	**403**	178
Total	1,069	638	322	2,363	4,392	582	**4,974**	1,059
Total	$ 2,581	$ 2,136	$ 800	$ 3,241	$ 8,758	$ 7,498	**$ 16,256**	$ 1,681

(1) There is no generally accepted definition of emerging markets. The definition that we used included all countries in Asia excluding Japan; all countries in Latin America excluding Cayman Islands and Bermuda; and all countries in Central and Eastern Europe except Greece.

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

(3) Amounts outstanding in the table above for Philippines, Argentina, Mexico, Venezuela and Latin America Other have been reduced by $13, $0, $0, $136 and $37, respectively, at December 31, 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.

(4) Cross-border exposure includes amounts payable to the Corporation by borrowers with a country of residence other than the one in which the credit is booked, regardless of the currency in which the claim is denominated, consistent with FFIEC reporting rules.

(5) Gross local country exposure includes amounts payable to the Corporation by borrowers with a country of residence 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.

(6) Gross local country exposure to Hong Kong consisted of $1,911 of consumer loans and $1,578 of commercial exposure at December 31, 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.

Table XII

Nonperforming Assets[1]

(Dollars in millions)	December 31 2003	2002	2001	2000	1999
Nonperforming loans					
Commercial—domestic	**$ 1,507**	$ 2,781	$ 3,123	$ 2,777	$ 1,163
Commercial—foreign	**586**	1,359	461	486	486
Commercial real estate—domestic	**140**	161	240	236	191
Commercial real estate—foreign	**2**	3	3	3	3
Total commercial	**2,235**	4,304	3,827	3,502	1,843
Residential mortgage	**531**	612	556	551	529
Home equity lines	**43**	66	80	32	46
Direct/Indirect consumer	**28**	30	27	19	19
Consumer finance	**32**	19	9	1,095	598
Foreign consumer	**4**	6	7	9	7
Total consumer	**638**	733	679	1,706	1,199
Total nonperforming loans	**2,873**	5,037	4,506	5,208	3,042
Foreclosed properties	**148**	225	402	249	163
Total nonperforming assets	**$ 3,021**	$ 5,262	$ 4,908	$ 5,457	$ 3,205
Nonperforming assets as a percentage of :					
Total assets	**0.41 %**	0.80 %	0.79 %	0.85 %	0.51 %
Outstanding loans, leases and foreclosed properties	**0.81**	1.53	1.49	1.39	0.86
Nonperforming loans as a percentage of outstanding loans and leases	**0.77**	1.47	1.37	1.33	0.82

(1) In 2003, $575 in interest income was contractually due on nonperforming loans and troubled debt restructured loans. Of this amount, $141 was actually recorded as interest income in 2003.

Table XIII

Allowance For Credit Losses

(Dollars in millions)	2003	2002	2001	2000	1999
Allowance for loan and lease losses, January 1	**$ 6,358**	$ 6,278	$ 6,365	$ 6,314	$ 6,557
Loans and leases charged off					
Commercial—domestic	**(989)**	(1,793)	(2,120)	(1,412)	(820)
Commercial—foreign	**(408)**	(566)	(249)	(117)	(161)
Commercial real estate—domestic	**(46)**	(45)	(46)	(31)	(19)
Commercial real estate—foreign	**—**	—	—	(1)	(1)
Total commercial	**(1,443)**	(2,404)	(2,415)	(1,561)	(1,001)
Residential mortgage	**(64)**	(56)	(39)	(36)	(35)
Home equity lines	**(38)**	(40)	(32)	(29)	(24)
Direct/Indirect consumer	**(322)**	(355)	(389)	(395)	(434)
Consumer finance[1]	**(280)**	(333)	(1,137)	(512)	(445)
Credit card	**(1,657)**	(1,210)	(753)	(392)	(571)
Other consumer domestic	**(57)**	(57)	(73)	(66)	(52)
Foreign consumer	**(6)**	(5)	(6)	(4)	(20)
Total consumer	**(2,424)**	(2,056)	(2,429)	(1,434)	(1,581)
Total loans and leases charged off	**(3,867)**	(4,460)	(4,844)	(2,995)	(2,582)
Recoveries of loans and leases previously charged off					
Commercial—domestic	**232**	322	171	125	109
Commercial—foreign	**102**	45	41	31	17
Commercial real estate—domestic	**5**	8	7	18	25
Commercial real estate—foreign	**—**	—	—	3	—
Total commercial	**339**	375	219	177	151
Residential mortgage	**24**	14	13	9	7
Home equity lines	**26**	14	13	9	12
Direct/Indirect consumer	**141**	145	139	149	150
Consumer finance	**68**	78	111	178	170
Credit card	**143**	116	81	54	76
Other consumer domestic	**19**	21	23	18	13
Foreign consumer	**1**	—	1	1	3
Total consumer	**422**	388	381	418	431
Total recoveries of loans and leases previously charged off	**761**	763	600	595	582
Net charge-offs	**(3,106)**	(3,697)	(4,244)	(2,400)	(2,000)
Provision for loan and lease losses [2]	**2,916**	3,801	4,163	2,576	1,871
Other, net	**(5)**	(24)	(6)	(125)	(114)
Allowance for loan and lease losses, December 31	**$ 6,163**	$ 6,358	$ 6,278	$ 6,365	$ 6,314
Reserve for unfunded lending commitments, January 1	**$ 493**	$ 597	$ 473	$ 514	$ 565
Provision for unfunded lending commitments	**(77)**	(104)	124	(41)	(51)
Reserve for unfunded lending commitments, December 31	**$ 416**	$ 493	$ 597	$ 473	$ 514
Total	**$ 6,579**	$ 6,851	$ 6,875	$ 6,838	$ 6,828
Loans and leases outstanding at December 31	**$ 371,463**	$ 342,755	$ 329,153	$ 392,193	$ 370,662
Allowance for loan and lease losses as a percentage of loans and leases outstanding at December 31	**1.66%**	1.85%	1.91%	1.62%	1.70%
Average loans and leases outstanding during the year	**$ 356,148**	$ 336,819	$ 365,447	$ 392,622	$ 362,783
Net charge-offs as a percentage of average outstanding loans and leases during the year	**0.87%**	1.10%	1.16%	0.61%	0.55%
Allowance for loan and lease losses as a percentage of nonperforming loans at December 31	**215**	126	139	122	208
Ratio of allowance for loan and lease losses at December 31 to net charge-offs	**1.98**	1.72	1.48	2.65	3.16

(1) Includes $635 related to the exit of the subprime real estate lending business in 2001.
(2) Includes $395 related to the exit of the subprime real estate lending business in 2001.

Table XIV

Allocation of the Allowance for Credit Losses by Product Type

	December 31									
	2003		2002		2001		2000		1999	
(Dollars in millions)	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Allowance for loan and lease losses										
Commercial—domestic	**$ 1,420**	**21.6%**	$ 2,231	32.5%	$ 1,901	27.7%	$ 1,926	28.2%	$ 1,818	26.6%
Commercial—foreign	**619**	**9.4**	855	12.5	730	10.6	778	11.4	901	13.2
Commercial real estate—domestic	**404**	**6.2**	430	6.3	897	13.0	973	14.2	916	13.4
Commercial real estate—foreign	**9**	**0.1**	9	0.1	8	0.1	7	0.1	11	0.2
Total commercial	**2,452**	**37.3**	3,525	51.4	3,536	51.4	3,684	53.9	3,646	53.4
Residential mortgage	**149**	**2.3**	108	1.6	145	2.1	151	2.2	160	2.3
Home equity lines	**61**	**0.9**	49	0.7	83	1.2	77	1.1	60	0.9
Direct/Indirect consumer	**340**	**5.2**	361	5.3	367	5.3	320	4.7	355	5.2
Consumer finance	**376**	**5.7**	323	4.7	433	6.3	722	10.6	712	10.4
Credit card	**1,602**	**24.3**	1,031	15.1	821	12.0	549	8.0	348	5.1
Foreign consumer	**8**	**0.1**	9	0.1	10	0.1	11	0.2	11	0.2
Total consumer	**2,536**	**38.5**	1,881	27.5	1,859	27.0	1,830	26.8	1,646	24.1
General	**1,175**	**17.9**	952	13.9	883	12.9	851	12.4	1,022	15.0
Allowance for loan and lease losses	**6,163**	**93.7**	6,358	92.8	6,278	91.3	6,365	93.1	6,314	92.5
Reserve for unfunded lending commitments										
Commercial—domestic	**80**	**1.2**	160	2.3	73	1.1	67	1.0	57	0.8
Commercial—foreign	**60**	**0.9**	32	0.5	36	0.5	18	0.3	29	0.4
Commercial real estate	**5**	**0.1**	9	0.1	27	0.4	16	0.2	11	0.2
Total commercial	**145**	**2.2**	201	2.9	136	2.0	101	1.5	97	1.4
General	**271**	**4.1**	292	4.3	461	6.7	372	5.4	417	6.1
Reserve for unfunded lending commitments	**416**	**6.3**	493	7.2	597	8.7	473	6.9	514	7.5
Total	**$ 6,579**	**100.0%**	$ 6,851	100.0%	$ 6,875	100.0%	$ 6,838	100.0%	$ 6,828	100.0%

Table XV

Cross-border Exposure Exceeding One Percent of Total Assets[1,2]

	December 31	Public Sector	Banks	Private Sector	Cross-border Exposure	Exposure as a Percentage of Total Assets
(Dollars in millions)						
United Kingdom	2003	$ 143	$ 3,426	$ 6,552	$ 10,121	1.37%
	2002	167	2,492	6,758	9,417	1.42
	2001	139	2,807	8,889	11,835	1.90
Germany	2003	$ 441	$ 3,436	$ 2,978	$ 6,855	0.93%
	2002	334	2,898	2,534	5,766	0.87
	2001	2,118	2,571	2,251	6,940	1.12

(1) Exposure includes cross-border claims by the Corporation's foreign offices as follows: loans, accrued interest receivable, acceptances, time deposits placed, trading account assets, securities, derivative assets, other interest-earning investments and other monetary assets. Amounts also include unused commitments, SBLCs, commercial letters of credit and formal guarantees.

(2) Sector definitions are based on the FFIEC instructions for preparing the Country Exposure Report.

Table XVI

Trading Risk and Return

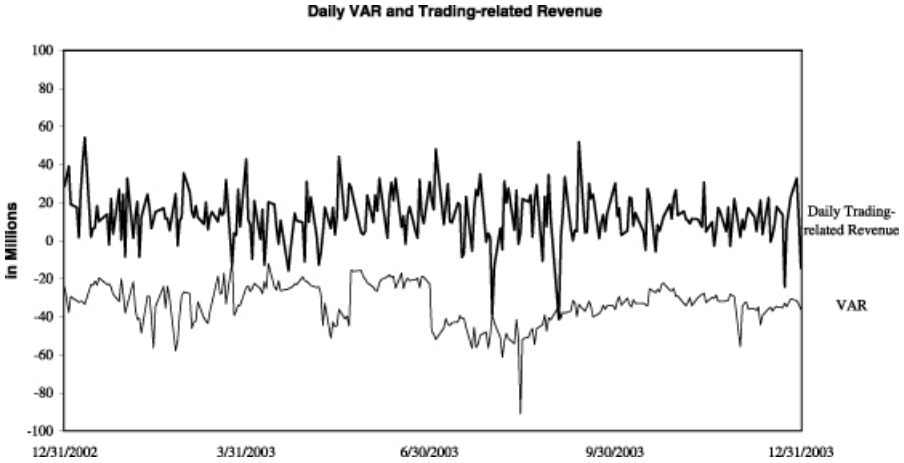


Table XVII

Non-exchange Traded Commodity Contracts

(Dollars in millions)	Asset Positions	Liability Positions
Net fair value of contracts outstanding, January 1, 2003	$ 1,464	$ 1,465
Effects of legally enforceable master netting agreements	3,452	3,452
Gross fair value of contracts outstanding, January 1, 2003	4,916	4,917
Contracts realized or otherwise settled	(2,543)	(2,706)
Fair value of new contracts	2,218	2,005
Other changes in fair value	477	601
Gross fair value of contracts outstanding, December 31, 2003	5,068	4,817
Effects of legally enforceable master netting agreements	(3,344)	(3,344)
Net fair value of contracts outstanding, December 31, 2003	$ 1,724	$ 1,473

Table XVIII

Non-exchange Traded Commodity Contract Maturities

December 31, 2003

(Dollars in millions)	Asset Positions	Liability Positions
Maturity of less than 1 year	$ 1,890	$ 2,027
Maturity of 1-3 years	2,075	1,796
Maturity of 4-5 years	627	509
Maturity in excess of 5 years	476	485
Gross fair value of contracts	5,068	4,817
Effects of legally enforceable master netting agreements	(3,344)	(3,344)
Net fair value of contracts outstanding, December 31, 2003	$ 1,724	$ 1,473

Table XIX

Selected Quarterly Financial Data

(Dollars in millions, except per share information)	2003 Quarters				2002 Quarters			
	Fourth	Third	Second	First	Fourth	Third	Second	First
Income statement								
Net interest income	**$ 5,586**	**$ 5,304**	**$ 5,365**	**$ 5,209**	$ 5,374	$ 5,302	$ 5,094	$ 5,153
Noninterest income	**4,043**	**4,439**	**4,255**	**3,685**	3,430	3,220	3,481	3,440
Total revenue	**9,629**	**9,743**	**9,620**	**8,894**	8,804	8,522	8,575	8,593
Provision for credit losses	**583**	**651**	**772**	**833**	1,165	804	888	840
Gains on sales of debt securities	**139**	**233**	**296**	**273**	304	189	93	44
Noninterest expense	**5,282**	**5,070**	**5,058**	**4,717**	4,832	4,620	4,490	4,494
Income before income taxes	**3,903**	**4,255**	**4,086**	**3,617**	3,111	3,287	3,290	3,303
Income tax expense	**1,177**	**1,333**	**1,348**	**1,193**	497	1,052	1,069	1,124
Net income	**2,726**	**2,922**	**2,738**	**2,424**	2,614	2,235	2,221	2,179
Average common shares issued and outstanding (in thousands)	**1,463,247**	**1,490,103**	**1,494,094**	**1,499,405**	1,499,557	1,504,017	1,533,783	1,543,471
Average diluted common shares issued and outstanding (in thousands)	**1,489,481**	**1,519,641**	**1,523,306**	**1,526,288**	1,542,482	1,546,347	1,592,250	1,581,848
Performance ratios								
Return on average assets	**1.39%**	**1.47%**	**1.42%**	**1.38%**	1.49%	1.32%	1.38%	1.38%
Return on average common shareholders' equity	**22.42**	**23.74**	**21.86**	**19.92**	21.58	19.02	18.47	18.64
Total equity to total assets (period end)	**6.52**	**6.84**	**6.63**	**7.36**	7.61	7.30	7.48	7.76
Total average equity to total average assets	**6.19**	**6.22**	**6.49**	**6.92**	6.91	6.97	7.46	7.43
Dividend payout	**42.70**	**40.85**	**35.06**	**39.64**	36.76	40.25	41.40	42.48
Per common share data								
Earnings	**$ 1.86**	**$ 1.96**	**$ 1.83**	**$ 1.62**	$ 1.74	$ 1.49	$ 1.45	$ 1.41
Diluted earnings	**1.83**	**1.92**	**1.80**	**1.59**	1.69	1.45	1.40	1.38
Dividends paid	**0.80**	**0.80**	**0.64**	**0.64**	0.64	0.60	0.60	0.60
Book value	**33.26**	**33.83**	**34.06**	**33.38**	33.49	32.07	31.47	31.15
Average balance sheet								
Total loans and leases	**$ 371,071**	**$ 357,288**	**$ 350,279**	**$ 345,662**	$ 343,099	$ 340,484	$ 335,684	$ 327,801
Total assets	**780,534**	**786,153**	**775,084**	**713,780**	695,935	669,607	647,245	638,276
Total deposits	**418,840**	**414,569**	**405,307**	**385,760**	381,381	373,933	365,986	364,403
Long-term debt[(1)]	**70,596**	**66,788**	**68,927**	**67,399**	65,702	64,880	65,940	67,694
Common shareholders' equity	**48,238**	**48,816**	**50,212**	**49,343**	48,015	46,592	48,213	47,392
Total shareholders' equity	**48,293**	**48,871**	**50,269**	**49,400**	48,074	46,652	48,274	47,456
Capital ratios (period end)								
Risk-based capital:								
Tier 1 capital	**7.85 %**	**8.25 %**	**8.08 %**	**8.20 %**	8.22 %	8.13 %	8.09 %	8.48 %
Total capital	**11.87**	**12.17**	**11.95**	**12.29**	12.43	12.38	12.42	12.93
Leverage	**5.73**	**5.95**	**5.92**	**6.24**	6.29	6.35	6.47	6.72
Market price per share of common stock								
Closing	**$ 80.43**	**$ 78.04**	**$ 79.03**	**$ 66.84**	$ 69.57	$ 63.80	$ 70.36	$ 68.02
High closing	**82.50**	**83.53**	**79.89**	**72.48**	71.42	71.94	76.90	69.18
Low closing	**72.85**	**74.87**	**68.00**	**65.63**	54.15	57.90	67.45	58.85

(1) Includes long-term debt related to Trust Securities.

Table XX

Quarterly Average Balances and Interest Rates—Fully Taxable-equivalent Basis

	Fourth Quarter 2003			Third Quarter 2003		
(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	**$ 11,231**	**$ 49**	**1.71%**	$ 10,062	$ 41	1.63%
Federal funds sold and securities purchased under agreements to resell	**96,713**	**506**	**2.08**	90,236	479	2.11
Trading account assets	**94,630**	**927**	**3.91**	96,105	991	4.11
Debt securities	**60,801**	**763**	**5.02**	65,024	639	3.93
Loans and leases[1]:						
Commercial—domestic	**95,648**	**1,670**	**6.93**	96,086	1,719	7.10
Commercial—foreign	**16,226**	**136**	**3.31**	16,885	151	3.55
Commercial real estate—domestic	**19,293**	**207**	**4.28**	19,681	210	4.23
Commercial real estate—foreign	**323**	**3**	**3.97**	280	3	4.16
Total commercial	**131,490**	**2,016**	**6.09**	132,932	2,083	6.22
Residential mortgage	**142,482**	**1,931**	**5.41**	130,948	1,656	5.05
Home equity lines	**23,206**	**255**	**4.36**	22,539	255	4.48
Direct/Indirect consumer	**33,422**	**478**	**5.67**	33,278	488	5.82
Consumer finance	**5,798**	**108**	**7.38**	6,528	121	7.39
Credit card	**32,734**	**810**	**9.83**	29,113	742	10.11
Foreign consumer	**1,939**	**17**	**3.37**	1,950	17	3.43
Total consumer	**239,581**	**3,599**	**5.98**	224,356	3,279	5.82
Total loans and leases	**371,071**	**5,615**	**6.02**	357,288	5,362	5.97
Other earning assets	**40,766**	**367**	**3.59**	58,593	516	3.50
Total earning assets[2]	**675,212**	**8,227**	**4.85**	677,308	8,028	4.72
Cash and cash equivalents	**22,974**			22,660		
Other assets, less allowance for loan and lease losses	**82,348**			86,185		
Total assets	**$ 780,534**			$ 786,153		
Interest-bearing liabilities						
Domestic interest-bearing deposits:						
Savings	**$ 25,494**	**$ 19**	**0.30%**	$ 25,285	$ 20	0.31%
NOW and money market deposit accounts	**155,369**	**401**	**1.02**	151,424	249	0.65
Consumer CDs and IRAs	**73,246**	**475**	**2.58**	71,216	872	4.85
Negotiable CDs, public funds and other time deposits	**6,195**	**44**	**2.81**	7,771	25	1.27
Total domestic interest-bearing deposits	**260,304**	**939**	**1.43**	255,696	1,166	1.81
Foreign interest-bearing deposits[3]:						
Banks located in foreign countries	**13,225**	**177**	**5.34**	12,273	59	1.90
Governments and official institutions	**2,654**	**11**	**1.58**	2,032	6	1.21
Time, savings and other	**20,019**	**51**	**1.02**	18,792	47	1.00
Total foreign interest-bearing deposits	**35,898**	**239**	**2.65**	33,097	112	1.35
Total interest-bearing deposits	**296,202**	**1,178**	**1.58**	288,793	1,278	1.76
Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings	**151,999**	**537**	**1.40**	162,080	447	1.09
Trading account liabilities	**38,298**	**317**	**3.28**	36,903	345	3.71
Long-term debt[4]	**70,596**	**450**	**2.55**	66,788	481	2.88
Total interest-bearing liabilities[2]	**557,095**	**2,482**	**1.77**	554,564	2,551	1.83
Noninterest-bearing sources:						
Noninterest-bearing deposits	**122,638**			125,776		
Other liabilities	**52,508**			56,942		
Shareholders' equity	**48,293**			48,871		
Total liabilities and shareholders' equity	**$ 780,534**			$ 786,153		
Net interest spread			**3.08**			2.89
Impact of noninterest-bearing sources			**0.31**			0.33
Net interest income/yield on earning assets		**$ 5,745**	**3.39%**		$ 5,477	3.22%

(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 $884, $925, $587 and $576 in the fourth, third, second and first quarters of 2003 and $517 in the fourth quarter 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 $90, $141, $28 and $46 in the fourth, third, second and first quarters of 2003 and $62 in the fourth quarter of 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 46.

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

(4) Includes long-term debt related to Trust Securities.

	Second Quarter 2003			First Quarter 2003			Fourth Quarter 2002		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
	$ 7,888	$ 39	1.99%	$ 6,987	$ 43	2.49%	$ 8,853	$ 56	2.49%
	70,054	194	1.11	57,873	194	1.35	49,169	208	1.68
	99,129	1,022	4.13	99,085	1,053	4.27	84,181	994	4.71
	95,614	1,028	4.30	67,784	793	4.69	83,751	1,078	5.15
	100,721	1,746	6.95	103,663	1,836	7.18	105,333	1,777	6.70
	18,004	170	3.79	18,876	156	3.35	20,538	180	3.48
	20,039	218	4.36	19,955	215	4.37	20,359	245	4.77
	305	3	3.95	301	3	3.88	426	4	3.93
	139,069	2,137	6.16	142,795	2,210	6.27	146,656	2,206	5.97
	120,754	1,703	5.64	113,695	1,582	5.59	108,019	1,699	6.28
	22,763	263	4.64	23,054	267	4.70	23,347	300	5.10
	32,248	495	6.17	31,393	503	6.49	30,643	523	6.76
	7,244	137	7.58	8,012	154	7.76	8,943	174	7.75
	26,211	690	10.56	24,684	644	10.57	23,535	613	10.33
	1,990	17	3.47	2,029	17	3.45	1,956	17	3.48
	211,210	3,305	6.27	202,867	3,167	6.30	196,443	3,326	6.74
	350,279	5,442	6.23	345,662	5,377	6.29	343,099	5,532	6.41
	40,536	429	4.24	35,701	417	4.71	32,828	417	5.07
	663,500	8,154	4.92	613,092	7,877	5.18	601,881	8,285	5.48
	23,203			21,699			21,242		
	88,381			78,989			72,812		
	$ 775,084			$ 713,780			$ 695,935		
	$ 24,420	$ 35	0.58%	$ 22,916	$ 34	0.59%	$ 22,142	$ 35	0.63%
	146,284	295	0.81	142,338	291	0.83	137,229	325	0.94
	69,506	742	4.28	66,937	695	4.21	66,266	728	4.36
	12,912	45	1.41	3,598	16	1.78	3,400	17	1.97
	253,122	1,117	1.77	235,789	1,036	1.78	229,037	1,105	1.91
	16,150	87	2.16	14,218	80	2.27	15,286	104	2.70
	2,392	8	1.42	1,785	6	1.31	1,737	7	1.68
	19,209	57	1.18	18,071	61	1.38	17,929	76	1.68
	37,751	152	1.61	34,074	147	1.75	34,952	187	2.12
	290,873	1,269	1.75	269,863	1,183	1.78	263,989	1,292	1.94
	152,722	514	1.35	123,041	453	1.49	123,434	558	1.79
	38,610	316	3.28	34,858	308	3.58	30,445	289	3.77
	68,927	531	3.08	67,399	572	3.40	65,702	609	3.71
	551,132	2,630	1.91	495,161	2,516	2.05	483,570	2,748	2.26
	114,434			115,897			117,392		
	59,249			53,322			46,899		
	50,269			49,400			48,074		
	$ 775,084			$ 713,780			$ 695,935		
			3.01			3.13			3.22
			0.32			0.39			0.44
		$ 5,524	3.33%		$ 5,361	3.52%		$ 5,537	3.66%

Report of Management

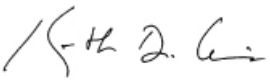
The management of Bank of America Corporation is responsible for the preparation, integrity and objectivity of the consolidated financial statements of the Corporation. The consolidated financial statements and the accompanying notes have been prepared by the Corporation in accordance with accounting principles generally accepted in the United States of America and, in the judgment of management, present fairly the Corporation's financial position and results of operations. The financial information contained elsewhere in this report is consistent with that in the consolidated financial statements. The financial statements and other financial information in this report include amounts that are based on management's best estimates and judgments giving due consideration to materiality.

The Corporation maintains a system of internal controls over financial reporting to provide reasonable assurance that assets are safeguarded and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Management recognizes that even a highly effective internal control system has inherent risks, including the possibility of human error and the circumvention or overriding of controls, and that the effectiveness of an internal control system can change with circumstances. However, management believes that the internal control system provides reasonable assurance that errors or irregularities that could be material to the consolidated financial statements are prevented or would be detected on a timely basis and corrected through the normal course of business. As of December 31, 2003, management believes that the internal controls over financial reporting are in place and operating effectively.

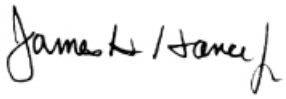
The Corporate Audit division reviews, evaluates, monitors and makes recommendations on both administrative and accounting control and acts as an integral, but independent, part of the system of internal controls.

The independent auditors were engaged to perform an independent audit of the consolidated financial statements. In determining the nature and extent of their auditing procedures, they have evaluated the Corporation's accounting policies and procedures and the effectiveness of the related internal control system. An independent audit provides an objective review of management's responsibility to report operating results and financial condition. Their report appears on page 70.

The Board of Directors discharges its responsibility for the Corporation's consolidated financial statements through its Audit Committee. The Audit Committee has direct oversight responsibility for Corporate Audit and the independent accountants and meets periodically with these groups and management to discuss the scope and results of their work, the adequacy of internal accounting controls and the quality of financial reporting.



Kenneth D. Lewis
Chairman, President
and Chief Executive Officer

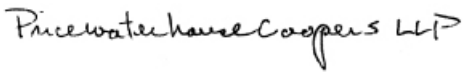


James H. Hance, Jr.
Vice Chairman
and Chief Financial Officer

Report of Independent Auditors

To the Board of Directors and Shareholders of Bank of America Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of changes in shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Bank of America Corporation and its subsidiaries at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Corporation's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.



Charlotte, North Carolina
January 15, 2004

BANK OF AMERICA CORPORATION AND SUBSIDIARIES

Consolidated Statement of Income

(Dollars in millions, except per share information)	Year Ended December 31 2003	2002	2001
Interest income			
Interest and fees on loans and leases	**$ 21,668**	$ 22,030	$ 27,279
Interest on debt securities	**3,160**	4,035	3,706
Federal funds sold and securities purchased under agreements to resell	**1,373**	870	1,414
Trading account assets	**3,935**	3,811	3,623
Other interest income	**1,507**	1,415	2,271
Total interest income	**31,643**	32,161	38,293
Interest expense			
Deposits	**4,908**	5,434	8,886
Short-term borrowings	**1,951**	2,089	4,167
Trading account liabilities	**1,286**	1,260	1,155
Long-term debt	**2,034**	2,455	3,795
Total interest expense	**10,179**	11,238	18,003
Net interest income	**21,464**	20,923	20,290
Noninterest income			
Consumer service charges	**3,230**	2,986	2,865
Corporate service charges	**2,388**	2,290	2,078
Total service charges	**5,618**	5,276	4,943
Consumer investment and brokerage services	**1,559**	1,544	1,546
Corporate investment and brokerage services	**792**	693	566
Total investment and brokerage services	**2,351**	2,237	2,112
Mortgage banking income	**1,922**	761	597
Investment banking income	**1,736**	1,545	1,579
Equity investment gains (losses)	**215**	(280)	291
Card income	**3,052**	2,620	2,422
Trading account profits	**409**	778	1,842
Other income[1]	**1,119**	634	562
Total noninterest income	**16,422**	13,571	14,348
Total revenue	**37,886**	34,494	34,638
Provision for credit losses	**2,839**	3,697	4,287
Gains on sales of debt securities	**941**	630	475
Noninterest expense			
Personnel	**10,446**	9,682	9,829
Occupancy	**2,006**	1,780	1,774
Equipment	**1,052**	1,124	1,115
Marketing	**985**	753	682
Professional fees	**844**	525	564
Amortization of intangibles	**217**	218	878
Data processing	**1,104**	1,017	776
Telecommunications	**571**	481	484
Other general operating	**2,902**	2,856	3,302
Business exit costs	**—**	—	1,305
Total noninterest expense	**20,127**	18,436	20,709
Income before income taxes	**15,861**	12,991	10,117
Income tax expense	**5,051**	3,742	3,325
Net income	**$ 10,810**	$ 9,249	$ 6,792
Net income available to common shareholders	**$ 10,806**	$ 9,244	$ 6,787
Per common share information			
Earnings	**$ 7.27**	$ 6.08	$ 4.26
Diluted earnings	**$ 7.13**	$ 5.91	$ 4.18
Dividends paid	**$ 2.88**	$ 2.44	$ 2.28
Average common shares issued and outstanding (in thousands)	**1,486,703**	1,520,042	1,594,957
Average diluted common shares issued and outstanding (in thousands)	**1,515,178**	1,565,467	1,625,654

(1) Other income includes whole mortgage loan sale gains totaling $772, $500 and $27 for the years ended December 31, 2003, 2002 and 2001, respectively.

See accompanying notes to consolidated financial statements.

BANK OF AMERICA CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheet

(Dollars in millions)	December 31 2003	2002
Assets		
Cash and cash equivalents	**$ 27,084**	$ 24,973
Time deposits placed and other short-term investments	**8,051**	6,813
Federal funds sold and securities purchased under agreements to resell (includes **$76,446** and $44,779 pledged as collateral)	**76,492**	44,878
Trading account assets (includes **$18,722** and $35,515 pledged as collateral)	**68,547**	63,996
Derivative assets	**36,507**	34,310
Debt securities:		
Available-for-sale (includes **$20,858** and $32,919 pledged as collateral)	**67,993**	68,122
Held-to-maturity, at cost (market value—**$254** and $1,001)	**247**	1,026
Total debt securities	**68,240**	69,148
Loans and leases	**371,463**	342,755
Allowance for loan and lease losses	**(6,163)**	(6,358)
Loans and leases, net of allowance	**365,300**	336,397
Premises and equipment, net	**6,036**	6,717
Mortgage banking assets	**2,762**	2,110
Goodwill	**11,455**	11,389
Core deposit intangibles and other intangibles	**908**	1,095
Other assets	**65,063**	59,125
Total assets	**$ 736,445**	$ 660,951
Liabilities		
Deposits in domestic offices:		
Noninterest-bearing	**$ 118,495**	$ 122,686
Interest-bearing	**262,032**	232,320
Deposits in foreign offices:		
Noninterest-bearing	**3,035**	1,673
Interest-bearing	**30,551**	29,779
Total deposits	**414,113**	386,458
Federal funds purchased and securities sold under agreements to repurchase	**78,046**	65,079
Trading account liabilities	**26,844**	25,574
Derivative liabilities	**24,526**	23,566
Commercial paper and other short-term borrowings	**42,478**	25,234
Accrued expenses and other liabilities	**27,115**	17,545
Long-term debt	**75,343**	61,145
Trust preferred securities	**—**	6,031
Total liabilities	**688,465**	610,632
Commitments and contingencies (Note 13)		
Shareholders' equity		
Preferred stock, $0.01 par value; authorized—100,000,000 shares; issued and outstanding—**1,269,600** and 1,356,749 shares	**54**	58
Common stock, $0.01 par value; authorized—5,000,000,000 shares; issued and outstanding—**1,441,143,786** and 1,500,691,103 shares	**14**	496
Retained earnings	**50,213**	48,517
Accumulated other comprehensive income (loss)	**(2,148)**	1,232
Other	**(153)**	16
Total shareholders' equity	**47,980**	50,319
Total liabilities and shareholders' equity	**$ 736,445**	$ 660,951

See accompanying notes to consolidated financial statements.

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 Shareholders' Equity	Comprehensive Income
Balance, December 31, 2000	$ 72	1,613,632	$ 8,613	$ 39,815	$ (746)	$ (126)	$ 47,628	
Net income				6,792			6,792	$ 6,792
Net unrealized gains on available-for-sale debt and marketable equity securities					80		80	80
Net unrealized gains on foreign currency translation adjustments					15		15	15
Net unrealized gains on derivatives					1,088		1,088	1,088
Cash dividends paid:								
Common				(3,627)			(3,627)	
Preferred				(5)			(5)	
Common stock issued under employee plans and related tax benefits		27,301	1,059			62	1,121	
Common stock repurchased		(81,939)	(4,716)				(4,716)	
Conversion of preferred stock	(7)	298	7					
Other		5	113	5		26	144	
Balance, December 31, 2001	$ 65	1,559,297	$ 5,076	$ 42,980	$ 437	$ (38)	$ 48,520	$ 7,975
Net income				9,249			9,249	$ 9,249
Net unrealized gains on available-for-sale debt and marketable equity securities					974		974	974
Net unrealized gains on foreign currency translation adjustments					3		3	3
Net unrealized losses on derivatives					(93)		(93)	(93)
Cash dividends paid:								
Common				(3,704)			(3,704)	
Preferred				(5)			(5)	
Common stock issued under employee plans and related tax benefits		50,004	2,611			21	2,632	
Common stock repurchased		(108,900)	(7,466)				(7,466)	
Conversion of preferred stock	(7)	265	7					
Other		25	268	(3)	(89)	33	209	(89)
Balance, December 31, 2002	$ 58	1,500,691	$ 496	$ 48,517	$ 1,232	$ 16	$ 50,319	$ 10,044
Net income				**10,810**			**10,810**	**$ 10,810**
Net unrealized losses on available-for-sale debt and marketable equity securities					**(564)**		**(564)**	**(564)**
Net unrealized gains on foreign currency translation adjustments					**2**		**2**	**2**
Net unrealized losses on derivatives					**(2,803)**		**(2,803)**	**(2,803)**
Cash dividends paid:								
Common				**(4,277)**			**(4,277)**	
Preferred				**(4)**			**(4)**	
Common stock issued under employee plans and related tax benefits		**69,649**	**4,372**			**(123)**	**4,249**	
Common stock repurchased		**(129,343)**	**(4,936)**	**(4,830)**			**(9,766)**	
Conversion of preferred stock	**(4)**	**147**	**4**					
Other			**78**	**(3)**	**(15)**	**(46)**	**14**	**(15)**
Balance, December 31, 2003	**$ 54**	**1,441,144**	**$ 14**	**$ 50,213**	**$ (2,148)**	**$ (153)**	**$ 47,980**	**$ 7,430**

(1) At December 31, 2003, 2002, and 2001, Accumulated Other Comprehensive Income (Loss) includes net unrealized gains (losses) on available-for-sale debt and marketable equity securities of $(70), $494 and $(480), respectively; net unrealized losses on foreign currency translation adjustments of $166, $168 and $171, respectively; and net unrealized gains (losses) on derivatives of $(1,808), $995 and $1,088, respectively.

See accompanying notes to consolidated financial statements.

BANK OF AMERICA CORPORATION AND SUBSIDIARIES

Consolidated Statement of Cash Flows

(Dollars in millions)	Year Ended December 31 2003	2002	2001
Operating activities			
Net income	**$ 10,810**	$ 9,249	$ 6,792
Reconciliation of net income to net cash provided by (used in) operating activities:			
Provision for credit losses	**2,839**	3,697	4,287
Gains on sales of debt securities	**(941)**	(630)	(475)
Business exit costs	**—**	—	1,305
Depreciation and premises improvements amortization	**890**	886	854
Amortization of intangibles	**217**	218	878
Deferred income tax benefit	**(263)**	(444)	(385)
Net increase in trading and hedging instruments	**(8,643)**	(12,357)	(19,865)
Net (increase) decrease in other assets	**7,176**	(6,880)	(14,336)
Net increase (decrease) in accrued expenses and other liabilities	**12,067**	(11,019)	5,106
Other operating activities, net	**161**	2,837	2,221
Net cash provided by (used in) operating activities	**24,313**	(14,443)	(13,618)
Investing activities			
Net increase in time deposits placed and other short-term investments	**(1,238)**	(881)	(484)
Net increase in federal funds sold and securities purchased under agreements to resell	**(31,614)**	(16,770)	(53)
Proceeds from sales of available-for-sale debt securities	**171,711**	137,702	125,824
Proceeds from maturities of available-for-sale debt securities	**26,953**	26,777	11,722
Purchases of available-for-sale debt securities	**(195,868)**	(146,010)	(126,537)
Proceeds from maturities of held-to-maturity debt securities	**779**	43	145
Proceeds from sales of loans and leases	**32,672**	28,068	10,781
Other changes in loans and leases, net	**(74,202)**	(37,184)	18,201
Purchases and originations of mortgage banking assets	**(1,637)**	(919)	(1,148)
Net purchases of premises and equipment	**(209)**	(939)	(835)
Proceeds from sales of foreclosed properties	**123**	142	353
Investment in unconsolidated subsidiary	**(1,600)**	—	—
Acquisition of business activities, net	**(140)**	(110)	(417)
Other investing activities, net	**845**	2,695	1,007
Net cash provided by (used in) investing activities	**(73,425)**	(7,386)	38,559
Financing activities			
Net increase in deposits	**27,655**	12,963	9,251
Net increase (decrease) in federal funds purchased and securities sold under agreements to repurchase	**12,967**	17,352	(1,684)
Net increase (decrease) in commercial paper and other short-term borrowings	**12,894**	3,017	(19,981)
Proceeds from issuance of long-term debt and trust preferred securities	**16,963**	10,850	14,853
Retirement of long-term debt and trust preferred securities	**(9,282)**	(15,364)	(20,619)
Proceeds from issuance of common stock	**3,970**	2,373	1,019
Common stock repurchased	**(9,766)**	(7,466)	(4,716)
Cash dividends paid	**(4,281)**	(3,709)	(3,632)
Other financing activities, net	**(72)**	(66)	(51)
Net cash provided by (used in) financing activities	**51,048**	19,950	(25,560)
Effect of exchange rate changes on cash and cash equivalents	**175**	15	(57)
Net increase (decrease) in cash and cash equivalents	**2,111**	(1,864)	(676)
Cash and cash equivalents at January 1	**24,973**	26,837	27,513
Cash and cash equivalents at December 31	**$ 27,084**	$ 24,973	$ 26,837
Supplemental cash flow disclosures			
Cash paid for interest	**$ 10,214**	$ 11,253	$ 19,257
Cash paid for income taxes	**3,870**	3,999	3,121

Net consolidation of assets and liabilities of certain multi-seller asset-backed commercial paper conduits amounted to $4,350, $0 and $0 in 2003, 2002 and 2001, 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 $9,683, $8,468 and $247 in 2003, 2002 and 2001, respectively.

There were no loans and loans held for sale securitized and retained in the available-for-sale debt securities portfolio in 2003 and 2002. Loans and loans held for sale securitized and retained in the available-for-sale debt securities portfolio amounted to $29,985 in 2001.

See accompanying 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 December 31, 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—Summary of 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. Results of operations of companies purchased are included from the dates of acquisition. Certain prior period amounts have been reclassified to conform to current period classifications. Assets held in an agency or fiduciary capacity are not included in the consolidated financial statements. The Corporation accounts for investments in companies that it owns a voting interest of 20 percent to 50 percent and for which it may have significant influence over operating and financing decisions using the equity method of accounting. These investments are included in other assets and the Corporation's proportionate share of income or loss is included in other income.

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 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 December 31, 2003, the total assets and liabilities were approximately $4.3 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, which were deemed to be VIEs, were deconsolidated with the resulting liabilities to the trust companies included as a component of long-term debt with no change in the reporting of distributions. In December 2003, the FASB issued FASB Interpretation No. 46 (Revised December 2003) "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51" (FIN 46R). FIN 46R is an update of FIN 46 and contains different implementation dates based on the types of entities subject to the standard and based on whether a company has adopted FIN 46. The Corporation anticipates adopting FIN 46R as of March 31, 2004 and does not expect that it will have a material impact on the Corporation's results of operations or financial condition. For additional information on VIEs, see Note 9 of the consolidated financial statements.

On May 15, 2003, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" (SFAS 150) 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 had no impact on the Corporation's results of operations or financial condition.

On April 30, 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" (SFAS 149) which is effective for hedging relationships entered into or modified after June 30, 2003. SFAS 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS 133. The adoption of this rule did not have a material impact on the Corporation's results of operations or financial condition.

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 No. 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. The Corporation adopted the fair value-based method of accounting for stock-based employee compensation costs as of January 1, 2003. In accordance with SFAS 148, the Corporation has elected to use the prospective method of adoption. All stock options granted under plans before the adoption date will continue to be accounted for under Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," (APB 25) unless these stock options are modified or settled subsequent to adoption. SFAS 148 was effective for all stock option awards granted in 2003 and thereafter. Under APB 25, the Corporation accounted for stock options using the intrinsic value method and no compensation expense was recognized, as the grant price was equal to the strike price. Under the fair value method, stock option compensation expense is measured on the date of grant using an option-pricing model. The option-pricing model is based on certain assumptions and changes to those assumptions may result in different fair value estimates.

In accordance with SFAS 148, the Corporation provides disclosures as if the Corporation had adopted the fair value-based method of measuring all outstanding employee stock options in 2003, 2002 and 2001 as indicated in the following table. The prospective method of accounting for stock options that the Corporation has elected to follow, as allowed by SFAS 148, recognizes the impact of only newly issued employee stock options. The following table presents the effect on net income and earnings per common share had the fair value-based method been applied to all outstanding and unvested awards for the years ended December 31, 2003, 2002 and 2001.

	Year Ended December 31		
(Dollars in millions, except per share data)	2003	2002	2001
Net income	**$ 10,810**	$ 9,249	$ 6,792
Stock-based employee compensation expense recognized during period, net of related tax effects	**78**	—	—
Stock-based employee compensation expense determined under fair-value based method, net of related tax effects[1]	**(225)**	(413)	(351)
Pro forma net income	**$ 10,663**	$ 8,836	$ 6,441
As reported			
Earnings per common share	**$ 7.27**	$ 6.08	$ 4.26
Diluted earnings per common share	**7.13**	5.91	4.18
Pro forma			
Earnings per common share	**7.18**	5.81	4.04
Diluted earnings per common share	**7.05**	5.64	3.96

(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 years ended December 31, 2003, 2002 and 2001 was $276, $250 and $182, respectively.

In determining the pro forma disclosures in the previous table, the fair value of options granted was estimated on the date of grant using the Black-Scholes option-pricing model and assumptions appropriate to each plan. The Black-Scholes model was developed to estimate the fair value of traded options, which have different characteristics than employee stock options, and changes to the subjective assumptions used in the model can result in materially different fair value estimates. The weighted average grant date fair values of the options granted during 2003, 2002 and 2001 were based on the assumptions below. See Note 17 of the consolidated financial statements for further discussion.

	Risk-Free Interest Rates			Dividend Yield		
	2003	2002	2001	2003	2002	2001
Key Employee Stock Plan	**3.82%**	5.00%	5.05%	**4.40%**	4.76%	4.50%
Broad-based plans[1]	**n/a**	4.14	4.89	**n/a**	4.37	5.13

	Expected Lives (Years)			Volatility		
	2003	2002	2001	2003	2002	2001
Key Employee Stock Plan	**7**	7	7	**26.57%**	26.86%	26.68%
Broad-based plans[1]	**n/a**	4	4	**n/a**	31.02	31.62

(1) There were no options granted under broad-based plans in 2003.

Compensation expense under the fair value-based method is recognized over the vesting period of the related stock options. Accordingly, the pro forma results of applying SFAS 123 in 2003, 2002 and 2001 may not be indicative of future amounts.

FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees," (FIN 45) was issued in November 2002. FIN 45 requires that a liability be recognized at the inception of certain guarantees for the fair value of the obligation, including the ongoing obligation to stand ready to perform over the term of the guarantee. Guarantees, as defined in FIN 45, include contracts that contingently require the Corporation to make payments to a guaranteed party based on changes in an underlying that is related to an asset, liability or equity security of the guaranteed party, performance guarantees, indemnification agreements or indirect guarantees of indebtedness of others. The accounting provisions of FIN 45 were effective for certain guarantees issued or modified after December 31, 2002. The adoption of FIN 45 did not have a material impact on the Corporation's results of operations or financial condition. In addition, FIN 45 requires certain additional disclosures that are located in Notes 9 and 13 of the consolidated financial statements.

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," (SFAS 133) as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities — Deferral of Effective Date of Financial Accounting Standards Board Statement No. 133," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities — an amendment of FASB Statement No. 133," also subsequently amended by SFAS 149, was adopted by the Corporation on January 1, 2001. The impact of adopting SFAS 133 to net income was a loss of $52 million (net of related income tax benefits of $31 million) and a net transition gain of $9 million (net of related income taxes of $5 million) included in other comprehensive income on January 1, 2001.

Cash and Cash Equivalents

Cash on hand, cash items in the process of collection, and amounts due from correspondent banks and the Federal Reserve Bank are included in cash and cash equivalents.

Securities Purchased under Agreements to Resell and Securities Sold under Agreements to Repurchase

Securities purchased under agreements to resell and securities sold under agreements to repurchase are treated as collateralized financing transactions and are recorded at the amounts at which the securities were acquired or sold plus accrued interest. The Corporation's policy is to obtain the use of securities purchased under agreements to resell. The market value of the underlying securities, which collateralize the related receivable on agreements to resell, is monitored, including accrued interest. Additional collateral is requested when deemed appropriate.

Collateral

The Corporation has accepted collateral that it is permitted by contract or custom to sell or repledge. At December 31, 2003, the fair value of this collateral was approximately $86.9 billion of which $62.8 billion was sold or repledged. At December 31, 2002, the fair value of this collateral was approximately $47.9 billion of which $29.9 billion was sold or repledged. The primary source of this collateral is reverse repurchase agreements. The Corporation pledges securities as collateral in transactions that consist of repurchase agreements, public and trust deposits, Treasury tax and loan notes, and other short-term borrowings. This collateral can be sold or repledged by the counterparties to the transactions.

In addition, the Corporation obtains collateral in connection with its derivative activities. Required collateral levels vary depending on the credit risk rating and the type of counterparty. Generally, the Corporation accepts collateral in the form of cash, U.S. Treasury securities and other marketable securities.

Trading Instruments

Financial instruments utilized in trading activities are stated at fair value. Fair value is generally based on quoted market prices. If quoted market prices are not available, fair values are estimated based on dealer quotes, pricing models or quoted prices for instruments with similar characteristics. Realized and unrealized gains and losses are recognized in trading account profits.

Derivatives and Hedging Activities

All derivatives are recognized on the Consolidated Balance Sheet at fair value, taking into consideration the effects of legally enforceable master netting agreements which allow the Corporation to settle positive and negative positions with the same counterparty on a net basis. For exchange-traded contracts, fair value is based on quoted market prices. For non-exchange traded contracts, fair value is based on dealer quotes, pricing models or quoted prices for instruments with similar characteristics. The Corporation designates a derivative as held for trading or hedging purposes when it enters into a derivative contract. Derivatives designated as held for trading activities are included in the Corporation's trading portfolio with changes in fair value reflected in trading account profits. Some credit derivatives used by the Corporation do not qualify for hedge accounting under SFAS 133 and despite being effective economic hedges, changes in the fair value of these derivatives are included in trading account profits.

The Corporation formally documents at inception all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedge transactions as required by SFAS 133. Additionally, the Corporation uses regression analysis at the hedge's inception and quarterly thereafter to assess whether the derivative used in its hedging transaction is expected to be or has been highly effective in offsetting changes in the fair value or cash flows of the hedged items. The Corporation discontinues hedge accounting when it is determined that a derivative is not expected to be or has ceased to be highly effective as a hedge, and then reflects changes in fair value in earnings.

The Corporation uses its derivatives designated for hedging activities as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations. The Corporation manages interest rate and foreign currency exchange rate sensitivity predominantly through the use of derivatives. Fair value hedges

are used to limit the Corporation's exposure to changes in the fair value of its fixed interest-earning assets or interest-bearing liabilities that are due to interest rate or foreign exchange volatility. Cash flow hedges are used to minimize the variability in cash flows of interest-bearing assets or liabilities or anticipated transactions caused by interest rate or foreign exchange fluctuation. Changes in the fair value of derivatives designated for hedging activities that are highly effective as hedges are recorded in earnings or other comprehensive income, depending on whether the hedging relationship satisfies the criteria for a fair value or cash flow hedge, respectively. Hedge ineffectiveness and gains and losses on the excluded component of a derivative in assessing hedge effectiveness are recorded in earnings. SFAS 133 retains certain concepts under SFAS No. 52, "Foreign Currency Translation," (SFAS 52) for foreign currency exchange hedging. Consistent with SFAS 52, the Corporation records changes in the fair value of derivatives used as hedges of the net investment in foreign operations as a component of other comprehensive income.

The Corporation from time to time purchases or issues financial instruments containing embedded derivatives. The embedded derivative is separated from the host contract and carried at fair value if the economic characteristics of the derivative are not clearly and closely related to the economic characteristics of the host contract. To the extent that the Corporation cannot reliably identify and measure the embedded derivative, the entire contract is carried at fair value on the Consolidated Balance Sheet with changes in fair value reflected in earnings.

If a derivative instrument in a fair value hedge is terminated or the hedge designation removed, the difference between a hedged item's then carrying amount and its face amount is recognized into income over the original hedge period. Similarly, if a derivative instrument in a cash flow hedge is terminated or the hedge designation removed, related amounts accumulated in other comprehensive income are reclassified into earnings over the original hedge period during which the hedged item affects income.

Securities

Debt securities are classified based on management's intention on the date of purchase and recorded on the Consolidated Balance Sheet as of the trade date. Debt securities, which management has the intent and ability to hold to maturity, are classified as held-to-maturity and reported at amortized cost. Securities that are bought and held principally for the purpose of resale in the near term are classified as trading instruments and are stated at fair value with unrealized gains and losses included in trading account profits. All other debt securities are classified as available-for-sale and carried at fair value with net unrealized gains and losses included in shareholders' equity on an after-tax basis.

Interest on debt securities, including amortization of premiums and accretion of discounts, are included in interest income. Realized gains and losses from the sales of securities are determined using the specific identification method.

Marketable equity securities, which are included in other assets, are carried at fair value. Net unrealized gains and losses are included in shareholders' equity, on an after-tax basis; income is included in noninterest income. Venture capital investments for which there are active market quotes are carried at estimated fair value, subject to liquidity discounts, sales restrictions or regulatory rules. Net unrealized gains and losses are recorded in noninterest income. Venture capital investments for which there are not active market quotes are initially valued at cost. Subsequently, these investments are adjusted to reflect changes in valuation as a result of initial public offerings or other-than-temporary declines in value.

Loans and Leases

Loans are reported at their outstanding principal balances net of any unearned income, charge-offs, unamortized deferred fees and costs on originated loans, and premiums or discounts on purchased loans. Loan origination fees and certain direct origination costs are deferred and recognized as adjustments to income over the lives of the related loans. Unearned income, discounts and premiums are amortized to income using methods that approximate the interest method.

The Corporation provides equipment financing to its customers through a variety of lease arrangements. Direct financing leases are carried at the aggregate of lease payments receivable plus estimated residual value of the leased property, less unearned income. Leveraged leases, which are a form of financing lease, are carried net of nonrecourse debt. Unearned income on leveraged and direct financing leases is amortized over the lease terms by methods that approximate the interest method.

Allowance for Credit Losses

The allowance for credit losses which includes the allowance for loan and lease losses and the reserve for unfunded lending commitments, represents management's estimate of probable losses inherent in our lending activities. The allowance for loan and lease losses represents our estimated probable losses in our funded commercial and consumer loans and leases while our reserve for unfunded lending commitments, including standby letters of credit and binding unfunded loan commitments, represents estimated probable losses in these off-balance sheet credit instruments. Credit exposures, excluding derivative assets and trading account assets, deemed to be uncollectible are charged against these accounts. Cash recovered on previously charged off amounts are credited to these accounts.

The Corporation performs periodic and systematic detailed reviews of its lending portfolios to identify credit risks and to assess the overall collectibility of those portfolios. The allowance on certain homogeneous loan portfolios, which generally consist of consumer loans, is based on aggregated portfolio segment evaluations generally by product type. Loss forecast models are utilized for these segments which consider a variety of factors including, but not limited to, historical loss experience, estimated defaults or foreclosures based on portfolio trends, delinquencies, economic conditions and credit scores. The remaining portfolios are reviewed on an individual loan basis. Loans subject to individual reviews are analyzed and segregated by risk according to the Corporation's internal risk rating scale. These risk classifications, in conjunction with an analysis of historical loss experience, current economic conditions and performance trends within specific portfolio segments, and any other pertinent information (including individual valuations on nonperforming loans in accordance with SFAS No. 114, "Accounting by Creditors for Impairment of a Loan," (SFAS 114)) result in the estimation of the allowance for credit losses.

If necessary, a specific allowance for loan and lease losses is established for individual impaired commercial loans. A loan is considered impaired when, based on current information and events, it is probable that the Corporation will be unable to collect all amounts due, including principal and interest, according to the contractual terms of the agreement. Once a loan has been identified as individually impaired, management measures impairment in accordance with SFAS 114. Individually impaired loans are measured based on the present value of payments expected to be received, observable market prices, or for loans that are solely dependent on the collateral for repayment, the estimated fair value of the collateral. If the recorded investment in impaired loans exceeds the measure of estimated fair value, a specific allowance is established as a component of the allowance for loan and lease losses.

Components of the allowance for loan and lease losses are allocated to cover the estimated probable losses in each loan and lease category based on the results of the Corporation's detail review process described above. The specific component continues to be weighted toward the commercial loan portfolio, which reflects a higher level of nonperforming loans and the potential for higher individual losses. The formula component of the allocated allowance covers performing commercial loans and leases, and consumer loans. The remaining or general component of the allowance for loan and lease losses, determined separately from the procedures outlined above, includes the imprecision inherent in the forecasting methodologies, as well as domestic and global economic uncertainty. Management assesses each of these components to determine the overall level of the general portion. The relationship of the general component to the total allowance for loan and lease losses may fluctuate from period to period. Management evaluates the adequacy of the allowance for loan and lease losses based on the combined total of specific, formula and general components.

The process of extending credit through unfunded lending commitments also exposes the Corporation to credit risk. We use a process to determine credit exposure in our portfolio of unfunded lending commitments similar to the one described above for the loans and leases portfolio.

Allowance for credit losses related to the lending portfolio and unfunded lending commitments are reported on the Consolidated Balance Sheet in the allowance for loan and lease losses, and accrued expenses and other liabilities, respectively. Provision for credit losses related to the loans and leases portfolio and unfunded lending commitments are both reported in the Consolidated Statement of Income in the provision for credit losses.

Nonperforming Loans

Commercial loans and leases that are past due 90 days or more as to principal or interest, or where reasonable doubt exists as to timely collection, including loans that are individually identified as being impaired, are generally classified as nonperforming loans unless well-secured and in the process of collection. Loans whose contractual terms have been restructured in a manner which grants a concession to a borrower experiencing financial difficulties, without compensation on restructured loans, are classified as nonperforming until the loan is performing for an adequate period of time under the restructured agreement. In situations where the Corporation does not receive adequate compensation, the restructuring is considered a troubled debt restructuring. Interest accrued but not collected is reversed when a commercial loan is classified as nonperforming. Interest collections on commercial nonperforming loans and leases for which the ultimate collectibility of principal is uncertain are applied as principal reductions; otherwise, such collections are credited to income when received.

Credit card loans are charged off at 180 days past due or 60 days from notification of bankruptcy filing and are not classified as nonperforming. Unsecured consumer loans and deficiencies in non-real estate secured loans are charged off at 120 days past due and not classified as nonperforming. Real estate secured consumer loans are placed on nonaccrual and classified as nonperforming at 90 days past due. The amount deemed uncollectible on real estate secured loans is charged off at 180 days past due.

Loans Held for Sale

Loans held for sale include residential mortgage, loan syndications, and to a lesser degree commercial real estate, consumer finance and other loans, and are carried at the lower of aggregate cost or market value. Loans held for sale are included in other assets.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are recognized using the straight-line method over the estimated useful lives of the assets. Estimated lives range up to 40 years for buildings, up to 12 years for furniture and equipment and the shorter of lease term or estimated useful life for leasehold improvements.

Mortgage Banking Assets

The mortgage servicing rights (MSRs) and Excess Spread Certificates (the Certificates) generated by the Corporation's Mortgage Selling and Servicing Contracts are classified as mortgage banking assets (MBAs) on the Consolidated Balance Sheet. The MSR component represents the contractually specified servicing fees and, in certain instances, float on escrow balances, net of the Corporation's cost to service, and the Certificates represent a retained financial interest in certain cash flows of the underlying mortgage loans. The MSRs are accounted for on a lower-of-cost or market basis. The Certificates are carried at estimated fair value with the mark-to-market adjustment reported in trading account profits. The Corporation seeks to manage changes in value of the MSR and the Certificates due to changes in prepayment rates by entering into derivative financial instruments such as purchased options and interest rate swaps. The derivative instruments are carried at estimated fair value with the corresponding adjustment reported in trading account profits. The Corporation values the Certificates using an option-adjusted spread model which requires several key components including, but not limited to, proprietary prepayment models and term structure modeling via Monte Carlo simulation. The fair value of the Certificates was $2.3 billion and $1.6

billion at December 31, 2003 and 2002, respectively. The carrying value of the MSRs was $466 million and $492 million at December 31, 2003 and 2002, respectively. Total loans serviced were $246.5 billion and $264.5 billion at December 31, 2003 and 2002 respectively, including loans serviced on behalf of the Corporation's banking subsidiaries.

The Corporation allocated the total cost of mortgage loans originated for sale or purchased between the cost of the loans, and when applicable, the Certificates and the MSRs based on the relative fair values of the loans, the Certificates and the MSRs. MSRs acquired separately are capitalized at cost. The Corporation recorded $1.6 billion and $884 million of MBAs during 2003 and 2002, respectively. The cost of MSRs was amortized in proportion to and over the estimated period that servicing revenues were recognized.

Mortgage banking income includes certificate and servicing fees, ancillary servicing income, mortgage production fees, and gains and losses on sales of loans to the secondary market.

Goodwill and Other Intangibles

Net assets of companies acquired in purchase transactions are recorded at fair value at the date of acquisition, as such, the historical cost basis of individual assets and liabilities are adjusted to reflect their fair value. Identified intangibles are amortized on an accelerated or straight-line basis over the period benefited. Goodwill is not amortized but is reviewed for potential impairment on an annual basis, or if events or circumstances indicate a potential impairment, at the reporting unit level. The impairment test is performed in two phases. The first step of the goodwill impairment test compares the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired; however, if the carrying amount of the reporting unit exceeds its fair value, an additional procedure must be performed. That additional procedure compares the implied fair value of the reporting unit's goodwill (as defined in SFAS No. 142, "Goodwill and Other Intangible Assets" (SFAS 142)) with the carrying amount of that goodwill. An impairment loss is recorded to the extent that the carrying amount of goodwill exceeds its implied fair value. In 2003 and 2002, goodwill was tested for impairment and no impairment charges were recorded.

Other intangible assets are evaluated for impairment if events and circumstances indicate a possible impairment. Such evaluation of other intangible assets is based on undiscounted cash flow projections. At December 31, 2003, intangible assets included on the Consolidated Balance Sheet consist of core deposit intangibles that are amortized using an estimated range of anticipated lives of 6 to 20 years.

Special Purpose Financing Entities

In the ordinary course of business, the Corporation supports its customers' financing needs by facilitating the customers' access to different funding sources, assets and risks. In addition, the Corporation utilizes certain financing arrangements to meet its balance sheet management, funding, liquidity, and market or credit risk management needs. These financing entities may be in the form of corporations, partnerships or limited liability companies, or trusts, and are generally not consolidated on the Corporation's balance sheet. The majority of these activities are basic term or revolving securitization vehicles for credit card or mortgage securitizations. These vehicles are generally funded through term-amortizing debt structures designed to be paid off based on the underlying cash flows of the assets securitized.

Securitizations

The Corporation securitizes, sells and services interests in residential mortgage, consumer finance, commercial and credit card loans. When the Corporation securitizes assets, it may retain interest-only strips, one or more subordinated tranches and, in some cases, a cash reserve account, all of which are considered retained interests in the securitized assets. Gains upon sale of the assets depend, in part, on the Corporation's allocation of the previous carrying amount of the assets to the retained interests. Previous carrying amounts are allocated in proportion to the relative fair values of the assets sold and interests retained.

Quoted market prices, if available, are used to obtain fair values. Generally, quoted market prices for retained interests are not available; therefore, the Corporation estimates fair values based upon the present value of the associated expected future cash flows. This may require management to estimate credit losses, prepayment speeds, forward yield curves, discount rates and other factors that impact the value of retained interests. See Note 9 of the consolidated financial statements for further discussion.

The excess cash flows expected to be received over the amortized cost of the retained interest is recognized as interest income using the effective yield method. If the fair value of the retained interest has declined below its carrying amount and there has been an adverse change in estimated contractual cash flows of the underlying assets, then such decline is determined to be other-than-temporary and the retained interest is written down to fair value with a corresponding adjustment to earnings.

Other Special Purpose Financing Entities

Other special purpose financing entities are generally funded with short-term commercial paper and are similarly paid down through the cash flow or sale of the underlying assets. These financing entities are usually contractually limited to a narrow range of activities that facilitate the transfer of or access to various types of assets or financial instruments and provide the investors in the transaction protection from creditors of the Corporation in the event of bankruptcy or receivership of the Corporation. These financing entities are governed by SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities – a replacement of FASB Statement No. 125," (SFAS 140). In certain situations, the Corporation provides liquidity commitments and/or loss protection agreements. See Note 13 of the consolidated financial statements for further discussion.

The Corporation evaluates whether these entities should be consolidated by applying accounting principles generally accepted in the United States and interpretations that generally provide that a financing entity is not consolidated if both the control, and risks and rewards of the assets in the financing entity are not retained by the Corporation. In determining whether the financing entity should be consolidated, the Corporation considers whether the entity is a qualifying special purpose entity (QSPE) as defined in SFAS 140. For sales treatment, SFAS 140 requires that the financing entity be legally isolated, bankruptcy remote and beyond the control of the seller, which generally applies to securitizations. See Note 9 of the consolidated financial statements for further discussion. For non-QSPE structures or VIEs, the FASB issued FIN 46 that addresses 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. This guidance applies to certain transactions and requires an assessment of whether sufficient risks and rewards of ownership have passed based on assessing the voting rights, control of the entity and the existence of substantive third party equity investment. For additional information on the consolidation of VIEs, see Recently Issued Accounting Pronouncements on page 75 and Note 9 of the consolidated financial statements.

Income Taxes

There are two components of income tax expense: current and deferred. Current income tax expense approximates cash to be paid or refunded for taxes for the applicable period. Deferred tax assets and liabilities are recognized due to differences in the basis of assets and liabilities as measured by tax laws and their basis as reported in the financial statements. Deferred tax expense or benefit is then recognized for the change in deferred tax liabilities or assets between periods.

Recognition of deferred tax assets is based on management's belief that it is more likely than not that the tax benefit associated with certain temporary differences, tax operating loss carryforwards and tax credits will be realized. A valuation allowance is recorded for the amount of the deferred tax items for which it is more likely than not that realization will not occur.

Retirement Benefits

The Corporation has established qualified retirement plans covering substantially all full-time and certain part-time employees. Pension expense under these plans is charged to current operations and

consists of several components of net pension cost based on various actuarial assumptions regarding future experience under the plans.

In addition, the Corporation has established unfunded supplemental benefit plans and supplemental executive retirement plans for selected officers of the Corporation and its subsidiaries that provide benefits that cannot be paid from a qualified retirement plan due to Internal Revenue Code restrictions. These plans are nonqualified under the Internal Revenue Code and assets used to fund benefit payments are not segregated from other assets of the Corporation; therefore, in general, a participant's or beneficiary's claim to benefits under these plans is as a general creditor.

In addition, the Corporation has established several postretirement healthcare and life insurance benefit plans.

Other Comprehensive Income

The Corporation records unrealized gains and losses on available-for-sale debt and marketable equity securities, foreign currency translation adjustments, related hedges of net investments in foreign operations and gains and losses on cash flow hedges in other comprehensive income (OCI) in shareholders' equity. Gains and losses on available-for-sale debt and marketable equity securities are reclassified to net income as the gains or losses are realized upon sale of the securities. Other-than-temporary impairment charges are reclassified to net income at the time of the charge. Translation gains or losses on foreign currency translation adjustments are reclassified to net income upon the sale or liquidation of investments in foreign operations. Gains or losses on derivatives are reclassified to net income as the hedged item affects earnings.

Earnings Per Common Share

Earnings per common share is computed by dividing net income available to common shareholders by the weighted average common shares issued and outstanding. For diluted earnings per common share, net income available to common shareholders can be affected by the conversion of the registrant's convertible preferred stock. Where the effect of this conversion would have been dilutive, net income available to common shareholders is adjusted by the associated preferred dividends. This adjusted net income is divided by the weighted average number of common shares issued and outstanding for each period plus amounts representing the dilutive effect of stock options outstanding, restricted stock units and the dilution resulting from the conversion of the registrant's convertible preferred stock, if applicable. The effects of convertible preferred stock, restricted stock units and stock options are excluded from the computation of diluted earnings per common share in periods in which the effect would be antidilutive. Dilutive potential common shares are calculated using the treasury stock method.

Foreign Currency Translation

Assets, liabilities and operations of foreign branches and subsidiaries are recorded based on the functional currency of each entity. For certain of the foreign operations, the functional currency is the local currency, in which case the assets, liabilities and operations are translated, for consolidation purposes, at current exchange rates from the local currency to the reporting currency, the U.S. dollar. The resulting unrealized gains or losses are reported as a component of accumulated OCI within shareholders' equity on an after-tax basis. When the foreign entity is not a free-standing operation or is in a hyperinflationary economy, the functional currency used to measure the financial statements of a foreign entity is the U.S. dollar. In these instances, the resulting realized gains or losses are included in income.

Co-Branding Credit Card Arrangements

The Corporation has co-brand arrangements that entitle a cardholder to receive benefits, such as airline frequent-flyer points, based on purchases made with the card. These arrangements have remaining terms not exceeding six years. The Corporation may pay one-time fees which would be deferred ratably over the term of the arrangement. The Corporation makes monthly payments to the co-brand partners based on the

volume of cardholders' purchases and on the number of points awarded to cardholders. Such payments are expensed as incurred and are recorded as contra-revenue.

Note 2—Merger-related Activity

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 currently estimated to be approximately $46.0 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 of a share of the Corporation's common stock, resulting in the issuance of approximately 600 million shares of the Corporation's common stock. FleetBoston shareholders will receive cash instead of any fractional shares of the Corporation's common stock that would have otherwise been issued at the completion of the merger. Also, substantially all of the FleetBoston stock options vest upon completion of the merger and will be converted into the Corporation's stock options. Additionally, each share of FleetBoston preferred stock will be exchanged for one share of the Corporation's preferred stock. The agreement has been approved by both boards of directors and is subject to customary regulatory and shareholder approvals. The closing is expected in April of 2004.

Note 3—Exit Charges

On August 15, 2001, the Corporation announced that it was exiting its auto leasing and subprime real estate lending businesses. As a result of this strategic decision, the Corporation recorded pre-tax exit charges in the third quarter of 2001 of $1.7 billion ($1.3 billion after-tax) consisting of provision for credit losses of $395 million and noninterest expense of $1.3 billion. Business exit costs within noninterest expense consisted of the write-off of goodwill of $685 million, auto lease residual charges of $400 million, real estate servicing asset charges of $145 million and other transaction costs of $75 million.

The subprime real estate loan portfolio was securitized in the fourth quarter of 2001. Approximately $42 million and $82 million of subprime real estate loans remained in loans held for sale in other assets at December 31, 2003 and 2002, respectively. At the exit date, the auto lease portfolio consisted of approximately 495,000 units with total residual exposure of $6.8 billion. At December 31, 2003, approximately 112,000 units remained with a residual exposure of $1.5 billion compared to approximately 227,000 units with a residual exposure of $3.0 billion at December 31, 2002.

Note 4—Securities

The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale debt and marketable equity securities and held-to-maturity debt securities at December 31, 2003, 2002 and 2001 were:

(Dollars in millions)	Amortized Costs	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
2003				
Available-for-sale debt securities:				
U.S. Treasury securities and agency debentures	**$ 710**	**$ 5**	**$ 2**	**$ 713**
Mortgage-backed securities	**56,405**	**63**	**575**	**55,893**
Foreign sovereign securities	**2,815**	**24**	**38**	**2,801**
Other taxable securities	**6,375**	**35**	**69**	**6,341**
Total taxable	**66,305**	**127**	**684**	**65,748**
Tax-exempt securities	**2,167**	**79**	**1**	**2,245**
Total available-for-sale debt securities	**$ 68,472**	**$ 206**	**$ 685**	**$ 67,993**
Available-for-sale marketable equity securities [1]	**$ 1,192**	**$ 394**	**$ 31**	**$ 1,555**
2002				
Available-for-sale debt securities:				
U.S. Treasury securities and agency debentures	$ 691	$ 20	$ —	$ 711
Mortgage-backed securities	58,813	847	5	59,655
Foreign sovereign securities	2,235	30	103	2,162
Other taxable securities	2,691	25	38	2,678
Total taxable	64,430	922	146	65,206
Tax-exempt securities	2,824	96	4	2,916
Total available-for-sale debt securities	$ 67,254	$ 1,018	$ 150	$ 68,122
Available-for-sale marketable equity securities [1]	$ 1,165	$ 19	$ 127	$ 1,057
2001				
Available-for-sale debt securities:				
U.S. Treasury securities and agency debentures	$ 1,271	$ 17	$ 8	$ 1,280
Mortgage-backed securities	73,546	381	826	73,101
Foreign sovereign securities	3,213	54	123	3,144
Other taxable securities	4,739	11	108	4,642
Total taxable	82,769	463	1,065	82,167
Tax-exempt securities	2,324	5	46	2,283
Total available-for-sale debt securities	$ 85,093	$ 468	$ 1,111	$ 84,450
Available-for-sale marketable equity securities [1]	$ 648	$ 45	$ 157	$ 536
Held-to-maturity debt securities:				
2003				
Mortgage-backed securities	**$ 1**	**$ —**	**$ —**	**$ 1**
Foreign sovereign securities	**49**	**—**	**3**	**46**
Other taxable securities	**46**	**3**	**—**	**49**
Total taxable	**96**	**3**	**3**	**96**
Tax-exempt securities	**151**	**7**	**—**	**158**
Total held-to-maturity debt securities	**$ 247**	**$ 10**	**$ 3**	**$ 254**
2002				
Mortgage-backed securities	$ 3	$ —	$ —	$ 3
Foreign sovereign securities	788	10	49	749
Other taxable securities	45	4	—	49
Total taxable	836	14	49	801
Tax-exempt securities	190	10	—	200
Total held-to-maturity debt securities	$ 1,026	$ 24	$ 49	$ 1,001
2001				
U.S. Treasury securities and agency debentures	$ 5	$ —	$ —	$ 5
Mortgage-backed securities	5	—	—	5
Foreign sovereign securities	797	5	54	748
Other taxable securities	26	1	—	27
Total taxable	833	6	54	785
Tax-exempt securities	216	9	1	224
Total held-to-maturity debt securities	$ 1,049	$ 15	$ 55	$ 1,009

(1) Available-for-sale marketable equity securities are recorded in other assets on the Consolidated Balance Sheet.

At December 31, 2003, net unrealized losses on available-for-sale debt and marketable equity securities included in shareholders' equity were $70 million, net of the related income tax benefit of $46 million. At December 31, 2002, net unrealized gains on these securities were $494 million, net of the related income tax expense of $266 million.

The following table presents the current fair value and the associated unrealized losses only on investments in debt securities with unrealized losses at December 31, 2003. Unrealized losses on marketable equity securities at December 31, 2003 were not considered material. The table also discloses whether these securities have had unrealized losses for less than 12 months, or for 12 months or longer.

	Less than 12 months		12 months or longer		Total	
(Dollars in millions)	Fair Value	Unrealized losses	Fair Value	Unrealized losses	Fair Value	Unrealized losses
Debt securities:						
U.S. Treasury securities and agency debentures	$ 210	$ (2)	$ —	$ —	$ 210	$ (2)
Mortgage-backed securities[1]	41,067	(575)	12	—	41,079	(575)
Foreign sovereign securities	71	(7)	266	(31)	337	(38)
Other taxable securities	4,036	(69)	—	—	4,036	(69)
Tax-exempt securities[1]	20	(1)	22	—	42	(1)
Total temporarily-impaired debt securities	$ 45,404	$ (654)	$ 300	$ (31)	$ 45,704	$ (685)

(1) Unrealized losses less than $500,000 are shown as zero.

The unrealized losses associated with U.S. Treasury securities and agency debentures, mortgage-backed securities, certain foreign sovereign securities, other taxable securities and tax-exempt securities are not considered to be other-than-temporary because their unrealized losses are related to changes in interest rates and do not affect the expected cash flows of the underlying collateral or issuer. The Corporation also has unrealized losses associated with other foreign sovereign securities; however, these losses are not considered other-than-temporary because the principal of these securities is guaranteed by the U. S. government.

Excluding securities issued by the U.S. government and its agencies and corporations (including the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac)), there were no investments in securities from one issuer that exceeded 10 percent of consolidated shareholders' equity at December 31, 2003 or 2002.

Securities are pledged or assigned to secure borrowed funds, government and trust deposits and for other purposes. The carrying value of pledged securities was $20.9 billion and $32.9 billion at December 31, 2003 and 2002, respectively.

The expected maturity distribution and yields of the Corporation's securities portfolio at December 31, 2003 are summarized in the following table. Actual maturities may differ from the contractual or expected maturities shown below since borrowers may have the right to prepay obligations with or without prepayment penalties.

(Dollars in millions)	Due in 1 year or less		Due after 1 year through 5 years		Due after 5 years through 10 years		Due after 10 years[1]		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
Fair value of available-for-sale securities										
Available-for-sale debt securities:										
U.S. Treasury securities and agency debentures	$ 42	2.35%	$ 554	3.03%	$ 96	4.14%	$ 21	5.54%	$ 713	3.09%
Mortgage-backed securities	18	5.42	21,824	4.79	34,016	5.01	35	9.00	55,893	4.93
Foreign sovereign securities	188	3.99	1,627	2.12	79	5.35	907	3.77	2,801	2.88
Other taxable securities	34	3.64	4,015	8.47	630	5.09	1,662	5.59	6,341	7.37
Total taxable	282	3.79	28,020	5.13	34,821	5.01	2,625	5.01	65,748	5.06
Tax-exempt securities[2]	7	4.79	12	5.59	968	6.08	1,258	6.60	2,245	6.36
Total available-for-sale debt securities	$ 289	3.81%	$ 28,032	5.13%	$ 35,789	5.04%	$ 3,883	5.53%	$ 67,993	5.10%
Amortized cost of available-for-sale debt securities	$ 288		$ 28,149		$ 36,152		$ 3,885		$ 68,472	
Amortized cost of held-to-maturity debt securities										
Mortgage-backed securities	$ —	— %	$ 1	1.62%	$ —	— %	$ —	— %	$ 1	1.62%
Foreign sovereign securities	7	3.73	27	2.09	—	—	15	6.75	49	3.75
Other taxable securities	—	—	—	—	46	6.00	—	—	46	6.02
Total taxable	7	3.73	28	2.07	46	6.00	15	6.75	96	4.82
Tax-exempt securities[2]	25	9.97	52	8.99	42	8.11	32	5.95	151	8.26
Total held-to-maturity debt securities	$ 32	8.61%	$ 80	6.57%	$ 88	7.01%	$ 47	6.21%	$ 247	6.92%
Fair value of held-to-maturity debt securities	$ 33		$ 88		$ 87		$ 46		$ 254	

(1) Includes securities with no stated maturity.
(2) Yield of tax-exempt securities calculated on a fully taxable-equivalent basis.

The components of realized gains and losses on sales of debt securities for 2003, 2002 and 2001 were:

(Dollars in millions)	2003	2002	2001
Gross gains	**$1,246**	$1,035	$1,074
Gross losses	**(305)**	(405)	(599)
Net gains on sales of debt securities	**$ 941**	$ 630	$ 475

The income tax expense attributable to realized net gains on debt securities sales was $329 million, $220 million and $166 million in 2003, 2002 and 2001, respectively.

Note 5—Trading Account Assets and Liabilities

The Corporation engages in a variety of trading–related activities that are either for clients or its own account. The fair values of the components of trading account assets and liabilities at December 31, 2003 and 2002 were:

	December 31	
(Dollars in millions)	2003	2002
Trading account assets		
U.S. government and agency securities	**$ 16,073**	$19,875
Corporate securities, trading loans, and other	**25,647**	21,286
Equity securities	**11,445**	5,380
Mortgage trading loans and asset-backed securities	**8,221**	8,703
Foreign sovereign debt	**7,161**	8,752
Total	**$ 68,547**	$63,996
Trading account liabilities		
U.S. government and agency securities	**$ 7,304**	$ 8,531
Equity securities	**8,863**	4,825
Corporate securities, trading loans, and other	**5,379**	7,320
Foreign sovereign debt	**5,276**	3,465
Mortgage trading loans and asset-backed securities	**22**	1,433
Total	**$ 26,844**	$25,574

Note 6—Derivatives

The Corporation designates a derivative as held for trading or hedging purposes when it enters into the derivative contract. The designation may change based upon management's intentions and changing circumstances. Derivatives utilized by the Corporation include swaps, financial futures and forward settlement contracts, and option contracts. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices. Financial futures and forward settlement contracts are agreements to buy or sell a quantity of a financial instrument, index, currency or commodity at a predetermined future date and rate or price. An option contract is an agreement that conveys to the purchaser the right, but not the obligation, to buy or sell a quantity of a financial instrument, index, currency or commodity at a predetermined rate or price during a period or at a time in the future. Option agreements can be transacted on organized exchanges or directly between parties. The Corporation also provides credit derivatives to customers who wish to hedge existing credit exposures or take on credit exposure to generate revenue.

Credit Risk Associated with Derivative Activities

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. In managing derivative credit risk, both the current exposure, which is the replacement cost of contracts on the measurement date, as well as an estimate of the potential change in value of contracts over their remaining lives are considered. The Corporation's derivative activities are primarily with commercial banks, broker/dealers and corporations. To minimize credit risk, the Corporation enters into legally enforceable master netting agreements, which reduce risk by permitting the closeout and netting of transactions with the same counterparty upon occurrence of certain events. In addition, the Corporation reduces credit risk by obtaining collateral based on individual assessment of counterparties. The determination of the need for and the levels of collateral will vary depending on the Corporation's credit risk rating of the counterparty. Generally, the Corporation accepts collateral in the form of cash, U.S. Treasury securities and other marketable securities. The

Corporation held $24.0 billion of collateral on derivative positions, of which $15.7 billion could be applied against credit risk at December 31, 2003.

A portion of the derivative activity involves exchange-traded instruments. Exchange-traded instruments conform to standard terms and are subject to policies set by the exchange involved, including counterparty approval, margin requirements and security deposit requirements. Management believes the credit risk associated with these types of instruments is minimal.

The following table presents the contract/notional and credit risk amounts at December 31, 2003 and 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.

Derivatives[1]

	December 31, 2003		December 31, 2002	
(Dollars in millions)	Contract/ Notional	Credit Risk	Contract/ Notional	Credit Risk
Interest rate contracts				
Swaps	**$ 8,873,600**	**$ 14,893**	$ 6,781,629	$ 18,981
Futures and forwards	**2,437,907**	**633**	2,510,259	283
Written options	**1,174,014**	**—**	973,113	—
Purchased options	**1,132,486**	**3,471**	907,999	3,318
Foreign exchange contracts				
Swaps	**260,210**	**4,473**	175,680	2,460
Spot, futures and forwards	**775,105**	**4,202**	724,039	2,535
Written options	**138,474**	**—**	81,263	—
Purchased options	**133,512**	**669**	80,395	452
Equity contracts				
Swaps	**30,850**	**364**	16,830	679
Futures and forwards	**3,234**	**—**	48,470	—
Written options	**25,794**	**—**	19,794	—
Purchased options	**24,119**	**5,370**	23,756	2,885
Commodity contracts				
Swaps	**15,491**	**1,554**	11,776	1,117
Futures and forwards	**5,726**	**—**	3,478	—
Written options	**11,695**	**—**	12,158	—
Purchased options	**7,223**	**294**	19,115	347
Credit derivatives	**136,788**	**584**	92,098	1,253
Total derivative assets		**$ 36,507**		$ 34,310

(1) Includes both long and short derivative positions.

The average fair value of derivative assets for 2003 and 2002 was $34.9 billion and $25.3 billion, respectively. The average fair value of derivative liabilities for 2003 and 2002 was $23.9 billion and $17.3 billion, respectively.

ALM Process

Interest rate contracts and foreign exchange contracts are utilized in the Corporation's ALM process. The Corporation maintains an overall interest rate risk management strategy that incorporates the use of interest rate contracts to minimize significant unplanned fluctuations in earnings that are caused by interest rate volatility. The Corporation's goal is to manage interest rate sensitivity so that movements in

interest rates do not significantly adversely affect net interest income. As a result of interest rate fluctuations, hedged fixed-rate assets and liabilities appreciate or depreciate in market value. Gains or losses on the derivative instruments that are linked to the hedged fixed-rate assets and liabilities are expected to substantially offset this unrealized appreciation or depreciation. Interest income and interest expense on hedged variable-rate assets and liabilities, respectively, increases or decreases as a result of interest rate fluctuations. Gains and losses on the derivative instruments that are linked to these hedged assets and liabilities are expected to substantially offset this variability in earnings.

Interest rate contracts, which are generally non-leveraged generic interest rate and basis swaps, options and futures, allow the Corporation to manage its interest rate risk position. Non-leveraged generic interest rate swaps involve the exchange of fixed-rate and variable-rate interest payments based on the contractual underlying notional amount. Basis swaps involve the exchange of interest payments based on the contractual underlying notional amounts, where both the pay rate and the receive rate are floating rates based on different indices. Option products primarily consist of caps, floors, swaptions and options on index futures contracts. Futures contracts used for the ALM process are primarily index futures providing for cash payments based upon the movements of an underlying rate index.

The Corporation uses foreign currency contracts to manage the foreign exchange risk associated with certain foreign currency-denominated assets and liabilities, as well as the Corporation's equity investments in foreign subsidiaries. Foreign exchange contracts, which include spot, futures and forward contracts, represent agreements to exchange the currency of one country for the currency of another country at an agreed-upon price on an agreed-upon settlement date. Foreign exchange option contracts are similar to interest rate option contracts except that they are based on currencies rather than interest rates. Exposure to loss on these contracts will increase or decrease over their respective lives as currency exchange and interest rates fluctuate.

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. In 2003, the Corporation recognized in the Consolidated Statement of Income a net loss of $101 million (included in interest income) related to fair value hedges. This loss represents the expected change in the forward values of forward contracts and was excluded from the assessment of hedge effectiveness. In 2002, the Corporation recognized in the Consolidated Statement of Income a net loss of $22 million (included in interest income) that was excluded from the assessment of hedge effectiveness related to fair value hedges. In 2003, the Corporation recognized in the Consolidated Statement of Income net gains of $26 million (included in mortgage banking income) that represented the amount excluded from the assessment of hedge effectiveness related to cash flow hedges. In 2002, the Corporation recognized in the Consolidated Statement of Income a net loss of $28 million (included in interest income and mortgage banking income) that represented the amount excluded from the assessment of hedge effectiveness related to cash flow hedges. At December 31, 2003 and 2002, the Corporation has determined that there were no hedging positions where it was probable that certain forecasted transactions may not occur within the originally designated time period. The Corporation did not recognize material amounts in the Consolidated Statement of Income related to ineffectiveness of fair value or cash flow hedges in 2003 or 2002.

For cash flow hedges, gains and losses on derivative contracts reclassified from accumulated OCI 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, net gains on derivative instruments included in accumulated OCI, of approximately $825 million (pre-tax) are expected to be reclassified into earnings. These net gains reclassified into earnings are expected to increase income or decrease 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. In 2003 and 2002, the Corporation experienced net unrealized foreign currency pre-tax gains of $197 million and $103 million, respectively, related to its net investments in foreign operations. These unrealized gains were partially offset by net unrealized pre-tax losses of $194 million and $102 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 OCI.

Note 7—Outstanding Loans and Leases

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

	December 31	
	2003	2002
(Dollars in millions)		
Commercial—domestic	**$ 96,644**	$ 105,053
Commercial—foreign	**15,293**	19,912
Commercial real estate—domestic	**19,043**	19,910
Commercial real estate—foreign	**324**	295
Total commercial	**131,304**	145,170
Residential mortgage	**140,513**	108,197
Home equity lines	**23,859**	23,236
Direct/Indirect consumer	**33,415**	31,068
Consumer finance	**5,589**	8,384
Credit card	**34,814**	24,729
Foreign consumer	**1,969**	1,971
Total consumer	**240,159**	197,585
Total[1]	**$ 371,463**	$ 342,755

(1) Includes lease financings of $11,376 and $14,332 at December 31, 2003 and 2002, respectively.

The following table presents the recorded investment in specific loans, without consideration to the specific component of the allowance for loan and lease losses that were considered individually impaired in accordance with SFAS 114 at December 31, 2003 and 2002. SFAS 114 impairment includes certain performing troubled debt restructurings, and excludes all commercial leases.

	December 31	
	2003	2002
(Dollars in millions)		
Commercial—domestic	**$1,404**	$2,553
Commercial—foreign	**581**	1,355
Commercial real estate—domestic	**151**	157
Commercial real estate—foreign	**2**	2
Total impaired loans	**$2,138**	$4,067

The average recorded investment in certain impaired loans for 2003, 2002 and 2001 was approximately $3.0 billion, $3.9 billion and $3.7 billion, respectively. At December 31, 2003 and 2002, the recorded investment in impaired loans requiring an allowance for credit losses based on individual analysis per SFAS 114 guidelines was $2.0 billion and $4.0 billion, and the related allowance for credit losses was $391 million and $919 million, respectively. For 2003, 2002 and 2001, interest income recognized on impaired loans totaled $105 million, $156 million and $195 million, respectively, all of which was recognized on a cash basis.

At December 31, 2003 and 2002, nonperforming loans, including certain loans that were considered impaired, totaled $2.9 billion and $5.0 billion, respectively. In addition, included in other assets was $202 million and $120 million of nonperforming assets at December 31, 2003 and 2002, respectively.

Foreclosed properties amounted to $148 million and $225 million at December 31, 2003 and 2002, respectively. The cost of carrying foreclosed properties amounted to $3 million, $7 million and $15 million in 2003, 2002 and 2001, respectively.

Note 8—Allowance for Credit Losses

The table below summarizes the changes in the allowance for credit losses for 2003, 2002 and 2001:

(Dollars in millions)	2003	2002	2001
Allowance for loan and lease losses, January 1	**$ 6,358**	$ 6,278	$ 6,365
Loans and leases charged off	**(3,867)**	(4,460)	(4,844)
Recoveries of loans and leases previously charged off	**761**	763	600
Net charge-offs	**(3,106)**	(3,697)	(4,244)
Provision for loan and lease losses	**2,916**	3,801	4,163
Other, net	**(5)**	(24)	(6)
Allowance for loan and lease losses, December 31	**$ 6,163**	$ 6,358	$ 6,278
Reserve for unfunded lending commitments, January 1	**$ 493**	$ 597	$ 473
Provision for unfunded lending commitments	**(77)**	(104)	124
Reserve for unfunded lending commitments, December 31	**$ 416**	$ 493	$ 597
Total	**$ 6,579**	$ 6,851	$ 6,875

Note 9—Special Purpose Financing Entities

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 has been sold. See Note 1 of the consolidated financial statements for a more detailed discussion of securitizations.

Mortgage-related Securitizations

The Corporation securitizes the majority of its mortgage loan originations in conjunction with or shortly after loan closing. In 2003 and 2002, the Corporation converted a total of $121.1 billion (including $13.0 billion originated by other entities on behalf of the Corporation) and $53.7 billion (including $2.8 billion originated by other entities on behalf of the Corporation), respectively, of residential first mortgages into mortgage-backed securities issued through Fannie Mae, Freddie Mac, Government National Mortgage Association (Ginnie Mae) and Banc of America Mortgage Securities. At December 31, 2003, the Corporation retained $1.7 billion of securities. The Corporation did not retain any of the securities issued in 2002. At December 31, 2002, $1.8 billion of securities issued prior to 2002 had been retained. These retained interests are valued using quoted market values.

For 2003, the Corporation reported $2.4 billion in gains on loans converted into securities and sold, of which $2.0 billion was from loans originated by the Corporation and $381 million was from loans originated by other entities on behalf of the Corporation. For 2002, the Corporation reported $480 million in gains on loans converted into securities and sold, of which $408 million was from loans originated by the Corporation and $72 million was from loans originated by other entities on behalf of the Corporation. At December 31, 2003, the Corporation had recourse obligations of $531 million with varying terms up to seven years on loans that had been securitized and sold.

In addition to the retained interests in the securities, the Corporation has retained the servicing asset and the Certificates from securitized mortgage loans (see the Mortgage Banking Assets section of Note 1 of the consolidated financial statements). Mortgage Certificate and servicing fee income on all loans serviced, including securitizations, was $738 million and $944 million in 2003 and 2002, respectively.

The Certificates of $2.3 billion at December 31, 2003 and $1.6 billion at December 31, 2002 are classified as MBAs and marked to market with gains or losses recorded in trading account profits. At December 31, 2003, key economic assumptions and the sensitivities of the valuations of the Certificates and MSRs to immediate changes in those assumptions were analyzed. The sensitivity analysis included the impact on fair value of modeled prepayment and discount rate changes under favorable and adverse conditions. A decrease of 10 percent and 20 percent in modeled prepayments would result in an increase in value ranging from $134 million to $282 million, and an increase in modeled prepayments of 10 percent and 20 percent would result in a decrease in value ranging from $122 million to $234 million. A decrease of 100 and 200 basis points (bps) in the discount rate would result in an increase in value ranging from $119 million to $248 million, and an increase in the discount rate of 100 and 200 bps would result in a decrease in value ranging from $110 million to $211 million. See Note 1 of the consolidated financial statements for additional disclosures related to the Certificates.

Other Securitizations

In December 2001, in conjunction with the strategic decision to exit the subprime real estate lending business, the Corporation securitized $17.5 billion of subprime real estate loans in two bond-insured transactions and retained all of the related AAA-rated securities in the available-for-sale portfolio. During 2002, the Corporation re-securitized and sold $10.4 billion of those securities to third parties. At December 31, 2003 and 2002, $2.1 billion and $3.5 billion, respectively, of the AAA-rated securities remained in the available-for-sale portfolio.

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 projects no payments will be due over the life of the contract, which is approximately two years.

Key economic assumptions used in measuring the fair value of certain residual interests (included in other assets) in securitizations and the sensitivity of the current fair value of residual cash flows to changes in those assumptions are as follows:

	Credit Card		Consumer Finance[1]	
(Dollars in millions)	2003	2002	2003	2002
Carrying amount of residual interests (at fair value)	**$ 76**	$ 123	**$ 328**	$ 395
Balance of unamortized securitized loans[2]	**1,782**	4,732	**9,409**	15,545
Weighted-average life to call (in years)[3]	**1.43**	1.47	**1.64**	3.04
Revolving structures—annual payment rate	**14.9%**	14.2%		
Amortizing structures—annual constant prepayment rate:				
Fixed rate loans			**7.8-32.6 %**	9.3-29.1 %
Adjustable rate loans			**27.0-42.41 %**	27.0 %
Impact on fair value of 100 bps favorable change	**$ —**	3	**$ (11)**	$ —
Impact on fair value of 200 bps favorable change	**—**	7	**(15)**	2
Impact on fair value of 100 bps adverse change	**—**	(3)	**4**	(1)
Impact on fair value of 200 bps adverse change	**—**	(5)	**11**	(2)
Expected credit losses[4]	**5.3%**	5.6%	**4.6-11.02 %**	4.2-10.0%
Impact on fair value of 10% favorable change	**$ 2**	6	**37**	40
Impact on fair value of 25% favorable change	**5**	15	**100**	115
Impact on fair value of 10% adverse change	**(2)**	(7)	**(37)**	(36)
Impact on fair value of 25% adverse change	**(5)**	(16)	**(82)**	(79)
Residual cash flows discount rate (annual rate)	**6.0%**	6.0%	**15.0-30.0 %**	15.0-30.0%
Impact on fair value of 100 bps favorable change	**$ —**	$ —	**8**	14
Impact on fair value of 200 bps favorable change	**—**	—	**16**	29
Impact on fair value of 100 bps adverse change	**—**	—	**(8)**	(13)
Impact on fair value of 200 bps adverse change	**—**	—	**(15)**	(26)

(1) Consumer finance includes subprime real estate loan and manufactured housing loan securitizations, which are all serviced by third parties.

(2) Balances represent securitized loans at December 31, 2003 and 2002. At December 31, 2003 and 2002, the Corporation retained in the available-for-sale portfolio $2.1 billion and $3.5 billion, respectively, of the AAA-rated bonds created from the December 2001 subprime real estate loan securitizations.

(3) Before any optional clean-up calls are executed, economic analyses will be performed.

(4) Annual rates of expected credit losses are presented for credit card and commercial—domestic securitizations. Cumulative lifetime rates of expected credit losses (incurred plus projected) are presented for consumer finance loans.

The sensitivities in the preceding table and related to the Certificates are hypothetical and should be used with caution. As the amounts indicate, changes in fair value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities. Additionally, the Corporation has the ability to hedge interest rate risk associated with retained residual positions. The above sensitivities do not reflect any hedge strategies that may be undertaken to mitigate such risk.

Static pool net credit losses are considered in determining the value of retained interests. Static pool net credit losses include actual losses incurred plus projected credit losses divided by the original balance of each securitization pool. Expected static pool net credit losses at December 31, 2003 were 5.83 percent, 9.91 percent, 8.22 percent, 5.50 percent and 10.83 percent for 2001, 1999, 1998, 1997 and 1995, respectively. Expected static pool net credit losses at December 31, 2002 were 6.86 percent, 8.28 percent, 6.69 percent, 5.30 percent, 4.87 percent and 6.27 percent for 2001, 1999, 1998, 1997, 1996 and 1995, respectively.

Proceeds from collections reinvested in revolving credit card securitizations were $14.7 billion and $16.1 billion in 2003 and 2002, respectively. Other cash flows received from retained interests that represent

amounts received on retained interests by the transferor other than servicing fees such as cash flows from interest-only strips, were $279 million and $451 million in 2003 and 2002, respectively, for credit card securitizations.

The Corporation reviews its loans and leases portfolio on a managed basis. Managed loans and leases are defined as on-balance sheet loans and leases as well as securitized credit card loans. New advances under previously securitized accounts will be recorded on the Corporation's balance sheet after the revolving period of the securitization, which has the effect of increasing loans on the Corporation's balance sheet and increasing net interest income and charge-offs, with a corresponding reduction in noninterest income. Portfolio balances, delinquency and historical loss amounts of the managed loans and leases portfolio for 2003 and 2002 were as follows:

	December 31, 2003			December 31, 2002		
	Total Principal Amount of Loans and Leases	Principal Amount of Loans Past Due 90 Days or More[1]	Principal Amount of Nonperforming Loans	Total Principal Amount of Loans and Leases	Principal Amount of Loans Past Due 90 Days or More[1]	Principal Amount of Nonperforming Loans
(Dollars in millions)						
Commercial—domestic	**$ 96,644**	**$ 110**	**$ 1,507**	$ 105,053	$ 132	$ 2,781
Commercial—foreign	**15,293**	**29**	**586**	19,912	—	1,359
Commercial real estate—domestic	**19,043**	**23**	**140**	19,910	91	161
Commercial real estate—foreign	**324**	**—**	**2**	295	—	3
Total commercial	**131,304**	**162**	**2,235**	145,170	223	4,304
Residential mortgage	**140,513**	**—**	**531**	108,197	—	612
Home equity lines	**23,859**	**—**	**43**	23,236	—	66
Direct/Indirect consumer	**33,415**	**47**	**28**	31,068	56	30
Consumer finance	**5,589**	**35**	**32**	8,384	61	19
Credit card	**36,596**	**647**	**—**	29,461	502	—
Foreign consumer	**1,969**	**—**	**4**	1,971	—	6
Total consumer	**241,941**	**729**	**638**	202,317	619	733
Total managed loans and leases	**373,245**	**$ 891**	**$ 2,873**	347,487	$ 842	$ 5,037
Loans in revolving securitizations	**(1,782)**			(4,732)		
Total held loans and leases	**$ 371,463**			$ 342,755		

	Year Ended December 31, 2003			Year Ended December 31, 2002		
	Average Loans and Leases Outstanding	Loans and Leases Net Losses	Net Loss Ratio[2]	Average Loans and Leases Outstanding	Loans and Leases Net Losses	Net Loss Ratio[2]
(Dollars in millions)						
Commercial—domestic	**$ 99,000**	**$ 757**	**0.76%**	$ 110,073	$ 1,471	1.34%
Commercial—foreign	**17,489**	**306**	**1.75**	21,287	521	2.45
Commercial real estate—domestic	**19,740**	**41**	**0.21**	21,161	37	0.18
Commercial real estate—foreign	**302**	**—**	**—**	408	—	—
Total commercial	**136,531**	**1,104**	**0.81**	152,929	2,029	1.33
Residential mortgage	**127,059**	**40**	**0.03**	97,204	42	0.04
Home equity lines	**22,890**	**11**	**0.05**	22,807	26	0.11
Direct/Indirect consumer	**32,593**	**181**	**0.55**	30,264	210	0.69
Consumer finance	**6,888**	**212**	**3.08**	10,533	255	2.42
Credit card	**31,552**	**1,691**	**5.36**	27,352	1,443	5.28
Other consumer—domestic	**—**	**39**	**n/m**	—	36	n/m
Foreign consumer	**1,977**	**5**	**0.24**	2,021	5	0.25
Total consumer	**222,959**	**2,179**	**0.98**	190,181	2,017	1.06
Total managed loans and leases	**359,490**	**$ 3,283**	**0.91%**	343,110	$ 4,046	1.18%
Loans in revolving securitizations	**(3,342)**			(6,291)		
Total held loans and leases	**$ 356,148**			$ 336,819		

n/m = not meaningful

(1) Excludes consumer real estate loans, which are placed on nonperforming status at 90 days past due.

(2) The net loss ratio is calculated by dividing managed loans and leases net losses by average managed loans and leases outstanding for each loan and lease category.

Variable Interest Entities

In January 2003, the FASB issued FIN 46 that addresses VIEs. The Corporation adopted FIN 46 on July 1, 2003 and consolidated approximately $12.2 billion of assets and liabilities related to certain of its multi-seller asset-backed commercial paper conduits. The Corporation entered into a transaction in October 2003 that resulted in the deconsolidation of approximately $8.0 billion of the previously consolidated assets and liabilities related to one of these entities (the Entity). The Entity's issuance of a subordinated note to a third party reduced our exposure to the Entity's losses under liquidity and credit agreements as these agreements are senior to the subordinated note issued. There was no impact to net income as a result of the deconsolidation. There was no material impact to Tier 1 Capital as a result of consolidation or the subsequent deconsolidation and prior periods were not restated. There was no material impact to net income as a result of applying FIN 46 on July 1, 2003. In December 2003, the FASB issued FIN 46R. FIN 46R is an update of FIN 46 and contains different implementation dates based on the types of entities subject to the standard and based on whether a company has adopted FIN 46. The Corporation anticipates adopting FIN 46R as of March 31, 2004 and does not expect that it will have a material impact on the Corporation's results of operations or financial condition. At December 31, 2003, the remaining consolidated assets and liabilities were reflected in available-for-sale debt securities, other assets, and commercial paper and other short-term borrowings in the *Global Corporate and Investment Banking* business segment. As of December 31, 2003, the Corporation's loss exposure associated with these entities including unfunded lending commitments was approximately $6.4 billion.

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 December 31, 2003 and 2002 were approximately $28.7 billion and $11.1 billion, respectively; revenues associated with administration, liquidity, letters of credit and other services were approximately $334 million in 2003 and $341 million in 2002. At December 31, 2003 and 2002, the Corporation's loss exposure associated with these VIEs was approximately $17.7 billion and $5.1 billion, respectively, which is net of amounts syndicated.

Additionally, the Corporation had contractual relationships with other VIEs that engaged in leasing or lending activities and were consolidated by the Corporation prior to FIN 46. The amount of assets of these entities as of December 31, 2003 was $1.5 billion and the Corporation's maximum possible loss exposure was $1.3 billion.

Management does not believe losses resulting from its involvement with the entities discussed above will be material. See Note 1 of the consolidated financial statements for additional discussion of special purpose financing entities.

Note 10—Goodwill and Other Intangibles

At December 31, 2003 and 2002, allocated goodwill was $7.7 billion in *Consumer and Commercial Banking*, $1.5 billion in *Asset Management* and $134 million in *Equity Investments.* At December 31, 2003 and 2002, goodwill was $2.1 billion and $2.0 billion, respectively, in *Global Corporate and Investment Banking.*

In accordance with SFAS 142, no goodwill amortization was recorded in 2003 or 2002. Goodwill amortization expense in 2001 was $662 million. Net income in 2001 was $6.8 billion or $4.26 per common share ($4.18 per diluted common share). Net income adjusted to exclude goodwill amortization expense would have been $7.4 billion or $4.64 per common share ($4.56 per diluted common share) in 2001. The impact of goodwill amortization on net income in 2001 was $616 million or $0.38 per common share (basic and diluted).

The gross carrying value and accumulated amortization related to core deposit intangibles and other intangibles at December 31, 2003 and 2002 are presented below:

	December 31, 2003		December 31, 2002	
(Dollars in millions)	Gross Carrying Value	Accumulated Amortization	Gross Carrying Value	Accumulated Amortization
Core deposit intangibles	**$ 1,495**	**$ 886**	$ 1,495	$ 726
Other intangibles	**787**	**488**	757	431
Total	**$ 2,282**	**$ 1,374**	$ 2,252	$ 1,157

Amortization expense on core deposit intangibles and other intangibles was $217 million, $218 million and $216 million in 2003, 2002 and 2001, respectively. The Corporation estimates that aggregate amortization expense will be $216 million for 2004, $214 million for 2005, $206 million for 2006, $125 million for 2007 and $61 million for 2008.

Note 11—Deposits

The Corporation had domestic certificates of deposit of $100 thousand or more totaling $32.8 billion and $23.0 billion at December 31, 2003 and 2002, respectively. The Corporation had other domestic time deposits of $100 thousand or more totaling $1.0 billion and $977 million at December 31, 2003 and 2002, respectively. Foreign certificates of deposit and other foreign time deposits of $100 thousand or more totaled $15.4 billion and $16.4 billion at December 31, 2003 and 2002, respectively.

The following table presents the maturities of domestic certificates of deposit of $100 thousand or more and of other domestic time deposits of $100 thousand or more at December 31, 2003.

(Dollars in millions)	Three months or less	Over three months to six months	Over six months to twelve months	Thereafter	Total
Certificates of deposit of $100 thousand or more	$ 13,569	$ 7,163	$ 7,684	$ 4,351	$ 32,767
Other time deposits of $100 thousand or more	77	73	117	772	1,039

At December 31, 2003, the scheduled maturities for total time deposits were as follows:

	(Dollars in millions)
Due in 2004	$ 95,412
Due in 2005	7,055
Due in 2006	2,624
Due in 2007	2,356
Due in 2008	1,442
Thereafter	1,615
Total	$ 110,504

Note 12—Short-term Borrowings and Long-term Debt

Short-term Borrowings

Bank of America Corporation and certain other subsidiaries issue commercial paper in order to meet short-term funding needs. Commercial paper outstanding at December 31, 2003 was $7.6 billion compared to $114 million at December 31, 2002.

Bank of America, N.A. maintains a domestic program to offer up to a maximum of $50.0 billion, at any one time, of bank notes with fixed or floating rates and maturities of at least seven days from the date of

issue. Short-term bank notes outstanding under this program totaled $3.3 billion at December 31, 2003 compared to $1.0 billion at December 31, 2002. These short-term bank notes, along with Treasury tax and loan notes, term federal funds purchased and commercial paper, are reflected in commercial paper and other short-term borrowings on the Consolidated Balance Sheet.

Long-term Debt

The following table presents long-term debt at December 31, 2003 and 2002:

	December 31	
	2003	2002
(Dollars in millions)		
Notes issued by Bank of America Corporation[1,2]		
Senior notes :		
Fixed, ranging from 0.73% to 7.50%, due 2004 to 2028	**$ 8,219**	$ 7,896
Floating, ranging from 0.20% to 6.20%, due 2004 to 2043	**28,669**	19,294
Subordinated notes:		
Fixed, ranging from 3.95% to 8.57%, due 2004 to 2033	**2,299**	14,158
Floating, ranging from 0.60% to 2.38%, due 2005 to 2037	**16,742**	5,167
Junior subordinated notes related to trust preferred securities[3]		
Fixed, ranging from 7.70% to 8.25%, due 2026 to 2027	**2,127**	—
Floating, ranging from 1.37% to 1.88%, due 2027 to 2033	**3,344**	—
Total notes issued by Bank of America Corporation	**$ 61,400**	$ 46,515
Notes issued by Bank of America, N.A. and other subsidiaries[1,2]		
Senior notes:		
Fixed, ranging from 0% to 8.50%, due 2004 to 2033	**$ 606**	$ 2,223
Floating, ranging from 1.01% to 2.93%, due 2004 to 2011	**3,491**	3,229
Subordinated notes:		
Fixed, 9.50%, due 2004	**300**	401
	8	8
Floating, 1.16%, due 2019		
Total notes issued by Bank of America, N.A. and other subsidiaries	**$4,405**	$5,861
Notes issued by NB Holdings Corporation [1,2]		
Junior subordinated notes related to trust preferred securities[3]		
Fixed, ranging from 7.95% to 8.06%, due 2026	**$ 515**	$ —
Floating, 1.78% due 2027	**258**	—
Total notes issued by NB Holdings Corporation	**$ 773**	$ —
Other debt		
Advances from the Federal Home Loan Bank—Georgia	**$ 2,750**	$ 2,749
Advances from the Federal Home Loan Bank—Oregon	**5,989**	5,992
Other	**26**	28
Total other debt	**$ 8,765**	$ 8,769
Total	**$ 75,343**	$ 61,145

(1) Fixed-rate and floating-rate classifications as well as interest rates include the effect of interest rate swap contracts.
(2) Rates and maturity dates reflect outstanding debt at December 31, 2003.
(3) Trust preferred securities vehicles were deconsolidated in 2003 with the resulting liabilities to the trust companies included as a component of long-term debt.

The majority of the floating rates are based on three- and six-month London InterBank Offered Rates (LIBOR). Bank of America Corporation and Bank of America, N.A. maintain various domestic and international debt programs to offer both senior and subordinated notes. The notes may be denominated in

U.S. dollars or foreign currencies. Foreign currency contracts are used to convert certain foreign currency-denominated debt into U.S. dollars.

At December 31, 2003 and 2002, Bank of America Corporation was authorized to issue approximately $26.0 billion and $37.5 billion, respectively, of additional corporate debt and other securities under its existing shelf registration statements. At December 31, 2003 and 2002, Bank of America, N.A. was authorized to issue approximately $25.9 billion and $28.2 billion, respectively, of bank notes and Euro medium-term notes.

Including the effects of interest rate contracts for certain long-term debt issuances, the weighted average effective interest rates for total long-term debt, total fixed-rate debt and total floating-rate debt (based on the rates in effect at December 31, 2003) were 2.36 percent, 6.01 percent and 1.41 percent, respectively, at December 31, 2003 and (based on the rates in effect at December 31, 2002) were 3.56 percent, 6.46 percent and 1.49 percent, respectively, at December 31, 2002. These obligations were denominated primarily in U.S. dollars.

Aggregate annual maturities of long-term debt obligations (based on final maturity dates) at December 31, 2003 are as follows:

(Dollars in millions)	2004	2005	2006	2007	2008	Thereafter	Total
Bank of America Corporation	$ 6,832	$ 3,745	$ 8,693	$ 3,196	$ 5,139	$ 33,795	$ 61,400
Bank of America, N.A.	1,456	160	808	5	452	2,297	5,178
Other	3,905	1,500	2,700	501	4	155	8,765
Total	$ 12,193	$ 5,405	$ 12,201	$ 3,702	$ 5,595	$ 36,247	$ 75,343

On January 28, 2004, the Board of Directors authorized Bank of America Corporation to file a Shelf Registration Statement with the Securities and Exchange Commission (SEC). The Shelf Registration Statement was filed with the SEC on February 11, 2004 and covers $30.0 billion in debt and equity securities.

On January 15, 2004, Bank of America, N.A. completed a $60.0 billion Bank Note Offering Circular covering senior and subordinated bank notes. The Offering Circular was filed with the Office of the Comptroller of the Currency (OCC).

Subsequent to December 31, 2003 through February 25, 2004, Bank of America Corporation had issued a total of $4.6 billion of long-term senior and subordinated debt, with maturities ranging from 2009 to 2029.

Trust Preferred Securities

Trust preferred securities (Trust Securities) are issued by the trust companies (the Trusts) that were deconsolidated by the Corporation under FIN 46. These securities are mandatorily redeemable preferred security obligations of the Trusts. The sole assets of the Trusts are Junior Subordinated Deferrable Interest Notes of the Corporation (the Notes). Obligations associated with these securities are included in junior subordinated notes related to trust preferred securities in the long-term debt table on page 99. See Note 15 of the consolidated financial statements for a discussion regarding the potential change in treatment for regulatory capital purposes of the Trust Securities.

At December 31, 2003, the Corporation had 14 Trusts which have issued Trust Securities to the public. Certain of the Trust Securities were issued at a discount and may be redeemed prior to maturity at the option of the Corporation. The Trusts have invested the proceeds of such Trust Securities in the Notes. Each issue of the Notes has an interest rate equal to the corresponding Trust Securities distribution rate. The Corporation has the right to defer payment of interest on the Notes at any time or from time to time for a period not exceeding five years provided that no extension period may extend beyond the stated maturity of the relevant Notes. During any such extension period, distributions on the Trust Securities will also be deferred, and the Corporation’s ability to pay dividends on its common and preferred stock will be restricted.

The Trust Securities are subject to mandatory redemption upon repayment of the related Notes at their stated maturity dates or their earlier redemption at a redemption price equal to their liquidation amount plus accrued distributions to the date fixed for redemption and the premium, if any, paid by the Corporation upon concurrent repayment of the related Notes.

Periodic cash payments and payments upon liquidation or redemption with respect to Trust Securities are guaranteed by the Corporation to the extent of funds held by the Trusts (the Preferred Securities Guarantee). The Preferred Securities Guarantee, when taken together with the Corporation's other obligations, including its obligations under the Notes, will constitute a full and unconditional guarantee, on a subordinated basis, by the Corporation of payments due on the Trust Securities.

The following table is a summary of the outstanding Trust Securities and the Notes at December 31, 2003.

(Dollars in millions)

Issuer	Issuance Date	Aggregate Principal Amount of Trust Securities	Aggregate Principal Amount of the Notes	Stated Maturity of the Notes	Per Annum Interest Rate of the Notes	Interest Payment Dates	Redemption Period
NationsBank							
Capital Trust II	December 1996	$ 365	**$ 376**	December 2026	7.83%	6/15,12/15	On or after 12/15/06[1,3]
Capital Trust III	February 1997	494	**509**	January 2027	3-mo. LIBOR +55 bps	1/15,4/15, 7/15,10/15	On or after 1/15/07[1]
Capital Trust IV	April 1997	498	**513**	April 2027	8.25	4/15,10/15	On or after 4/15/07[1,4]
BankAmerica							
Institutional Capital A	November 1996	450	**464**	December 2026	8.07	6/30,12/31	On or after 12/31/06[2,5]
Institutional Capital B	November 1996	300	**309**	December 2026	7.70	6/30,12/31	On or after 12/31/06[2,6]
Capital II	December 1996	450	**464**	December 2026	8.00	6/15,12/15	On or after 12/15/06[2,7]
Capital III	January 1997	400	**412**	January 2027	3-mo. LIBOR +57 bps	1/15,4/15, 7/15,10/15	On or after 1/15/02[2]
Barnett							
Capital I	November 1996	300	**309**	December 2026	8.06	6/1,12/1	On or after 12/1/06[1,8]
Capital II	December 1996	200	**206**	December 2026	7.95	6/1,12/1	On or after 12/1/06[1,9]
Capital III	January 1997	250	**258**	February 2027	3-mo. LIBOR +62.5 bps	2/1,5/1, 8/1,11/1	On or after 2/1/07[1]
Bank of America							
Capital Trust I	December 2001	575	**593**	December 2031	7.00	3/15,6/15, 9/15,12/15	On or after 12/15/06[10]
Capital Trust II	January 2002	900	**928**	February 2032	7.00	2/1, 5/1, 8/1, 11/1	On or after 2/1/07[10]
Capital Trust III	August 2002	500	**516**	August 2032	7.00	2/15, 5/15, 8/15, 11/15	On or after 8/15/07[10]
Capital Trust IV	April 2003	375	**387**	May 2033	5.88	2/1, 5/1, 8/1, 11/1	On or after 5/1/08[10]
Total		$ 6,057	**$ 6,244**				

(1) The Corporation may redeem the Notes prior to the indicated redemption period upon the occurrence of certain events relating to tax treatment of the related trust or the Notes, relating to capital treatment of the Trust Securities or relating to a change in the treatment of the related trust under the Investment Company Act of 1940, as amended, at a redemption price at least equal to the principal amount of the Notes.
(2) The Corporation may redeem the Notes prior to the indicated redemption period upon the occurrence of certain events relating to tax treatment of the related trust or the Notes or relating to capital treatment of the Trust Securities at a redemption price at least equal to the principal amount of the Notes.
(3) The Notes may be redeemed on or after December 15, 2006 and prior to December 15, 2007 at 103.915% of the principal amount, and thereafter at prices declining to 100% on December 15, 2016 and thereafter.
(4) The Notes may be redeemed on or after April 15, 2007 and prior to April 14, 2008 at 103.85% of the principal amount, and thereafter at prices declining to 100% on April 15, 2017 and thereafter.
(5) The Notes may be redeemed on or after December 31, 2006 and prior to December 31, 2007 at 104.035% of the principal amount, and thereafter at prices declining to 100% on December 31, 2016 and thereafter.
(6) The Notes may be redeemed on or after December 31, 2006 and prior to December 31, 2007 at 103.779% of the principal amount, and thereafter at prices declining to 100% on December 31, 2016 and thereafter.
(7) The Notes may be redeemed on or after December 15, 2006 and prior to December 15, 2007 at 103.969% of the principal amount, and thereafter at prices declining to 100% on December 15, 2016 and thereafter.
(8) The Notes may be redeemed on or after December 1, 2006 and prior to December 1, 2007 at 104.03% of the principal amount, and thereafter at prices declining to 100% on December 1, 2016 and thereafter.
(9) The Notes may be redeemed on or after December 1, 2006 and prior to December 1, 2007 at 103.975% of the principal amount, and thereafter at prices declining to 100% on December 1, 2016 and thereafter.
(10) The Corporation may redeem the Notes prior to the indicated redemption period upon the occurrence and continuation of a tax event, an investment company event or a capital treatment event. The Corporation may extend the stated maturity date of the junior subordinated notes to a date no later than May 23, 2052.

Note 13—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 Corporation's balance sheet.

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. The unfunded lending commitments shown in the following table have been reduced by amounts participated to other financial institutions of $10.4 billion and $10.2 billion at December 31, 2003 and 2002, respectively. The following table summarizes outstanding unfunded lending commitments at December 31, 2003 and 2002.

	December 31	
	2003	2002
(Dollars in millions)		
Loan commitments	**$ 211,781**	$ 212,704
Standby letters of credit and financial guarantees	**31,150**	30,837
Commercial letters of credit	**3,260**	3,109
Legally binding commitments	**246,191**	246,650
Credit card lines	**93,771**	85,801
Total commitments	**$ 339,962**	$ 332,451

Legally binding commitments to extend credit generally have specified rates and maturities. Certain of these commitments have adverse change clauses that help to protect the Corporation against deterioration in the borrowers' ability to pay. Loan commitments include equity commitments of approximately $1.7 billion and $2.2 billion at December 31, 2003 and 2002, respectively, which primarily relate to obligations to fund existing equity investments.

The Corporation issues SBLCs and financial guarantees to support the obligations of its customers to beneficiaries. Additionally, in many cases, the Corporation holds collateral in various forms against these SBLCs. As part of its risk management activities, the Corporation continuously monitors the credit-worthiness of the customer as well as SBLC exposure; however, if the customer fails to perform the specified obligation to the beneficiary, the beneficiary may draw upon the SBLC by presenting documents that are in compliance with the letter of credit terms. In that event, the Corporation either repays the money borrowed or advanced, makes payment on account of the indebtedness of the customer or makes payment on account of the default by the customer in the performance of an obligation, to the beneficiary up to the full notional amount of the SBLC. The customer is obligated to reimburse the Corporation for any such payment. If the customer fails to pay, the Corporation would, as contractually permitted, liquidate collateral and/or set off accounts.

Commercial letters of credit, issued primarily to facilitate customer trade finance activities, are usually collateralized by the underlying goods being shipped to the customer and are generally short-term. Credit card lines are unsecured commitments that are not legally binding. Management reviews credit card lines at least annually, and upon evaluation of the customers' creditworthiness, the Corporation has the right to terminate or change certain terms of the credit card lines.

The Corporation uses various techniques to manage risk associated with these types of instruments that include collateral and/or adjusting commitment amounts based on the borrower's financial condition; therefore, the total commitment amount does not necessarily represent the actual risk of loss or future cash requirements. For each of these types of instruments, the Corporation's exposure to credit loss is represented by the contractual amount of these instruments.

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 issuance are reflected in trading account profits. At December 31, 2003, the Corporation had commitments to purchase and sell when-issued securities of $155.5 billion and $145.8 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.

At December 31, 2003 and 2002, charge cards (nonrevolving card lines) to individuals and government entities guaranteed by the U.S. government in the amount of $13.7 billion and $52.4 billion, respectively, were not included in credit card line commitments in the previous table. The outstandings related to these charge cards were $233 million and $208 million, respectively.

At December 31, 2003, the Corporation had forward whole mortgage loan purchase commitments of $4.6 billion, all of which were settled in January and February 2004. At December 31, 2003, the Corporation had no forward whole mortgage loan sale commitments.

The Corporation has entered into operating leases for certain of its premises and equipment. Commitments under these leases approximate $1.2 billion per year for each of the years 2004 through 2008 and $3.5 billion for all years thereafter.

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 book value protection is provided on portfolios of intermediate/short-term investment grade fixed income securities and is intended to cover any shortfall in the event that plan participants withdraw funds when market value is below book value. The Corporation retains the option to exit the contract at any time. If the Corporation exercises its option, the purchaser can require the Corporation to purchase zero coupon bonds with the proceeds of the liquidated assets to assure the return of principal. To hedge its exposure, the Corporation imposes significant restrictions and constraints on the timing of the withdrawals, the manner in which the portfolio is liquidated and the funds are accessed, and the investment parameters of the underlying portfolio. These constraints, combined with structural protections, are designed to provide adequate buffers and guard against payments even under extreme stress scenarios. These guarantees are booked as derivatives and marked to market in the trading portfolio. At December 31, 2003 and 2002, the notional amount of these guarantees totaled $24.9 billion and $19.7 billion, respectively, with estimated maturity dates between 2005 and 2033. As of December 31, 2003 and 2002, the Corporation has never made a payment under these products, and management believes that the probability of payments under these guarantees is remote.

The Corporation also sells products that guarantee the return of principal to investors at a preset future date. These guarantees cover a broad range of underlying asset classes and are designed to cover the shortfall between the market value of the underlying portfolio and the principal amount on the preset future date. To manage its exposure, the Corporation requires that these guarantees be backed by structural and investment constraints and certain pre-defined triggers that would require the underlying assets or portfolio to be liquidated and invested in zero-coupon bonds that mature at the preset future date. The Corporation is required to fund any shortfall at the preset future date between the proceeds of the liquidated assets and the purchase price of the zero-coupon bonds. These guarantees are booked as derivatives and marked to market in the trading portfolio. At December 31, 2003 and 2002, the notional amount of these guarantees totaled $7.4 billion and $4.1 billion, respectively; however, as of December 31, 2003 and 2002, the Corporation had not made a payment under these products, and management believes that the probability of payments under these guarantees is remote. These guarantees have an approximate term ending between 2005 and 2010.

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. These agreements typically contain an early termination clause

that permits the Corporation to exit the agreement upon these events. 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.

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 $1.3 billion and $575 million at December 31, 2003 and 2002, respectively. The estimated maturity dates of these obligations are between 2004 and 2025. As of December 31, 2003 and 2002, the Corporation had made no material payments under these products.

For additional information on recourse obligations related to mortgage loans sold and other guarantees related to securitizations, see Note 9 of the consolidated financial statements.

Litigation and Regulatory Matters

In the ordinary course of business, the Corporation and its subsidiaries are routinely defendants in or parties to a number of pending and threatened legal actions and proceedings, including actions brought on behalf of various classes of claimants. In certain of these actions and proceedings, claims for substantial monetary damages are asserted against the Corporation and its subsidiaries and certain of these actions and proceedings are based on alleged violations of consumer protection, securities, environmental, banking and other laws.

In view of the inherent difficulty of predicting the outcome of such matters, the Corporation cannot state what the eventual outcome of pending matters will be; however, based on current knowledge, management does not believe that liabilities, if any, arising from pending litigation or regulatory matters, including the litigation and regulatory matters described below, will have a material adverse effect on the consolidated financial position or liquidity of the Corporation but may be material to the Corporation's operating results for any particular quarter.

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 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 are currently leading an independent review of the Corporation's mutual fund policies and practices, including a complete legal and regulatory compliance review of the Corporation's mutual fund business, and coordinating 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 and regulatory proceedings 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, the Investment Company Act of 1940, 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 or regulatory proceedings 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

The Corporation was named as a defendant, along with a number of commercial and investment banks and their holding companies, certain former Enron officers and directors, law firms and accountants, in a putative consolidated class action pending in the United States District Court for the Southern District of Texas filed on April 8, 2002 entitled Newby v. Enron. The amended complaint, which was filed in May 2003 and is now the operative complaint, alleges claims against the Corporation and BAS under Sections 11, 12 and 15 of the Securities Act of 1933 related to the role of BAS as an underwriter of two public offerings of Enron debt and as an initial purchaser in a private placement of debt issued by an Enron-affiliated company. The Corporation and BAS have moved to dismiss all of the claims asserted against them in the operative complaint. That motion is fully briefed and remains pending. Plaintiffs' motion for class certification is fully briefed and remains pending.

In addition, the Corporation and certain of its affiliates have been named as defendants or third-party defendants, along with other commercial and investment banks and many other parties, in various other individual and putative class actions relating to Enron. The complaints assert claims under federal securities laws, state securities laws and/or state common law or statutes. The majority of these actions were either filed in or have been transferred to the United States District Court for the Southern District of Texas and consolidated or coordinated with Newby v. Enron.

The Corporation cannot determine at this time the eventual outcome, timing or impact of these matters.

WorldCom, Inc. (WorldCom) Securities Litigation

BAS, Banc of America Securities Limited (BASL), and other underwriters of WorldCom bonds issued in 2000 and 2001, as well as former officers and directors of WorldCom and other parties, have been named as defendants in a class action lawsuit filed in the United States District Court for the Southern District of New York entitled WorldCom Securities Litigation. The operative complaint alleges claims against BAS and BASL under Sections 11 and 12 of the Securities Act of 1933 in connection with 2000 and 2001 public bond offerings and is brought on behalf of purchasers and acquirers of bonds issued in or traceable to these offerings. On October 24, 2003, United States District Court Judge Denise Cote certified 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." Fact discovery is presently proceeding in this class action and a trial date has been set for January 10, 2005.

In addition, the Corporation, BAS and BASL, along with other underwriters, certain holding companies affiliated with the underwriters, a former Salomon Smith Barney telecommunications analyst, certain former officers and directors of WorldCom and WorldCom's former auditors have been named as defendants in numerous individual actions that were filed in either federal or state courts arising out of alleged accounting irregularities of the books and records of WorldCom. Plaintiffs in these actions are typically institutional investors, including state pension funds, who allegedly purchased debt securities issued by WorldCom pursuant to public offerings in 1997, 1998, 2000 or 2001. The majority of the complaints assert only claims under Section 11 of the Securities Act of 1933, but some complaints also include claims under the Exchange Act of 1934, state securities laws, other state statutes and under common law theories. Most of these cases were filed in state court and subsequently removed (as related to WorldCom's bankruptcy) by defendants to federal courts and then transferred by the Judicial Panel for Multidistrict Litigation to the United States District Court for the Southern District of New York to be consolidated with WorldCom Securities Litigation for pre-trial purposes. Seven of these actions, which have been removed, were remanded to state courts in Alabama (2), Tennessee, Pennsylvania (3) and Illinois.

Certain plaintiffs in actions transferred to the Southern District of New York have filed an appeal to the Second Circuit Court of Appeals arguing that their actions were not properly removed to federal court because a provision in the Securities Act prevented such removals. Defendants, including the underwriters, have argued that removal was proper.

Additional complaints were filed on behalf of purchasers of WorldCom stock in state courts in Mississippi against the Corporation and BAS, as well as certain former officers and directors of WorldCom, other commercial and investment banks and other parties. These cases have also been transferred to the United States District Court for the Southern District of New York and consolidated with WorldCom Securities Litigation for pre-trial purposes.

The Corporation cannot determine at this time the eventual outcome, timing or impact of these matters.

Adelphia Communications Corporation (Adelphia) Securities Litigation

Bank of America, N.A. and BAS are defendants in several private civil actions relating to Adelphia which have been consolidated for pre-trial purposes and are currently pending in the United States District Court for the Southern District of New York. The actions include a class action and various individual actions. BAS was a member of seven underwriting syndicates of securities issued by Adelphia, and Bank of America, N.A. was an agent and/or lender in connection with five credit facilities in which Adelphia subsidiaries were borrowers. Additional defendants include other members of those syndicates, underwriters for additional Adelphia securities offerings, lenders and agents for that and other credit facilities, former Adelphia insiders and members of its board of directors, and Adelphia's outside auditors and counsel. The complaints allege claims under the Securities Act of 1933 and the Securities Exchange Act of 1934.

Bank of America, N.A. and BAS are also defendants in an adversary proceeding pending in the United States Bankruptcy Court for the Southern District of New York. The proceeding is brought by the Official Committee of Unsecured Creditors in the Adelphia Bankruptcy Proceedings (the Creditors Committee) on behalf of Adelphia; however, the Bankruptcy Court has not yet given the Creditors Committee authority to bring this lawsuit. The adversary proceeding complaint names over 400 defendants and asserts over 50 claims under federal statute (including Bank Holding Company Act), state common law and various provisions of the Bankruptcy Code. The Creditors Committee seeks avoidance and recovery of payments, equitable subordination, disallowance and recharacterization of claims and recovery of damages in an unspecified amount. Bank of America, N.A., BAS and other investment bank defendants have filed motions to dismiss. The Official Committee of Equity Security Holders in the Adelphia Bankruptcy Proceedings has filed a motion seeking to intervene in the adversary proceeding and to file its own complaint. The proposed complaint is similar to the Creditor's Committee complaint, except that it also asserts claims under RICO and various state law theories.

The Corporation cannot determine at this time the eventual outcome, timing or impact of these matters.

Paul J. Miller v. Bank of America, N.A.

On August 13, 1998, Bank of America, N.A.'s predecessor was named as a defendant in this class action challenging its practice, consistent with the banking industry, of debiting accounts that receive, by direct deposit, governmental benefits to repay fees incurred in those accounts. The action alleges fraud, negligent misrepresentation, and violations of certain California laws. On October 16, 2001, a class was certified consisting of more than one million California residents who have, had or will have, at any time after August 13, 1994, a deposit account with Bank of America, N.A. into which payments of public benefits are or have been directly deposited by the government. The case proceeded to trial on January 20, 2004. On February 25, 2004, at the conclusion of the jury phase of the trial, the jury found in Bank of America, N.A.'s favor on three of the four claims presented to the jury. As to the fourth claim, alleging that Bank of America, N.A., violated certain California laws, the jury imposed damages of approximately $75 million and awarded the class representative $275,000 in emotional distress damages. The jury also assessed a $1,000 penalty as to those members of the class suffering substantial economic or emotional harm as a result of the practice but did not determine which or how many class members are entitled to the penalty. This and other legal issues remain outstanding in the trial court.

The Corporation believes that this case is without merit and plans to appeal any adverse judgment. The Corporation cannot determine at this time the eventual outcome, timing or impact of this matter.

D.E. Shaw Litigation

Following the merger of NationsBank Corporation and BankAmerica Corporation in September 1998, the Corporation and certain of its officers and directors were named as defendants in class actions brought on behalf of persons who purchased NationsBank or BankAmerica shares between August 4, 1998 and September 30, 1998; persons who purchased shares of the Corporation between October 1 and October 13, 1998, and persons who held NationsBank or BankAmerica shares as of the merger. The claims on behalf of the purchasers and the persons who held NationsBank shares as of the merger principally rested on the allegation that the Corporation or its predecessors failed to disclose material facts concerning a $1.4 billion financial relationship between BankAmerica Corporation and D.E. Shaw & Co. that resulted in a $372 million charge to the Corporation's earnings in the quarter ending September 30, 1998. The claims of the persons who held BankAmerica shares as of the merger principally rested on the allegation that the defendants misrepresented a "takeover" of BankAmerica Corporation as a "merger of equals."

On November 2, 2002, the United States District Court for the Eastern District of Missouri (the Federal Court), the Court to which all federal actions had been transferred, entered a final judgment dismissing the actions with prejudice. The Federal Court entered the judgment after approving a settlement providing for payment of $333 million to the classes of purchasers and holders of NationsBank shares and $157 million to the classes of purchasers of BankAmerica and Corporation shares and holders of BankAmerica shares (all

amounts to bear interest at the 90-day Treasury Bill Rate from March 6, 2002 to the date of payment). The Eighth Circuit Court of Appeals affirmed the judgment on appeal by certain objecting plaintiffs and class members on December 2, 2003, and denied a petition for rehearing on January 9, 2004. It is expected that, in accordance with its terms, the settlement will become final in April 2004 unless further review is sought in the Supreme Court of the United States. There remain pending several actions in California that have been stayed since April 2000, when the Federal Court enjoined the plaintiffs in those actions from purporting to prosecute their claims on behalf of a class.

Regulatory

In the course of its business, the Corporation is subject to regulatory examinations, information gathering requests, inquiries and investigations. Two of the Corporation's subsidiaries, BAS and Banc of America Investment Services, Inc. ("BAI"), are registered broker/dealers under the federal securities laws and are subject to regulation by the SEC, the National Association of Securities Dealers, the New York Stock Exchange and state securities regulators. In connection with several, formal and informal, investigations by those agencies, BAS and BAI have received numerous requests, subpoenas and orders for documents, testimony and information in connection with various aspects of its regulated activities.

The SEC is currently conducting a formal investigation with respect to certain trading and research-related activities of BAS during the period 1999 through 2001. To date, the SEC staff has not indicated whether it intends to recommend any enforcement action in connection with these trading and research-related activities. On December 30, 2003, however, BAS was advised by the SEC staff that it does intend to recommend action against BAS with respect to alleged books and records violations related to the preservation and production of materials requested during the investigation of the trading and research-related activities. BAS is cooperating with the SEC staff with respect to the ongoing investigation and is also working with the staff to reach a resolution of the books and records matter.

Note 14—Shareholders' Equity and Earnings Per Common Share

On January 22, 2003, the Corporation's Board of Directors (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 December 31, 2003, the remaining buyback authority for common stock under this program totaled $4.3 billion, or 24 million shares. On December 11, 2001, the Board authorized a stock repurchase program of up to 130 million shares of the Corporation's common stock at an aggregate cost of up to $10.0 billion. The 2001 repurchase plan was completed in 2003. On July 26, 2000, the Board authorized a stock repurchase program of up to 100 million shares of the Corporation's common stock at an aggregate cost of up to $7.5 billion. The 2000 repurchase plan was completed in 2002. During 2003, the Corporation repurchased approximately 129 million shares of its common stock in open market repurchases and under an accelerated repurchase program at an average per share price of $75.76, which reduced shareholders' equity by $9.8 billion and increased diluted earnings per common share by approximately $0.22. These repurchases were partially offset by the issuance of 70 million shares of common stock under employee plans, which increased shareholders' equity by $4.2 billion, net of $123 million of deferred compensation related to restricted stock awards, and decreased diluted earnings per common share by approximately $0.16 in 2003. During 2002, the Corporation repurchased approximately 109 million shares of its common stock in open market repurchases at an average per share price of $68.55, which reduced shareholders' equity by $7.5 billion and increased diluted earnings per common share by approximately $0.22. These repurchases were partially offset by the issuance of 50 million shares of common stock under employee plans, which increased shareholders' equity by $2.6 billion and decreased diluted earnings per common share by approximately $0.11 in 2002. During 2001, the Corporation repurchased approximately 82 million shares of its common stock in open market repurchases at an average per share price of $57.58, which reduced shareholders' equity by $4.7 billion. These repurchases were partially offset by the issuance of 27 million shares of common stock under employee plans, which increased shareholders' equity by $1.1 billion. The Corporation will continue to repurchase shares, from time to time, in the open market or private transactions through its previously approved repurchase plan.

On January 28, 2004, the Board authorized a stock repurchase program of up to 90 million shares of the Corporation's common stock at an aggregate cost not to exceed $9.0 billion and to be completed within a period of 18 months.

At December 31, 2003, the Corporation had 1.3 million shares issued and outstanding of ESOP Convertible Preferred Stock, Series C (ESOP Preferred Stock). The ESOP Preferred Stock has a stated and liquidation value of $42.50 per share, provides for an annual cumulative dividend of $3.30 per share and each share is convertible into 1.68 shares of the Corporation's common stock. ESOP Preferred Stock in the amounts of $4 million for 2003 and $7 million for both 2002 and 2001 was converted into the Corporation's common stock.

Accumulated OCI includes pre-tax net unrealized gains (losses) related to available-for-sale debt and marketable equity securities, foreign currency translation adjustments, derivatives and other of $(3.8) billion, $2.7 billion and $1.9 billion at December 31, 2003, 2002 and 2001, respectively. The net change in accumulated OCI also includes adjustments for gains (losses) to net income during the current year that had been included in accumulated OCI in previous year ends. Pre-tax adjustments for gains included in the Consolidated Statement of Income for 2003, 2002 and 2001 were $1.4 billion, $780 million and $715 million, respectively. The related income tax expense (benefit) was $(1.8) billion, $1.1 billion and $30 million in 2003, 2002 and 2001, 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. The put options give the holders the right to sell shares of the Corporation's common stock to the Corporation on certain dates at specified prices. The put option contracts allow the Corporation to determine the method of settlement, and the premiums received were reflected as a liability subsequent to the adoption of SFAS 150; prior to that, these put options were reported as a component of other shareholders' equity and were accounted for as permanent equity, and accordingly, there was no impact on the income statement. No other derivative contracts are used in the Corporation's repurchase programs. As of December 31, 2003, all put options under this program had matured and there were no remaining put options outstanding.

At December 31, 2003, there were no premiums on written put options. Included in shareholders' equity at December 31, 2002 were premiums on written put options of $47 million. Included in shareholders' equity at December 31, 2003 and 2002 were restricted stock award plan deferred compensation of $154 million and $31 million, respectively.

The calculation of earnings per common share and diluted earnings per common share for 2003, 2002 and 2001 is presented below. See Note 1 of the consolidated financial statements for a discussion on the calculation of earnings per common share.

(Dollars in millions, except per share information; shares in thousands)	2003	2002	2001
Earnings per common share			
Net income	**$ 10,810**	$ 9,249	$ 6,792
Preferred stock dividends	**(4)**	(5)	(5)
Net income available to common shareholders	**$ 10,806**	$ 9,244	$ 6,787
Average common shares issued and outstanding	**1,486,703**	1,520,042	1,594,957
Earnings per common share	**$ 7.27**	$ 6.08	$ 4.26
Diluted earnings per common share			
Net income available to common shareholders	**$ 10,806**	$ 9,244	$ 6,787
Preferred stock dividends	**4**	5	5
Net income available to common shareholders and assumed conversions	**$ 10,810**	$ 9,249	$ 6,792
Average common shares issued and outstanding	**1,486,703**	1,520,042	1,594,957
Dilutive potential common shares[1, 2]	**28,475**	45,425	30,697
Total diluted average common shares issued and outstanding	**1,515,178**	1,565,467	1,625,654
Diluted earnings per common share	**$ 7.13**	$ 5.91	$ 4.18

(1) For 2003, 2002 and 2001, average options to purchase 9 million, 22 million and 85 million shares, respectively, were outstanding but not included in the computation of earnings per common share because they were antidilutive.

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

Note 15—Regulatory Requirements and Restrictions

The Board of Governors of the Federal Reserve System (FRB) requires the Corporation's banking subsidiaries to maintain reserve balances based on a percentage of certain deposits. Average daily reserve balances required by the FRB were $4.1 billion and $3.7 billion for 2003 and 2002, respectively. Currency and coin residing in branches and cash vaults (vault cash) are used to partially satisfy the reserve requirement. The average daily reserve balances, in excess of vault cash, held with the Federal Reserve Bank amounted to $317 million and $95 million for 2003 and 2002, respectively.

The primary source of funds for cash distributions by the Corporation to its shareholders is dividends received from its banking subsidiaries. Bank of America, N.A. declared and paid dividends of $8.1 billion for 2003 to its Parent. In 2004, Bank of America, N.A. can declare and pay dividends to its Parent in an amount not to exceed 2004 net income. The other subsidiary national banks can initiate aggregate dividend payments in 2004 of $1.9 billion plus an additional amount equal to their net profits for 2004, as defined by statute, up to the date of any such dividend declaration. The amount of dividends that each subsidiary bank may declare in a calendar year without approval by the OCC is the subsidiary bank's net profits for that year combined with its net retained profits, as defined, for the preceding two years.

The FRB, the OCC and the Federal Deposit Insurance Corporation (collectively, the Agencies) have issued regulatory capital guidelines for U.S. banking organizations. Failure to meet the capital requirements can initiate certain mandatory and discretionary actions by regulators that could have a material effect on the Corporation's financial statements. At December 31, 2003 and 2002, the Corporation and Bank of America, N.A. were classified as well-capitalized under this regulatory framework. There have been no conditions or events since December 31, 2003 that management believes have changed either the Corporation's or Bank of America, N.A.'s capital classifications.

The regulatory capital guidelines measure capital in relation to the credit and market risks of both on- and off-balance sheet items using various risk weights. Under the regulatory capital guidelines, Total Capital consists of three tiers of capital. Tier 1 Capital includes common shareholders' equity, Trust Securities, minority interests and qualifying preferred stock, less goodwill and other adjustments. Tier 2 Capital consists of preferred stock not qualifying as Tier 1 Capital, mandatory convertible debt, limited amounts of subordinated debt, other qualifying term debt, the allowance for credit losses up to 1.25 percent of risk-weighted assets and other adjustments. Tier 3 Capital includes subordinated debt that is unsecured, fully paid, has an original maturity of at least two years, is not redeemable before maturity without prior approval by the FRB and includes a lock-in clause precluding payment of either interest or principal if the payment would cause the issuing bank's risk-based capital ratio to fall or remain below the required minimum. Tier 3 Capital can only be used to satisfy the Corporation's market risk capital requirement and may not be used to support its credit risk requirement. At December 31, 2003 and 2002, the Corporation had no subordinated debt that qualified as Tier 3 Capital.

The capital treatment of Trust Securities is currently under review by the FRB due to the issuing trust companies being deconsolidated under FIN 46. Depending on the capital treatment resolution, Trust Securities may no longer qualify for Tier 1 Capital treatment, but instead would qualify for Tier 2 Capital. On July 2, 2003, the FRB 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 1 Capital until further notice from the FRB. On September 2, 2003, the FRB 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 December 31, 2003, the Corporation consolidated approximately $4.3 billion of assets from multi-seller asset-backed commercial paper conduits, in accordance with FIN 46, as originally issued. See Notes 1 and 9 of the consolidated financial statements for additional information on FIN 46.

To meet minimum, adequately-capitalized regulatory requirements, an institution must maintain a Tier 1 Capital ratio of four percent and a Total Capital ratio of eight percent. A well-capitalized institution must generally maintain capital ratios 100 to 200 bps higher than the minimum guidelines. The risk-based capital rules have been further supplemented by a leverage ratio, defined as Tier 1 Capital divided by quarterly average total assets, after certain adjustments. The leverage ratio guidelines establish a minimum of 100 to 200 bps above three percent. Banking organizations must maintain a leverage capital ratio of at least five percent to be classified as well-capitalized. As of December 31, 2003, the Corporation was classified as well-capitalized for regulatory purposes, the highest classification.

Net unrealized gains (losses) on available-for-sale debt securities, net unrealized gains on available-for-sale marketable equity securities and the net unrealized gains (losses) on derivatives included in shareholders' equity at December 31, 2003 and 2002 are excluded from the calculations of Tier 1 Capital, Total Capital and leverage ratios.

The following table presents 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 December 31, 2003 and 2002:

	December 31					
	2003			2002		
	Actual			Actual		
(Dollars in millions)	Ratio	Amount	Minimum Required[1]	Ratio	Amount	Minimum Required[1]
Tier 1 Capital						
Bank of America Corporation	**7.85%**	**$ 44,050**	**$ 22,452**	8.22%	$ 43,012	$ 20,930
Bank of America, N.A.	**8.73**	**42,030**	**19,247**	8.61	40,072	18,622
Bank of America, N.A. (USA)	**8.41**	**3,079**	**1,465**	8.95	2,346	1,049
Total Capital						
Bank of America Corporation	**11.87**	**66,651**	**44,904**	12.43	65,064	41,860
Bank of America, N.A.	**11.31**	**54,408**	**38,494**	11.40	53,091	37,244
Bank of America, N.A. (USA)	**12.29**	**4,502**	**2,930**	11.97	3,137	2,098
Leverage						
Bank of America Corporation	**5.73**	**44,050**	**30,741**	6.29	43,012	27,335
Bank of America, N.A.	**6.88**	**42,030**	**24,425**	7.02	40,072	22,846
Bank of America, N.A. (USA)	**9.17**	**3,079**	**1,344**	9.58	2,346	980

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

Note 16—Employee Benefit Plans

Pension and Postretirement Plans

The Corporation sponsors noncontributory trusteed qualified pension plans that cover substantially all officers and employees. The plans provide defined benefits based on an employee's compensation, age and years of service. The Bank of America Pension Plan (the Pension Plan) provides participants with compensation credits, based on age and years of service. The Pension Plan allows participants to select from various earnings measures, which are based on the returns of certain funds or common stock of the Corporation. The participant-selected earnings measures determine the earnings rate on the individual participant account balances in the Pension Plan. Participants may elect to modify earnings measure allocations on a daily basis. The benefits become vested upon completion of five years of service. It is the policy of the Corporation to fund not less than the minimum funding amount required by ERISA. During 2004, the Corporation will contribute at least $87 million to the Pension Plan, the Nonqualified Pension Plans and the Post Retirement Health and Life Plans.

The Pension Plan has a balance guarantee feature, applied at the time a benefit payment is made from the plan, that protects participant balances transferred and certain compensation credits from future market downturns. The Corporation is responsible for funding any shortfall on the guarantee feature.

The Corporation sponsors a number of noncontributory, nonqualified pension plans. These plans, which are unfunded, provide defined pension benefits to certain employees.

In addition to retirement pension benefits, full-time, salaried employees and certain part-time employees may become eligible to continue participation as retirees in health care and/or life insurance plans sponsored by the Corporation. Based on the other provisions of the individual plans, certain retirees may also have the cost of these benefits partially paid by the Corporation.

Reflected in these results are key changes to the Postretirement Health and Life Plans and the nonqualified pension plans. In 2002, a one-time curtailment charge resulted from freezing benefits for supplemental executive retirement agreements. Additionally, on December 8, 2003, the President signed the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) into law. The Act

introduces a voluntary prescription drug benefit under Medicare as well as a federal subsidy to sponsors of retiree health care plans that provide at least an actuarially equivalent benefit. As permitted by FASB Staff Position (FSP) No. FAS 106-1 "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" (FSP 106-1), the Corporation has elected to defer recognizing the effects of the Act on its Postretirement Health and Life Plans. As a result, any measures of the accumulated projected benefit obligation (APBO) of the Postretirement Health and Life Plans or the net periodic postretirement benefit cost in the consolidated financial statements do not reflect the effects of the Act on the Postretirement Health and Life Plans. Specific authoritative guidance on the accounting for the federal subsidy is pending and that guidance, when issued, may or may not require the Corporation to change previously reported information.

The following table summarizes the changes in fair value of plan assets, changes in the projected benefit obligation (PBO), the funded status of both the accumulated benefit obligation (ABO), and the PBO and the weighted average assumptions used to determine benefit obligations for the pension plans and postretirement plans for 2003 and 2002. Prepaid and accrued benefit costs are reflected in other assets, and accrued expenses and other liabilities, respectively, on the Consolidated Balance Sheet. The discount rate assumption is based on the internal rate of return for a portfolio of high quality bonds (Moody's Aa Corporate bonds) with maturities that are consistent with projected future cash flows. For both the Pension Plan and the Postretirement Health and Life Plans, the discount rate at December 31, 2003 was 6.25 percent. For both the Pension Plan and the Postretirement Health and Life Plans, the expected long-term return on plan assets will be 8.50 percent for 2004. The expected return on plan assets is calculated using the calculated market-related value for the Pension Plan and the fair value for the Postretirement Health and Life Plans. The asset valuation method for the Pension Plan recognizes 60 percent of the market gains or losses in the first year, with the remaining 40 percent spread equally over the next four years.

(Dollars in millions)	Qualified Pension Plan[1] 2003	Qualified Pension Plan[1] 2002	Nonqualified Pension Plans[1] 2003	Nonqualified Pension Plans[1] 2002	Postretirement Health and Life Plans[1] 2003	Postretirement Health and Life Plans[1] 2002
Change in fair value of plan assets (Primarily listed stocks, fixed income and real estate)						
Fair value, January 1	**$ 7,518**	$ 8,264	**$ —**	$ —	**$ 181**	$ 194
Actual return on plan assets	**1,671**	(722)	**—**	—	**25**	(13)
Company contributions[2]	**400**	700	**47**	39	**13**	84
Plan participant contributions	**—**	—	**—**	—	**62**	49
Benefits paid	**(614)**	(724)	**(47)**	(39)	**(125)**	(133)
Fair value, December 31	**$ 8,975**	$ 7,518	**$ —**	$ —	**$ 156**	$ 181
Change in projected benefit obligation						
Projected benefit obligation, January 1	**$ 7,627**	$ 7,606	**$ 652**	$ 529	**$ 1,058**	$ 944
Service cost	**187**	199	**25**	27	**9**	11
Interest cost	**514**	540	**45**	44	**68**	67
Plan participant contributions	**—**	—	**—**	—	**62**	49
Plan amendments	**—**	6	**—**	(4)	**(36)**	8
Actuarial loss	**714**	—	**37**	108	**91**	112
Effect of curtailments	**—**	—	**—**	(15)	**—**	—
Effect of special termination benefits	**—**	—	**—**	2	**—**	—
Benefits paid	**(614)**	(724)	**(47)**	(39)	**(125)**	(133)
Projected benefit obligation, December 31	**$ 8,428**	$ 7,627	**$ 712**	$ 652	**$ 1,127**	$ 1,058
Funded status, December 31						
Accumulated benefit obligation (ABO)	**$ 8,028**	$ 7,264	**$ 628**	$ 573	**N/A**	N/A
Overfunded (unfunded) status of ABO	**947**	254	**(628)**	(573)	**N/A**	N/A
Provision for future salaries	**400**	363	**84**	79	**N/A**	N/A
Projected benefit obligation (PBO)	**8,428**	7,627	**712**	652	**1,127**	1,058
Overfunded (unfunded) status of PBO	**$ 547**	$ (109)	**$ (712)**	$ (652)	**$ (971)**	$ (877)
Unrecognized net actuarial loss	**2,153**	2,422	**195**	168	**139**	147
Unrecognized transition obligation	**—**	—	**—**	1	**291**	323
Unrecognized prior service cost	**364**	419	**18**	21	**6**	46
Prepaid (accrued) benefit cost	**$ 3,064**	$ 2,732	**$ (499)**	$ (462)	**$ (535)**	$ (361)
Weighted average assumptions, December 31						
Discount rate	**6.25%**	6.75%	**6.25%**	6.75%	**6.25%**	6.75%
Expected return on plan assets	**8.50**	8.50	**8.50**	N/A	**8.50**	8.50
Rate of compensation increase	**4.00**	4.00	**4.00**	4.00	**N/A**	N/A

(1) The measurement date for the Qualified Pension Plan, Nonqualified Pension Plans and Postretirement Health and Life Plans was December 31 of each year reported.
(2) The Corporation's best estimate of its contributions to be made to the Qualified Pension Plan, Nonqualified Pension Plans and Postretirement Health and Life Plans in 2004 is $0, $64 and $23, respectively.

Amounts recognized in the consolidated financial statements at December 31, 2003 and 2002 are as follows:

(Dollars in millions)	Qualified Pension Plan		Nonqualified Pension Plans		Postretirement Health and Life Plans	
	2003	2002	2003	2002	2003	2002
Prepaid benefit cost	**$ 3,064**	$ 2,732	**$ —**	$ —	**$ —**	$ —
Accrued benefit cost	**—**	—	**(499)**	(462)	**(535)**	(361)
Additional minimum liability	**—**	—	**(129)**	(111)	**—**	—
Intangible asset	**—**	—	**18**	22	**—**	—
Accumulated other comprehensive income	**—**	—	**111**	89	**—**	—
Net amount recognized at end of year	**$ 3,064**	$ 2,732	**$ (499)**	$ (462)	**$ (535)**	$ (361)

Net periodic pension benefit cost for 2003, 2002 and 2001 included the following components:

(Dollars in millions)	Qualified Pension Plan			Nonqualified Pension Plans		
	2003	2002	2001	2003	2002	2001
Components of net periodic pension benefit cost (income)						
Service cost	**$ 187**	$ 199	$ 202	**$ 25**	$ 27	$ 22
Interest cost	**514**	540	560	**45**	44	40
Expected return on plan assets	**(735)**	(746)	(876)	**—**	—	—
Amortization of transition asset	**—**	—	(2)	**—**	—	—
Amortization of prior service cost	**55**	55	54	**3**	10	11
Recognized net actuarial loss	**47**	—	—	**11**	11	7
Recognized loss due to settlements and curtailments	**—**	—	—	**—**	26	6
Net periodic pension benefit cost (income)	**$ 68**	$ 48	$ (62)	**$ 84**	$ 118	$ 86
Weighted average assumptions used to determine net cost for years ended December 31						
Discount rate	**6.75%**	7.25%	7.25%	**6.75%**	7.25%	7.25%
Expected return on plan assets	**8.50**	8.50	10.00	**N/A**	N/A	N/A
Rate of compensation increase	**4.00**	4.00	4.00	**4.00**	4.00	4.00

For 2003, 2002 and 2001, net periodic postretirement benefit cost included the following components:

(Dollars in millions)	2003	2002	2001
Components of net periodic postretirement benefit cost (income)			
Service cost	**$ 9**	$ 11	$ 11
Interest cost	**68**	67	65
Expected return on plan assets	**(15)**	(17)	(21)
Amortization of transition obligation	**32**	32	32
Amortization of prior service cost	**4**	6	4
Recognized net actuarial loss	**89**	40	20
Net periodic postretirement benefit cost	**$ 187**	$ 139	$ 111
Weighted average assumptions used to determine net cost for years ended December 31			
Discount rate	**6.75%**	7.25%	7.25%
Expected return on plan assets	**8.50**	8.50	10.00

Net periodic postretirement health and life expense was determined using the "projected unit credit" actuarial method. Gains and losses for all benefits except postretirement health care are recognized in accordance with the standard amortization provisions of the applicable accounting standards. For the Postretirement Health Care Plans, 50 percent of the unrecognized gain or loss at the beginning of the fiscal year (or at subsequent remeasurement) is recognized on a level basis during the year.

Assumed health care cost trend rates affect the postretirement benefit obligation and benefit cost reported for the Postretirement Health Care Plans. The assumed health care cost trend rates used to measure the expected cost of benefits covered by the Postretirement Health Care Plans was 10 percent for 2004, reducing in steps to 5 percent in 2007 and later years. A one-percentage-point increase in assumed health care cost trend rates would have increased the service and interest costs and the benefit obligation by $4 million and $52 million, respectively, in 2003, $5 million and $61 million, respectively, in 2002, and $6 million and $52 million, respectively, in 2001. A one-percentage-point decrease in assumed health care cost trend rates would have lowered the service and interest costs and the benefit obligation by $3 million and $48 million, respectively, in 2003, $4 million and $52 million, respectively, in 2002 and $4 million and $45 million, respectively, in 2001.

Plan Assets

The Pension Plan has been established as a retirement vehicle for participants and a trust has been established to secure benefits promised under the Pension Plan. The Corporation's policy is to invest the trust assets in a prudent manner for the exclusive purpose of providing benefits to participants and defraying reasonable expenses of administration. The Corporation's investment strategy is designed to provide a total return that, over the long-term, increases the ratio of assets to liabilities. The strategy attempts to maximize the investment return on assets at a level of risk deemed appropriate by the Corporation while complying with ERISA and any subsequent applicable regulations and laws. The investment strategy utilizes asset allocation as a principal determinant for establishing the risk/reward profile of the assets. Asset allocation ranges are established, periodically reviewed, and adjusted as funding levels and liability characteristics change. Active and passive investment managers are employed to help enhance the risk/return profile of the assets. An additional aspect of the investment strategy used to minimize risk (part of the asset allocation plan) includes matching the equity exposure of participant-selected earnings measures. For example, the common stock of the Corporation invested in the trust is maintained as an offset to the exposure related to participants who selected to receive an earnings measure based on the return performance of common stock of the Corporation.

The Expected Return on Asset Assumption (EROA assumption) was developed through analysis of historical market returns, historical asset class volatility and correlations, current market conditions, anticipated future asset allocations, the fund's past experience, and expectations on potential future market returns. The EROA assumption represents a long-term average view of the performance of the Pension Plan and Postretirement Health and Life Plan assets, a return that may or may not be achieved during any one calendar year. In a simplistic analysis of the EROA assumption, the building blocks used to arrive at the long-term return assumption would include an implied return from equity securities of 9.0 percent, debt securities of 6.5 percent, and real estate of 9.0 percent for all pension plans and postretirement health and life plans.

The Pension Plan asset allocation at December 31, 2003 and 2002 and target allocation for 2004 by asset category are as follows:

		Percentage of Plan Assets at December 31	
Asset Category	2004 Target Allocation	2003	2002
Equity securities	65-80%	**71%**	63%
Debt securities	20-35%	**28**	35
Real estate	0-3%	**1**	2
Total		**100%**	100%

Equity securities include common stock of the Corporation in the amounts of $809 million (9.02 percent of total plan assets) and $725 million (9.64 percent of total plan assets) at December 31, 2003 and 2002, respectively.

The Postretirement Health and Life Plans' asset allocation at December 31, 2003 and 2002 and target allocation for 2004 by asset category are as follows:

		Percentage of Plan Assets at December 31	
Asset Category	2004 Target Allocation	2003	2002
Equity securities	55-65%	**69%**	57%
Debt securities	35-45%	**31**	43
Total		**100%**	100%

The Postretirement Health and Life Plans had no investment in the common stock of the Corporation at December 31, 2003 or 2002.

Projected Benefit Payments

Benefit payments projected to be made from the Qualified Pension Plan, the Nonqualified Pension Plans and the Postretirement Health and Life Plans are as follows:

(Dollars in millions)	Qualified Pension Plan[1]	Nonqualified Pension Plans[2]	Postretirement Health and Life Plans[3]
2004	$ 495	$ 64	$ 93
2005	517	34	93
2006	542	47	92
2007	572	42	91
2008	627	47	89
2009-2013	3,651	284	427

(1) Benefit payments expected to be made from plan assets.
(2) Benefit payments expected to be made from the Corporation's assets.
(3) Benefit payments (net of retiree contributions) expected to be made from a combination of the plans' and the Corporation's assets.

Defined Contribution Plans

The Corporation maintains a qualified defined contribution retirement plan and a nonqualified defined contribution retirement plan. There are two components of the qualified defined contribution plan, the Bank of America 401(k) Plan (the 401(k) Plan): an employee stock ownership plan (ESOP) and a profit-sharing plan. Prior to 2001, the ESOP component of the 401(k) Plan featured leveraged ESOP provisions. See Note 14 of the consolidated financial statements for additional information on the ESOP provisions.

The Corporation contributed approximately $204 million, $200 million and $196 million for 2003, 2002 and 2001, respectively, in cash and stock which was utilized primarily to purchase the Corporation's common stock under the terms of the 401(k) Plan. At December 31, 2003 and 2002, an aggregate of 45 million shares and 44 million shares, respectively, of the Corporation's common stock and 1 million shares and 1 million shares, respectively, of ESOP Preferred Stock were held by the Corporation's 401(k) Plan.

Under the terms of the ESOP Preferred Stock provision, payments to the plan for dividends on the ESOP Preferred Stock were $4 million for 2003 and $5 million for both 2002 and 2001. Payments to the plan for dividends on the ESOP Common Stock were $45 million, $34 million and $27 million during the same periods. Interest incurred to service the debt of the ESOP Preferred Stock and ESOP Common Stock amounted to $300 thousand for 2001. As of December 31, 2001, all principal and interest associated with the debt of the ESOP Preferred Stock and ESOP Common Stock have been repaid.

In addition, certain non-U.S. employees within the Corporation are covered under defined contribution pension plans that are separately administered in accordance with local laws.

Note 17–Stock-based Compensation Plans

At December 31, 2003, the Corporation had certain stock-based compensation plans that are described below. For all stock-based compensation awards issued prior to January 1, 2003, the Corporation applies the provisions of APB 25 in accounting for its stock option and award plans. Stock-based compensation plans enacted after December 31, 2002, are accounted for under the provisions of SFAS 123. For additional information on the accounting for stock-based compensation plans and pro forma disclosures, see Note 1 of the consolidated financial statements.

The following table presents information on equity compensation plans at December 31, 2003:

	Number of Shares to be Issued Upon Exercise of Outstanding Options[1]	Weighted-Average Exercise Price of Outstanding Options[2]	Number of Shares Remaining for Future Issuance Under Equity Compensation Plans[3]
Plans approved by shareholders	125,192,323	$ 62.66	86,728,537
Plans not approved by shareholders	39,982,774	57.29	—
Total	165,175,097	$ 61.32	86,728,537

(1) Includes 5,009,407 unvested restricted stock units.
(2) Does not take into account unvested restricted stock units.
(3) Excludes shares to be issued upon exercise of outstanding options.

Key Employee Stock Plan

The Key Employee Stock Plan, as amended and restated, provided for different types of awards. These include stock options, restricted stock shares and restricted stock units. Under the plan, ten-year options to purchase approximately 130 million shares of common stock were granted through December 31, 2002, to certain employees at the closing market price on the respective grant dates. Options granted under the plan generally vest in three or four equal annual installments. At December 31, 2003, approximately 72 million options were outstanding under this plan. No further awards may be granted under this plan.

Key Associate Stock Plan

On April 24, 2002, the shareholders approved the Key Associate Stock Plan to be effective January 1, 2003. This approval authorized and reserved 100 million shares for grant in addition to the remaining amount under the Key Employee Stock Plan as of December 31, 2002, which was approximately 17 million shares plus any shares covered by awards under the Key Employee Stock Plan that terminate, expire, lapse or are cancelled after December 31, 2002. At December 31, 2003, approximately 29 million options were outstanding under this plan. Approximately 4 million shares of restricted stock and restricted stock units were granted during 2003. These shares of restricted stock generally vest in three equal annual installments beginning one year from the grant date. The Corporation incurred restricted stock expense of $276 million, $250 million and $182 million in 2003, 2002 and 2001, respectively.

The Corporation has certain stock-based compensation plans that were not approved by its shareholders. These broad-based plans are the 2002 Associates Stock Option Plan, Take Ownership! and the Barnett Employee Stock Option Plan. Descriptions of the material features of these plans follow.

2002 Associates Stock Option Plan

The Bank of America Corporation 2002 Associates Stock Option Plan covered all employees below a specified executive grade level. Under the plan, eligible employees received a one-time award of a

predetermined number of options entitling them to purchase shares of the Corporation's common stock. All options are nonqualified and have an exercise price equal to the fair market value on the date of grant. Approximately 54 million options were granted on February 1, 2002 at $61.36, the closing price for that day. The options vest as follows: 50 percent of the options become exercisable after the Corporation's common stock closes at or above $76.36 per share for ten consecutive trading days; the remaining 50 percent of the options become exercisable after the Corporation's common stock closes at or above $91.36 for ten consecutive trading days. During 2003, the first option vesting trigger was achieved. Regardless of the stock price, all options will be fully exercisable beginning February 1, 2006. In addition, the options continue to be exercisable following termination of employment under certain circumstances. At December 31, 2003, approximately 28 million options were outstanding under this plan. The options expire on January 31, 2007.

Take Ownership!

The Bank of America Global Associate Stock Option Program (Take Ownership!) covered all employees below a specified executive grade level. Under the plan, eligible employees received an award of a predetermined number of stock options entitling them to purchase shares of the Corporation's common stock at the fair market value on the grant date. All options are nonqualified. The options, which were granted on the first business day of 1999, 2000 and 2001, vested 25 percent on the first anniversary of the grant date, 25 percent on the second anniversary of the grant date and 50 percent on the third anniversary of the grant date. At January 2, 2004, all options issued under this plan were fully vested. These options expire five years after the grant date. In addition, the options continue to be exercisable following termination of employment under certain circumstances. At December 31, 2003, approximately 12 million options were outstanding under this plan. No further awards may be granted under this plan.

Barnett Employee Stock Option Plan

Under the Barnett Employee Stock Option Plan, ten-year options to purchase a predetermined number of shares of the Corporation's common stock were granted to all associates below a specified executive grade level in 1997. All options are nonqualified and have an exercise price equal to the fair market value on the grant date. All options issued under this plan vested. In addition, the options continue to be exercisable following termination of employment under certain circumstances. At December 31, 2003, approximately 100,000 options were outstanding under this plan.

Other Plans

Under the BankAmerica 1992 Management Stock Plan, ten-year options to purchase shares of the Corporation's common stock were granted to certain key employees in 1997 and 1998. At December 31, 2003, all options were fully vested and approximately 7 million options were outstanding under this plan. Additionally, 3 million shares of restricted stock were granted to certain key employees in 1997 and 1998. At December 31, 2003 all shares were fully vested. No further awards may be granted under this plan.

Under the BankAmerica Performance Equity Program, ten-year options to purchase shares of the Corporation's common stock were granted to certain key employees in 1997 and 1998 in the form of market price options and premium price options. All options issued under this plan to certain persons who were employees as of the merger date vested. At December 31, 2003, approximately 11 million options were outstanding under this plan. No further awards may be granted under this plan.

Additional stock option plans assumed in connection with various acquisitions remain outstanding and are included in the following tables. No further awards may be granted under these plans.

The following tables present the status of all plans at December 31, 2003, 2002 and 2001, and changes during the years then ended:

	2003		2002		2001	
Employee stock options	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at January 1	**205,723,650**	**$ 58.19**	184,550,016	$ 55.19	178,572,021	$ 54.45
Granted	**30,668,395**	**70.05**	85,835,715	61.45	53,067,079	50.45
Exercised	**(66,245,921)**	**55.43**	(49,058,178)	52.40	(28,198,630)	40.86
Forfeited	**(9,980,434)**	**62.82**	(15,603,903)	58.74	(18,890,454)	56.32
Outstanding at December 31	**160,165,690**	**61.32**	205,723,650	58.19	184,550,016	55.19
Options exercisable at December 31	**83,893,186**	**60.04**	89,575,970	59.02	94,753,943	57.94
Weighted-average fair value of options granted during the year		**$ 13.54**		$ 12.41		$ 10.36

	2003		2002		2001	
Restricted stock/unit awards	Shares	Weighted-Average Grant Price	Shares	Weighted-Average Grant Price	Shares	Weighted-Average Grant Price
Outstanding unvested grants at January 1	**7,839,973**	**$ 60.73**	6,591,746	$ 58.42	7,172,546	$ 63.37
Granted	**4,446,859**	**69.37**	4,766,377	61.13	3,844,384	51.21
Vested	**(3,848,788)**	**64.93**	(3,381,873)	56.87	(4,223,770)	60.32
Canceled	**(352,771)**	**65.70**	(136,277)	58.95	(201,414)	57.16
Outstanding unvested grants at December 31	**8,085,273**	**$ 63.27**	7,839,973	$ 60.73	6,591,746	$ 58.42

The following table summarizes information about stock options outstanding at December 31, 2003:

	Outstanding Options			Options Exercisable	
Range of Exercise Prices	Number Outstanding at December 31, 2003	Weighted Average Remaining Term	Weighted-Average Exercise Price	Number Exercisable at December 31, 2003	Weighted-Average Exercise Price
$10.00–$30.00	2,011,744	1.3 years	$ 24.26	2,011,744	$ 24.26
$30.01–$46.50	2,347,238	2.5 years	36.17	2,347,238	36.17
$46.51–$65.50	110,065,848	5.2 years	57.21	63,360,192	56.63
$65.51–$99.00	45,740,860	7.3 years	74.12	16,174,012	81.30
Total	160,165,690	5.7 years	$ 61.32	83,893,186	$ 60.04

Note 18—Income Taxes

The components of income tax expense for 2003, 2002 and 2001 were as follows:

(Dollars in millions)	2003	2002	2001
Current expense			
Federal	**$4,642**	$3,386	$3,154
State	**412**	451	218
Foreign	**260**	349	338
Total current expense	**5,314**	4,186	3,710
Deferred (benefit) expense			
Federal	**(222)**	(270)	(411)
State	**(45)**	(200)	29
Foreign	**4**	26	(3)
Total deferred (benefit) expense	**(263)**	(444)	(385)
Total income tax expense[1]	**$5,051**	$3,742	$3,325

(1) Does not reflect the deferred tax effects of unrealized gains and losses on available-for-sale debt and marketable equity securities, foreign currency translation adjustments and derivatives that are included in shareholders' equity. As a result of these tax effects, shareholders' equity increased by $1,806 in 2003 and decreased by $1,090 and $59 in 2002 and 2001, respectively. Also does not reflect tax benefits associated with the Corporation's employee stock plans which increased shareholders' equity by $443, $251 and $80 in 2003, 2002 and 2001, respectively.

The Corporation's current income tax expense approximates the amounts payable for those years. Deferred income tax expense represents the change in the deferred tax asset or liability and is discussed further below.

A reconciliation of the expected federal income tax expense using the federal statutory tax rate of 35 percent to the Corporation's actual income tax expense and resulting effective tax rate for 2003, 2002 and 2001 follows:

	2003		2002		2001	
(Dollars in millions)	Amount	Percent	Amount	Percent	Amount	Percent
Expected federal income tax expense	**$ 5,551**	**35.0%**	$ 4,547	35.0%	$ 3,541	35.0%
Increase (decrease) in taxes resulting from:						
Tax-exempt income	**(277)**	**(1.8)**	(278)	(2.1)	(107)	(1.1)
State tax expense, net of federal benefit	**239**	**1.5**	210	1.6	161	1.6
Goodwill amortization[1]	**12**	**0.1**	—	—	361	3.6
IRS tax settlement	**(84)**	**(0.5)**	(488)	(3.8)	—	—
Basis difference in subsidiary stock	**—**	**—**	—	—	(418)	(4.1)
Low income housing credits/other credits	**(212)**	**(1.3)**	(222)	(1.7)	(146)	(1.4)
Foreign tax differential	**(50)**	**(0.3)**	(58)	(0.4)	(63)	(0.6)
Other	**(128)**	**(0.9)**	31	0.2	(4)	(0.1)
Total income tax expense	**$ 5,051**	**31.8%**	$ 3,742	28.8%	$ 3,325	32.9%

(1) Goodwill amortization included in business exit costs was $164 in 2001.

During 2002, the Corporation reached a tax settlement agreement with the Internal Revenue Service (IRS). This agreement resolved issues for numerous tax returns of the Corporation and various predecessor companies and finalized all federal income tax liabilities through 1999. As a result of the settlement,

reductions in income tax expense of $84 million in 2003 and $488 million in 2002 were recorded resulting from refunds received and reductions in previously accrued taxes.

Significant components of the Corporation's deferred tax liabilities and assets at December 31, 2003 and 2002 were as follows:

	December 31	
(Dollars in millions)	2003	2002
Deferred tax liabilities		
Equipment lease financing	**$5,321**	$5,767
Intangibles	**955**	535
Investments	**905**	700
State taxes	**281**	310
Depreciation	**246**	229
Employee retirement benefits	**191**	250
Deferred gains and losses	**189**	149
Securities valuation	**—**	350
Available-for-sale debt securities	**—**	266
Other	**560**	511
Gross deferred tax liabilities	**8,648**	9,067
Deferred tax assets		
Allowance for credit losses	**2,421**	2,661
Securities valuation	**1,876**	—
Accrued expenses	**421**	412
Employee benefits	**174**	77
Net operating loss carryforwards	**129**	315
Loan fees and expenses	**85**	99
Available-for-sale debt securities	**46**	—
Other	**280**	212
Gross deferred tax assets	**5,432**	3,776
Valuation allowance	**(120)**	(114)
Gross deferred tax assets, net of valuation allowance	**5,312**	3,662
Net deferred tax liabilities	**$3,336**	$5,405

The valuation allowance included in the Corporation's deferred tax assets at December 31, 2003 and 2002 represented net operating loss carryforwards for which it is more likely than not that realization will not occur and expire in 2004 to 2009. The net change in the valuation allowance for deferred tax assets resulted from net operating losses being generated by foreign subsidiaries in 2003 where realization is not expected to occur.

At December 31, 2003 and 2002, federal income taxes had not been provided on $871 million and $770 million, respectively, of undistributed earnings of foreign subsidiaries, earned prior to 1987 and after 1997, that have been reinvested for an indefinite period of time. If the earnings were distributed, an additional $185 million and $171 million of tax expense, net of credits for foreign taxes paid on such earnings and for the related foreign withholding taxes, would result in 2003 and 2002, respectively.

Note 19—Fair Value of Financial Instruments

SFAS No. 107, "Disclosures About Fair Value of Financial Instruments" (SFAS 107), requires the disclosure of the estimated fair value of financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other

than in a forced or liquidation sale. Quoted market prices, if available, are utilized as estimates of the fair values of financial instruments. Since no quoted market prices exist for certain of the Corporation's financial instruments, the fair values of such instruments have been derived based on management's assumptions, the estimated amount and timing of future cash flows and estimated discount rates. The estimation methods for individual classifications of financial instruments are described more fully below. Different assumptions could significantly affect these estimates. Accordingly, the net realizable values could be materially different from the estimates presented below. In addition, the estimates are only indicative of the value of individual financial instruments and should not be considered an indication of the fair value of the combined Corporation.

The provisions of SFAS 107 do not require the disclosure of the fair value of lease financing arrangements and nonfinancial instruments, including intangible assets such as goodwill, franchise, and credit card and trust relationships.

Short-Term Financial Instruments

The carrying value of short-term financial instruments, including cash and cash equivalents, time deposits placed, federal funds sold and purchased, resale and repurchase agreements, commercial paper and other short-term investments and borrowings, approximates the fair value of these instruments. These financial instruments generally expose the Corporation to limited credit risk and have no stated maturities or have short-term maturities and carry interest rates that approximate market.

Financial Instruments Traded in the Secondary Market

Held-to-maturity debt securities, available-for-sale debt and marketable equity securities, trading account instruments and long-term debt traded actively in the secondary market have been valued using quoted market prices. The fair values of securities and trading account instruments are reported in Notes 4 and 5 of the consolidated financial statements.

Derivative Financial Instruments

All derivatives are recognized on the balance sheet at fair value, taking into consideration the effects of legally enforceable master netting agreements that allow the Corporation to settle positive and negative positions with the same counterparty on a net basis. For exchange-traded contracts, fair value is based on quoted market prices. For non-exchange-traded contracts, fair value is based on dealer quotes, pricing models or quoted prices for instruments with similar characteristics. The fair value of the Corporation's derivative assets and liabilities is presented in Note 6 of the consolidated financial statements.

Loans

Fair values were estimated for groups of similar loans based upon type of loan and maturity. The fair value of loans was determined by discounting estimated cash flows using interest rates approximating the Corporation's current origination rates for similar loans and adjusted to reflect the inherent credit risk. Where quoted market prices were available, primarily for certain residential mortgage loans and commercial loans, such market prices were utilized as estimates for fair values.

Substantially all of the foreign loans reprice within relatively short timeframes. Accordingly, for foreign loans, the net carrying values were assumed to approximate their fair values.

Mortgage Banking Assets

The Certificates are carried at estimated fair value based on an option-adjusted spread model that requires several key components including, but not limited to, proprietary prepayment models and term structure modeling via Monte Carlo simulation.

Deposits

The fair value for deposits with stated maturities was calculated by discounting contractual cash flows using current market rates for instruments with similar maturities. The carrying value of foreign time deposits approximates fair value. For deposits with no stated maturities, the carrying amount was considered to approximate fair value and does not take into account the significant value of the cost advantage and stability of the Corporation's long-term relationships with depositors.

The book and fair values of certain financial instruments at December 31, 2003 and 2002 were as follows:

	December 31			
	2003		2002	
(Dollars in millions)	Book Value	Fair Value	Book Value	Fair Value
Financial assets				
Loans	**$ 353,924**	**$ 357,770**	$ 322,065	$ 330,306
Financial liabilities				
Deposits	**414,113**	**414,379**	386,458	387,166
Long-term debt[1]	**75,343**	**79,442**	61,145	64,935
Trust preferred securities[1]	—	—	6,031	6,263

(1) Long-term debt includes long-term debt related to Trust Securities in 2003.

Note 20 – 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 the ALM process and certain consumer finance and commercial lending businesses that are being liquidated. Beginning in the first quarter of 2003, net interest income from certain results associated with the ALM process 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 process.

Segments are allocated provision for credit losses based on charge-offs and changes in their profile balances and credit risk portfolio. This adjustment was based on an estimate of the related segment's contribution to the improvement in credit quality experienced by the Corporation.

Certain expenses not directly attributable to a specific business segment are allocated to the segments based on pre-determined means. The most significant of these expenses include data processing and item processing costs. Data processing costs are allocated to the segments based on equipment usage. Additionally, item processing costs are allocated to the segments based on the volume of items processed for each segment.

The following table presents total revenue and net income for 2003, 2002 and 2001, and total assets at December 31, 2003 and 2002 for each business segment. Certain prior period amounts have been reclassified between segments to conform to the current period presentation.

Business Segments
At and for the Year ended December 31

(Dollars in millions)	Total Corporation			Consumer and Commercial Banking[1]		
	2003	2002	2001	2003	2002	2001
Net interest income (fully taxable-equivelent basis)	**$ 22,107**	$ 21,511	$ 20,633	**$ 15,970**	$ 15,205	$ 13,866
Noninterest income[2]	**16,422**	13,571	14,348	**10,333**	8,411	7,773
Total revenue	**38,529**	35,082	34,981	**26,303**	23,616	21,639
Provision for credit losses	**2,839**	3,697	4,287	**2,062**	1,806	1,580
Gains on sales of debt securities	**941**	630	475	**12**	45	3
Amortization of intangibles[3]	**217**	218	878	**179**	175	633
Other noninterest expense	**19,909**	18,218	19,831	**12,301**	11,301	10,702
Income before income taxes	**16,505**	13,579	10,460	**11,773**	10,379	8,727
Income tax expense	**5,695**	4,330	3,668	**4,252**	3,836	3,371
Net income	**$ 10,810**	$ 9,249	$ 6,792	**$ 7,521**	$ 6,543	$ 5,356
Period-end total assets	**$ 736,445**	$ 660,951		**$ 386,330**	$ 339,976	

(Dollars in millions)	Asset Management[1]			Global Corporate and Investment Banking[1]		
	2003	2002	2001	2003	2002	2001
Net interest income (fully taxable-equivelent basis)	**$ 754**	$ 752	$ 764	**$ 4,825**	$ 4,797	$ 4,605
Noninterest income[2]	**1,880**	1,626	1,734	**4,108**	3,880	4,890
Total revenue	**2,634**	2,378	2,498	**8,933**	8,677	9,495
Provision for credit losses	**1**	318	123	**477**	1,208	1,292
Losses on sales of debt securities	**—**	—	—	**(14)**	(97)	(45)
Amortization of intangibles[3]	**6**	6	57	**28**	32	143
Other noninterest expense	**1,608**	1,488	1,504	**5,407**	5,031	5,319
Income before income taxes	**1,019**	566	814	**3,007**	2,309	2,696
Income tax expense	**349**	191	295	**995**	748	853
Net income	**$ 670**	$ 375	$ 519	**$ 2,012**	$ 1,561	$ 1,843
Period-end total assets	**$ 27,540**	$ 25,645		**$ 248,833**	$ 220,241	

(Dollars in millions)	Equity Investments[1]			Corporate Other		
	2003	2002	2001	2003	2002	2001
Net interest income (fully taxable-equivelent basis)	**$ (160)**	$ (165)	$ (156)	**$ 718**	$ 922	$ 1,554
Noninterest income[2]	**(94)**	(281)	179	**195**	(65)	(228)
Total revenue	**(254)**	(446)	23	**913**	857	1,326
Provision for credit losses[4]	**25**	7	8	**274**	358	1,284
Gains on sales of debt securities	**—**	—	—	**943**	682	517
Amortization of intangibles[3]	**3**	3	10	**1**	2	35
Other noninterest expense[4]	**108**	88	203	**485**	310	2,103
Income before income taxes	**(390)**	(544)	(198)	**1,096**	869	(1,579)
Income tax expense (benefit)	**(141)**	(213)	(79)	**240**	(232)	(772)
Net income	**$ (249)**	$ (331)	$ (119)	**$ 856**	$ 1,101	$ (807)
Period-end total assets	**$ 6,251**	$ 6,064		**$ 67,491**	$ 69,025	

(1) There were no material intersegment revenues among the segments.
(2) Noninterest income in 2001 included the $83 SFAS 133 transition adjustment net loss which was recorded in trading account profits. The components of the transition adjustment by segment were a gain of $4 for *Consumer and Commercial Banking*, a gain of $19 for *Global Corporate and Investment Banking* and a loss of $106 for *Corporate Other*.
(3) The Corporation adopted SFAS 142 on January 1, 2002. Accordingly, no goodwill amortization was recorded in 2003 and 2002.
(4) *Corporate Other* includes exit charges consisting of provision for credit losses of $395 and noninterest expense of $1,305 related to the exit of certain consumer finance businesses in 2001.

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

	Year Ended December 31		
(Dollars in millions)	2003	2002	2001
Segments' revenue	**$ 37,616**	$ 34,225	$ 33,655
Adjustments:			
Revenue associated with unassigned capital	**616**	669	498
ALM activities[1]	**560**	319	(147)
Liquidating businesses	**310**	481	1,383
Fully taxable-equivalent basis adjustment	**(643)**	(588)	(343)
SFAS 133 transition adjustment net loss	**—**	—	(106)
Other	**(573)**	(612)	(302)
Consolidated revenue	**$ 37,886**	$ 34,494	$ 34,638
Segments' net income	**$ 9,954**	$ 8,148	$ 7,599
Adjustments, net of taxes:			
Gains on sales of debt securities	**643**	460	332
Earnings associated with unassigned capital	**420**	451	320
ALM activities[1]	**382**	146	(103)
Liquidating businesses	**(27)**	23	219
Litigation expense	**(150)**	—	(214)
Tax settlement	**—**	488	—
Severance charge	**—**	(86)	(96)
Tax benefit associated with basis difference in subsidiary stock	**—**	—	267
SFAS 133 transition adjustment net loss	**—**	—	(68)
Provision for credit losses in excess of net charge-offs	**—**	—	(182)
Exit charges	**—**	—	(1,250)
Other	**(412)**	(381)	(32)
Consolidated net income	**$ 10,810**	$ 9,249	$ 6,792

	December 31	
	2003	2002
Segments' total assets	**$ 668,954**	$ 591,926
Adjustments:		
ALM activities[1]	**103,313**	65,447
Securities portfolio	**61,253**	65,979
Liquidating businesses	**6,503**	9,294
Elimination of excess earning asset allocations	**(144,894)**	(107,746)
Other, net	**41,316**	36,051
Consolidated total assets	**$ 736,445**	$ 660,951

(1) Includes whole mortgage loan sale gains.

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

Note 21—Bank of America Corporation (Parent Company Only)

The following tables present the Parent Company Only financial information:

Condensed Statement of Income

	Year Ended December 31		
(Dollars in millions)	2003	2002	2001
Income			
Dividends from subsidiaries:			
Bank subsidiaries	**$ 8,950**	$ 11,100	$ 5,000
Other subsidiaries	**34**	10	32
Interest from subsidiaries	**610**	775	1,746
Other income	**2,140**	1,138	1,772
Total income	**11,734**	13,023	8,550
Expense			
Interest on borrowed funds	**1,391**	1,700	2,564
Noninterest expense	**2,181**	1,361	2,083
Total expense	**3,572**	3,061	4,647
Income before income tax benefit and equity in undistributed earnings of subsidiaries	**8,162**	9,962	3,903
Income tax benefit	**461**	1,154	385
Income before equity in undistributed earnings of subsidiaries	**8,623**	11,116	4,288
Equity in undistributed earnings of subsidiaries:			
Bank subsidiaries	**2,093**	(1,607)	2,653
Other subsidiaries	**94**	(260)	(149)
Total equity in undistributed earnings (losses) of subsidiaries	**2,187**	(1,867)	2,504
Net income	**$ 10,810**	$ 9,249	$ 6,792
Net income available to common shareholders	**$ 10,806**	$ 9,244	$ 6,787

Condensed Balance Sheet

(Dollars in millions)	December 31 2003	2002
Assets		
Cash held at bank subsidiaries	**$ 20,436**	$ 12,844
Securities	**1,441**	989
Receivables from subsidiaries:		
Bank subsidiaries	**10,042**	7,802
Other subsidiaries	**15,103**	16,682
Investments in subsidiaries:		
Bank subsidiaries	**59,085**	58,662
Other subsidiaries	**818**	654
Other assets	**13,459**	8,420
Total assets	**$ 120,384**	$ 106,053
Liabilities and shareholders' equity		
Commercial paper and other short-term borrowings	**$ 3,333**	$ 453
Accrued expenses and other liabilities	**7,469**	3,094
Payables to subsidiaries:		
Bank subsidiaries	**173**	193
Other subsidiaries	**29**	5,479
Long-term debt	**61,400**	46,515
Shareholders' equity	**47,980**	50,319
Total liabilities and shareholders' equity	**$ 120,384**	$ 106,053

Condensed Statement of Cash Flows

(Dollars in millions)	Year Ended December 31 2003	2002	2001
Operating activities			
Net income	**$ 10,810**	$ 9,249	$ 6,792
Reconciliation of net income to net cash provided by operating activities:			
Equity in undistributed earnings (losses) of subsidiaries	**(2,187)**	1,867	(2,504)
Other operating activities, net	**115**	(2,537)	1,768
Net cash provided by operating activities	**8,738**	8,579	6,056
Investing activities			
Net purchases of securities	**(59)**	(428)	(24)
Net payments to subsidiaries	**(1,160)**	(2,025)	(3,330)
Other investing activities, net	**(1,597)**	(158)	—
Net cash used in investing activities	**(2,816)**	(2,611)	(3,354)
Financing activities			
Net increase (decrease) in commercial paper and other short-term borrowings	**2,482**	(7,505)	(5,154)
Proceeds from issuance of long-term debt	**14,713**	8,753	10,762
Retirement of long-term debt	**(5,928)**	(1,464)	(6,106)
Proceeds from issuance of common stock	**4,207**	2,632	1,121
Common stock repurchased	**(9,799)**	(7,466)	(4,716)
Cash dividends paid	**(4,281)**	(3,709)	(3,632)
Other financing activities, net	**276**	(338)	763
Net cash used in financing activities	**1,670**	(9,097)	(6,962)
Net increase (decrease) in cash held at bank subsidiaries	**7,592**	(3,129)	(4,260)
Cash held at bank subsidiaries at January 1	**12,844**	15,973	20,233
Cash held at bank subsidiaries at December 31	**$ 20,436**	$ 12,844	$ 15,973

Note 22—Performance by Geographic Area

Since the Corporation's operations are highly integrated, certain asset, liability, income and expense amounts must be allocated to arrive at total assets, total revenue, income (loss) before income taxes and net income (loss) by geographic area. The Corporation identifies its geographic performance based upon the business unit structure used to manage the capital or expense deployed in the region as applicable. This requires certain judgments related to the allocation of revenue so that revenue can be appropriately matched with the related expense or capital deployed in the region.

		At December 31	For the Year Ended December 31		
(Dollars in millions)	Year	Total Assets[1]	Total Revenue[2]	Income (Loss) Before Income Taxes	Net Income (Loss)
Domestic[3]	**2003**	**$ 680,843**	**$ 36,267**	**$ 15,703**	**$ 10,676**
	2002	610,731	32,645	13,268	9,374
	2001	570,029	32,301	9,572	6,404
Asia	**2003**	**22,468**	**467**	**125**	**101**
	2002	18,654	720	293	205
	2001	17,382	892	383	259
Europe, Middle East and Africa	**2003**	**30,107**	**1,037**	**187**	**131**
	2002	27,304	989	(159)	(76)
	2001	28,172	1,211	395	269
Latin America and the Caribbean	**2003**	**3,027**	**115**	**(154)**	**(98)**
	2002	4,262	140	(411)	(254)
	2001	6,778	234	(233)	(140)
Total Foreign	**2003**	**55,602**	**1,619**	**158**	**134**
	2002	50,220	1,849	(277)	(125)
	2001	52,332	2,337	545	388
Total Consolidated	**2003**	**$ 736,445**	**$ 37,886**	**$ 15,861**	**$ 10,810**
	2002	660,951	34,494	12,991	9,249
	2001	622,361	34,638	10,117	6,792

(1) Total assets includes long-lived assets, which are primarily located in the U.S.
(2) There were no material intercompany revenues between geographic regions for any of the periods presented.
(3) Includes the Corporation's Canadian operations, which had total assets of $2,799, $2,666 and $2,849 at December 31, 2003, 2002 and 2001, respectively; total revenues of $96, $96 and $121; income before income taxes of $60, $111 and $4; and net income of $12, $83 and $0.3 for the years ended December 31, 2003, 2002 and 2001, respectively.

DIRECT AND INDIRECT SUBSIDIARIES OF BANK OF AMERICA CORPORATION
INDEX OF FRY Y-10 REPORTABLE ENTITIES ON ORGANIZATION CHART AS OF 12/31/2003

(FR Y-10 REPORTABLE ENTITIES HELD ON A CONFIDENTIAL BASIS ARE INCLUDED ON INVESTMENT LIST)

Name	Location
A/M Properties, Inc.	Baltimore, MD
Abilene Park, Inc.	Dallas, TX
AF&L, Inc.	Warrington, PA
Airlease Ltd., A California Limited Partnership	San Francisco, CA
Airlease Management Services, Inc.	San Francisco, CA
Alamo Funding II, Inc.	Dallas, TX
Alamo Funding LLC	Dallas, TX
Alexanders on Ninth, Inc.	Charlotte, NC
Alie Street Investments Limited	London, U.K.
Alliance Enterprise Corporation	Richardson, TX
Almacenadora Serfin, S.A. de C.V.	Mexico City, Mexico
Almacenadora Somex, S.A. de C.V.	Mexico City, Mexico
Altier LLC	Dallas, TX
Amarillo Lane, Inc.	Dallas, TX
AMB Pier One LLC	San Francisco, CA
America Fund	George Town, Grand Cayman, Cayman Is.
American Financial Service Group, Inc.	Greensboro, NC
Appold Holdings Limited	London, U.K.
Appold Property Management Limited	London, U.K.
Arena Holdings LLC	Charlotte, NC
Arrendadora Bank of America, S.A., Organizacion Auxiliar del Credito, Grupo Financiero Bank of America	Mexico City, Mexico
Ashburn A Corp.	Baltimore, MD
Asian American Merchant Bank Ltd.	Singapore, Singapore
Aspen Lane BT	Las Vegas, NV
Asset Backed Funding Corporation	Charlotte, NC
Aswan Development Associates, LLC	Miami, FL
Aswan Village Associates, LLC	Miami, FL
Atlanta Affordable Housing Fund Limited Partnership	Charlotte, NC
Atlantic Equity Corporation	Chicago, IL
Awenda Financing LLC	Dallas, TX
B&D Phase III LLC	Baltimore, MD
B.A. International (Cayman) Ltd.	George Town, Grand Cayman, Cayman Is.
BA 1998 Partners Associates Fund, L.P.	Chicago, IL
BA 1998 Partners Fund I, L.P.	Chicago, IL
BA 1998 Partners Fund II, L.P.	Chicago, IL
BA 1998 Partners Fund LDC	Chicago, IL
BA 1998 Partners Master Fund I, L.P.	Chicago, IL
BA 1998 Partners Master Fund II, L.P.	Chicago, IL
BA Agency, Inc.	Albuquerque, NM
BA Asia Limited	Hong Kong, PRC
BA Australia Limited	Sydney, New South Wales, Australia
BA Capital Advisors S.r.L.	Milan, Italy
BA Capital Beratungs GmbH	Frankfurt, Germany
BA Capital Company, L.P.	Charlotte, NC

Exhibit 21

Name	Location
BA Card Operations, Inc.	Dover, DE
BA Co-Invest Fund 2001 (Cayman), L.P.	Chicago, IL
BA Co-Invest Fund 2002 (Cayman), L.P.	Chicago, IL
BA Coinvest GP, Inc.	Chicago, IL
BA Direct Investment Fund K, L.P.	Chicago, IL
BA Direct Investment Fund M, L.P.	Chicago, IL
BA Electronic Data Processing (Guangzhou) Ltd.	Guangzhou, PRC
BA Employment Services Limited	George Town, Grand Cayman, Cayman Is.
BA Equity Advisors Sp.zo.o	Warsaw, Poland
BA Equity Holdings, L.P.	Charlotte, NC
BA Equity Investment Company, L.P.	Charlotte, NC
BA Equity Investors, Inc.	Chicago, IL
BA Finance (Hong Kong) Limited	Hong Kong, PRC
BA Finance Ireland Limited	Dublin, Ireland
BA Finance Lease, Inc.	San Francisco, CA
BA Holding Company S.A.	Luxembourg, Luxembourg
BA Insurance Services, Inc.	Baltimore, MD
BA International (Netherlands) B.V.	Amsterdam, The Netherlands
BA International Finance B.V.	Amsterdam, The Netherlands
BA Investments	George Town, Grand Cayman, Cayman Is.
BA Netting Limited	London, U.K.
BA Nominees Limited	Hong Kong, PRC
BA Overseas Holdings	George Town, Grand Cayman, Cayman Is.
BA Partners Fund III, LLC	Chicago, IL
BA Properties, Inc.	Los Angeles, CA
BA Rescarven Holding Company	George Town, Grand Cayman, Cayman Is.
BA SBIC Sub, Inc.	Chicago, IL
BA Securities Australia Limited	Sydney, New South Wales, Australia
BA Securities Limited	Hong Kong, PRC
BA Technology I, LLC	Charlotte, NC
BAC Funding Consortium, Inc.	Miami, FL
BAC NUBAFA, Inc.	San Francisco, CA
BAC Realty LLC	Dallas, TX
BACAP Advisory Partners, LLC	Charlotte, NC
BACAP Alternative Advisors, Inc.	New York, NY
BACAP Alternative Montage Fund, LLC	New York, NY
BACAP Alternative Multi-Strategy Fund, LLC	Charlotte, NC
BACAP Distressed Debt Fund, LLC	New York, NY
BACAP Distributors, LLC	Charlotte, NC
BACAP Diversified Real Estate Fund, L.P.	New York, NY
BACAP Multi-Strategy Hedge Fund, LLC	New York, NY
BACAP Multi-Strategy Hedge Fund, Ltd.	New York, NY
BACAP Opportunity Strategy, LLC	Charlotte, NC
BACF Corporation	Wilton, CT
BACP Europe Fund II, L.P.	Chicago, IL
BACP Europe Fund IV M, L.P.	Chicago, IL
BAEC Investments, L.L.C.	Chicago, IL
BAEP Asia Limited	Curepipe, Mauritius
BAEP Nord I LLC	Chicago, IL
BAEP Nord IA LLC	Chicago, IL
BAEP Nord III LLC	Chicago, IL
BAEP Nord V LLC	Chicago, IL
BAEP Telecommunications Investments, L.L.C.	Chicago, IL
BAK Consolidated Holdings OverSeas Partners	Las Vegas, NV
BAK Consolidated Holdings, Inc.	Las Vegas, NV

Exhibit 21

Name	Location
BALCAP Funding, LLC	San Francisco, CA
BA-MBS LLC	Las Vegas, NV
Bamerilease, Inc.	Phoenix, AZ
BANA (#1) LLC	Charlotte, NC
BANA Residuals, Inc.	Charlotte, NC
Banc of America Advisory Services, LLC	Charlotte, NC
Banc of America Agency of Nevada, Inc.	Las Vegas, NV
Banc of America Agency of Texas, Inc.	Dallas, TX
Banc of America Agency, LLC	Towson, MD
Banc of America Arena Community Development LLC	Charlotte, NC
Banc of America Auto Finance Corp.	Jacksonville, FL
Banc of America Bridge LLC	Charlotte, NC
Banc of America Business Finance Corporation	Tucker, GA
Banc of America California Community Venture Fund, LLC	Chicago, IL
Banc of America Capital Holdings, L.P.	Charlotte, NC
Banc of America Capital Investors SBIC, L.P.	Charlotte, NC
Banc of America Capital Investors, L.P.	Charlotte, NC
Banc of America Capital Management (Ireland), Limited	Dublin, Ireland
Banc of America Capital Management, LLC	Charlotte, NC
Banc of America Capital Markets-Asia, Inc.	Chicago, IL
Banc of America CDC Special Holding Company, Inc.	Charlotte, NC
Banc of America CDE, LLC	Baltimore, MD
Banc of America CLO Corporation II	Dallas, TX
Banc of America Co-Invest Fund 2001, L.P.	Chicago, IL
Banc of America Co-Invest Fund 2002, L.P.	Chicago, IL
Banc of America Commercial Finance Corporation	Wilton, CT
Banc of America Commercial Mortgage, Inc.	Charlotte, NC
Banc of America Commercial, LLC	Tucker, GA
Banc of America Community Development Corporation	Charlotte, NC
Banc of America Community Holdings, Inc.	Charlotte, NC
Banc of America Community Housing Investment Fund II LLC	Chicago, IL
Banc of America Community Housing Investment Fund LLC	Chicago, IL
Banc of America Development, Inc.	Charlotte, NC
Banc of America E-Commerce Holdings, Inc.	Charlotte, NC
Banc of America Energy & Power Facilities Leasing I, Inc.	San Francisco, CA
Banc of America Facilities Leasing, LLC	San Francisco, CA
Banc of America Financial Products, Inc.	Chicago, IL
Banc of America FSC Holdings, Inc.	San Francisco, CA
Banc of America Funding Corporation	Charlotte, NC
Banc of America Funding LLC	Charlotte, NC
Banc of America Futures, Incorporated	Chicago, IL
Banc of America Historic Capital Assets LLC	Charlotte, NC
Banc of America Historic Ventures, LLC	Charlotte, NC
Banc of America Insurance Group, Inc.	San Diego, CA
Banc of America Insurance Services, Inc.	Baltimore, MD
Banc of America Investment Leasing Co., Ltd.	Tokyo, Japan
Banc of America Investment Services, Inc.	Charlotte, NC
Banc of America Large Loan, Inc.	Dover, DE
Banc of America Leasing & Capital, LLC	San Francisco, CA

Exhibit 21

Name	Location
Banc of America Leasing Commercial Markets, Inc.	Wilmington, DE
Banc of America Leasing Commercial Markets, LLC	Wilmington, DE
Banc of America Management Corporation	Wilton, CT
Banc of America Management LLC I	Chicago, IL
Banc of America Mezzanine Capital LLC	Charlotte, NC
Banc of America Mortgage Capital Corporation	Charlotte, NC
Banc of America Mortgage Securities, Inc.	Charlotte, NC
Banc of America Neighborhood Services Corporation	Charlotte, NC
Banc of America Preferred Funding Corporation	Dallas, TX
Banc of America Public and Institutional Financial Funding, LLC	San Francisco, CA
Banc of America Securities (India) Private Limited	Mumbai, India
Banc of America Securities Canada Co.	Halifax, Nova Scotia
Banc of America Securities Canada Holding Corp.	Charlotte, NC
Banc of America Securities Ireland	Dublin, Ireland
Banc of America Securities Limited	London, U.K.
Banc of America Securities LLC	Charlotte, NC
Banc of America Securities, Casa de Bolsa, S.A. de C.V., Grupo Financiero Bank of America	Mexico City, Mexico
Banc of America Securities-Japan, Inc.	Tokyo, Japan
Banc of America Strategic Solutions, Inc.	Charlotte, NC
Banc of America Strategic Solutions, LLC	Charlotte, NC
Banc of America Structured Notes, Inc.	Charlotte, NC
Banc of America Technology Investments, Inc.	Charlotte, NC
Banca Serfin, S.A.	Mexico City, Mexico
BancAmerica Capital Holdings II, L.P.	Chicago, IL
BancAmerica Capital Investors II, L.P.	Chicago, IL
BancAmerica Capital Investors SBIC II, L.P.	Chicago, IL
BancAmerica Coinvest Fund 2000, L.P.	Chicago, IL
Banco Santander Mexicano, S.A.	Mexico City, Mexico
Bank IV Affordable Housing Corporation	Charlotte, NC
Bank of America—Brasil S.A. (Banco Multiplo)	Sao Paulo, Brazil
Bank of America (Asia) Limited	Hong Kong, PRC
Bank of America (Hawaii) Insurance Agency, Inc.	Honolulu, HI
Bank of America (Jersey) Limited	St. Helier, Jersey, Channel Islands
Bank of America (Macau) Limited	Macau
Bank of America ACH Association	San Francisco, CA
Bank of America Brasil Holdings Ltda.	Sao Paulo, Brazil
Bank of America California, National Association	San Francisco, CA
Bank of America Canada	Toronto, Ontario, Canada
Bank of America Canada Specialty Group Ltd.	Mississauga, Ontario, Canada
Bank of America Capital Advisors LLC	Chicago, IL
Bank of America Capital Corporation	Chicago, IL
Bank of America Corporation	Charlotte, NC
Bank of America Foundation, Inc., The	Atlanta, GA
Bank of America Fund	George Town, Grand Cayman, Cayman Is.
Bank of America Georgia, National Association	Atlanta, GA
Bank of America Malaysia Berhad	Kuala Lumpur, Malaysia
Bank of America Mexico, S.A., Institucion de Banca Multiple, Grupo Financiero Bank of America	Mexico City, Mexico
Bank of America Mortgage Securities, Inc.	Charlotte, NC
Bank of America Oregon, National Association	Portland, OR
Bank of America Overseas Corporation	Charlotte, NC
Bank of America Reinsurance Corporation	Burlington, VT
Bank of America Securitization Investment Trust LLC	Wilmington, DE

Exhibit 21

Name	Location
Bank of America Singapore Limited	Singapore, Singapore
Bank of America Technology and Operations, Inc.	Charlotte, NC
Bank of America Trust and Banking Corporation (Cayman) Limited	George Town, Grand Cayman, Cayman Is.
Bank of America Trust Company of Delaware, National Association	Greenville, DE
Bank of America Ventures	Foster City, CA
Bank of America, National Association	Charlotte, NC
Bank of America, National Association (USA)	Phoenix, AZ
BankAmerica Acceptance Corp.	San Diego, CA
BankAmerica Capital I	Charlotte, NC
BankAmerica Capital II	Charlotte, NC
BankAmerica Capital III	Charlotte, NC
BankAmerica Capital IV	Charlotte, NC
BankAmerica Institutional Capital A	San Francisco, CA
BankAmerica Institutional Capital B	San Francisco, CA
BankAmerica International Financial Corporation	San Francisco, CA
BankAmerica International Investment Corporation	Chicago, IL
BankAmerica Investment Corporation	Chicago, IL
BankAmerica Nominees (1993) Pte Ltd.	Singapore, Singapore
BankAmerica Nominees (Hong Kong) Ltd.	Hong Kong, PRC
BankAmerica Nominees (Singapore) Pte. Ltd.	Singapore, Singapore
BankAmerica Nominees Limited (London)	London, U.K.
BankAmerica Realty Finance, Inc.	Los Angeles, CA
BankAmerica Realty Services, Inc.	San Francisco, CA
Bankamerica RepresentaCAO e Servicos Ltda.	Sao Paulo, Brazil
BankAmerica Special Assets Corporation	San Francisco, CA
BankAmerica Trust and Banking Corporation (Bahamas) Limited	Nassau, Bahamas
BankAmerica Trust Company (Hong Kong) Limited	Hong Kong, PRC
BAR Litigation, LLC	Wilmington, DE
Barnett Bank Premises Company—Brickell	Jacksonville, FL
Barnett Capital I	Jacksonville, FL
Barnett Capital II	Jacksonville, FL
Barnett Capital III	Jacksonville, FL
Barnett Southside Land, Inc.	Charlotte, NC
Barrow Ltd.	George Town, Grand Cayman, Cayman Is.
Bartlett Park Neighborhood Redevelopment, L.C.	Tampa, FL
BAS Alternative Management, LLC	San Francisco, CA
BAS Capital Funding Corporation	Chicago, IL
BAS Oak Management, LLC	San Francisco, CA
BAS Oak X, LLC	San Francisco, CA
BAS Securitization LLC	Charlotte, NC
BAS/SOFI Management, LLC	New York, NY
BAS/SOFI VI, LLC	New York, NY
BASCFC-Maxcom Holdings I, LLC	Chicago, IL
BAVP, LP	Foster City, CA
Bay 2 Bay Leasing LLC	San Francisco, CA
BBI Merchant Processing Company, LLC	Charlotte, NC
Belmont Heights Development Company, L.C.	Tampa, FL
BIRMSON, L.L.C.	Wilton, CT
Biscayne Apartments, Inc.	Atlanta, GA
BJCC, Inc.	Wilton, CT
Black Business Investment Fund of Central Florida, Inc.	Orlando, FL

Exhibit 21

Name	Location
Blue Ridge Investments, L.L.C.	Charlotte, NC
Blue Spruce Investments, GP	Las Vegas, NV
BoA Beteiligungs GmbH	Frankfurt, Germany
BoA Consulting GmbH & Co. KG	Frankfurt, Germany
BoA Consulting Verwaltungs GmbH	Frankfurt, Germany
BoA Netherlands Cooperatieve U.A.	Amsterdam, The Netherlands
BoA Treuhand GmbH & Co. KG	Frankfurt, Germany
BOA/Mermart Joint Venture	San Diego, CA
Boatmen's Insurance Agency, Inc.	St. Louis, MO
BofA Investment Company S.A.	Buenos Aires, Argentina
Bond Products Depositor LLC	Charlotte, NC
Boundary Peak Investments GP	Las Vegas, NV
Brazilian Financial Services, Inc.	San Francisco, CA
Brazos VPP Limited Partnership	Dallas, TX
Bristlecone Park LLC	Las Vegas, NV
Brockman Investments LLC	Wilmington, DE
Burton Road Development Partners, LLC	Atlanta, GA
C&S Premises, Inc.	Atlanta, GA
C&S Premises-SPE, Inc.	Atlanta, GA
Cabot Investments	London, U.K.
California Environmental Redevelopment Fund, LLC	Sacramento, CA
Calnevari Holdings, Inc.	Las Vegas, NV
Calstock Holdings LLC	Las Vegas, NV
Calstock Partners	Las Vegas, NV
Canaan Collaborative Limited Partnership, The	Houston, TX
CAP Development Company, LLC	Tampa, FL
Capital Courts Corporation	Washington, DC
Capital Crossing Development Corporation	Suitland, MD
Carlton Court CDC, Inc.	Dallas, TX
Carlton Court Limited Partnership	Dallas, TX
Carolina Investments Limited	London, U.K.
Carolina Mountain Holding Company	Charlotte, NC
Casa de Bolsa Santander Serfin, S.A. de C.V.	Mexico City, Mexico
Castle Bay REIT	Dallas, TX
Castle Lofts, L.P.	Kansas City, MO
Castlepoint, L.L.C.	St. Louis, MO
Cathedral Gorge Management LLC	Las Vegas, NV
CBD, L.L.C.	St. Louis, MO
Centerpoint Development LLC	Baltimore, MD
Centrex Capital Corp.	Jacksonville, FL
Centro Comercial Zacatecas, S.A. de C.V.	Mexico City, Mexico
Ceramica International Holdings S.a.r.L.	Luxembourg, Luxembourg
Charlotte Affordable Housing LLC, The	Charlotte, NC
Charlotte Gateway Village, LLC	Charlotte, NC
Charlotte Transit Center, Inc.	Charlotte, NC
Chase Federal Housing Corporation	Baltimore, MD
Chase I, Inc.	Miami, FL
ChaseFed Insurance Co.	Miami, FL
Chepstow Holdings of Delaware, Inc.	Las Vegas, NV
Chepstow Real Estate Investment Trust	Las Vegas, NV
Chepstow TRS, Inc.	Las Vegas, NV
Cherry Affordable Housing Corp.	Charlotte, NC
Church Street Housing Partners I, LLC	Orlando, FL
Church Street Retail Partners I, LLC	Orlando, FL

Exhibit 21

Name	Location
CIC Trading, S.A.	Buenos Aires, Argentina
City Hall Lofts, L.P.	Kansas City, MO
CIVC Partners Fund IIIA, L.P.	Chicago, IL
CIVC Partners Fund, L.P.	Chicago, IL
CIVC Partners Fund, LLC	Chicago, IL
Clark Street Redevelopment Corporation	St. Louis, MO
Clipper Mill Federal LLC	Baltimore, MD
Cloudy Bay LLC	Las Vegas, NV
Cold Feet, L.L.C.	Chicago, IL
Colonial Funding LLC	Charlotte, NC
Community Reinvestment Group, L.C.	Fort Lauderdale, FL
Conestoga Trail REIT	Dallas, TX
Contacto Serfin, S.A. de C.V.	Mexico City, Mexico
Continental Finanziaria S.P.A.	Milan, Italy
Continental Illinois Venture Corporation	Chicago, IL
Continental Information & Technology Services Co. S.A.	Buenos Aires, Argentina
Continental Partners Group, Inc.	Chicago, IL
Continental Servicios Corporativos, S.A. de C.V.	Mexico City, Mexico
Core Bond Products LLC	Charlotte, NC
Corporate Leasing Facilities Limited	London, U.K.
Courtyards Apartments II, Inc.	Charlotte, NC
Courtyards Apartments, Inc.	Atlanta, GA
Covation LLC	Atlanta, GA
Coventry Village Apartments, Inc.	Nashville, TN
Crockett Funding II, Inc.	Dallas, TX
Crockett Funding LLC	Dallas, TX
Crown Point Investments LP	Las Vegas, NV
Crystal Peak Investments GP	Las Vegas, NV
CSC Associates, L.P.	Marietta, GA
CSF Holdings, Inc.	Tampa, FL
CSI Holdings, Inc.	Charlotte, NC
Cupples Development Phase I, L.L.C.	St. Louis, MO
Cupples Development, L.L.C.	St. Louis, MO
Cupples Garage, L.L.C.	St. Louis, MO
Cypress Point Trading LLC	Charlotte, NC
D.P. Park LLC	Wilmington, DE
Dalespring Corporation	Baltimore, MD
Dallas Fort Worth Affordable Housing, LLC	Dallas, TX
Delivery Funding, LLC	Charlotte, NC
DFO Partnership	San Francisco, CA
Diamond Springs Trading LLC	Charlotte, NC
Dill Avenue Redevelopment Partnership, LLC	Atlanta, GA
Douglass Road LLC	Washington, DC
East Nashville Housing, LLC	Nashville, TN
Eban Incorporated	Dallas, TX
Eban Village I, Ltd.	Dallas, TX
Eban Village II, Ltd.	Dallas, TX
Echo Canyon Park LLC	Las Vegas, NV
Edmondson Gardens LLC	Baltimore, MD
Elko Park, Inc.	Dallas, TX
Elmfield Investments Limited	London, U.K.
Elmsleigh Funding, Ltd.	George Town, Grand Cayman, Cayman Is.

Exhibit 21

Name	Location
Endeavour, LLC	Babylon, NY
EQCC Asset Backed Corporation	Las Vegas, NV
EQCC Receivables Corporation	Las Vegas, NV
EquiCredit Corporation of America	Jacksonville, FL
Equity/Protect Reinsurance Company	Jacksonville, FL
ESP Financial Services LLC	San Diego, CA
Export Funding Corporation	Charlotte, NC
Factoring Santander Serfin, S.A. de C.V.	Mexico City, Mexico
Fallon Lane II, Inc.	Dallas, TX
Fallon Lane LLC	Dallas, TX
Fideicomiso GSSLPT	Mexico City, Mexico
Financial ServiceSolutions Information Systems, LLC	Charlotte, NC
Financial ServiceSolutions, LLC	Charlotte, NC
FinancialOxygen, Inc.	Walnut Creek, CA
First Coast Black Business Investment Corporation	Jacksonville, FL
First Mortgage Corporation	Dallas, TX
First Ward Place, LLC	Charlotte, NC
Fleetwood Credit Receivables Corp.	Alpharetta, GA
FKF, Inc.	Des Moines, IA
Florida Affordable Housing 1998, L.L.C.	Charlotte, NC
Fomento Cultural Santander Mexicano, A.C.	Mexico City, Mexico
Fonlyser, S.A. de C.V.	Mexico City, Mexico
Framework, Inc.	Tarrytown, NY
Gaskell Management LLC	Las Vegas, NV
Gatwick LLC	Dallas, TX
General Fidelity Insurance Company	San Diego, CA
General Fidelity Life Insurance Company	San Diego, CA
Germany Telecommunications 1 S.a.r.L	Luxembourg, Luxembourg
Gestion Santander Mexico, S.A. de C.V.	Mexico City, Mexico
Glacier Point (Philippines), Inc.	Makati, Philippines
Gleneagles Trading LLC	Charlotte, NC
GLM Investments, Inc.	Charlotte, NC
Goldbourne Park Limited	Dublin, Ireland
Golden Gate Investments S.A.	Bogota, Colombia
Golden Stella Investments GP	Las Vegas, NV
Grace Church European Investments Company	Charlotte, NC
Grand Rock, L.L.C.	St. Louis, MO
Granite Point LLC	Las Vegas, NV
Greenwood Apartments, LLC	Tampa, FL
GregCo, Inc.	Charlotte, NC
Groom Lake, LLC	Las Vegas, NV
Grupo Financiero Bank of America, S.A. de C.V.	Mexico City, Mexico
Grupo Financiero Santander Serfin, S.A. de C.V.	Mexico City, Mexico
GTVBI, Inc.	Chicago, IL
Harbilan Corporation	Charlotte, NC
Harbour Directors I Limited	George Town, Grand Cayman, Cayman Is.
Harbour Directors II Limited	George Town, Grand Cayman, Cayman Is.
Harbour Nominees Ltd.	George Town, Grand Cayman, Cayman Is.
Harbour Secretaries I Limited	George Town, Grand Cayman, Cayman Is.
Harbour Town Funding LLC	Charlotte, NC
Harbour Town Funding Trust	Wilmington, DE
Harlem Gardens LP	Baltimore, MD
Harlem Park Development LLC	Baltimore, MD
Harper Farm M Corp.	Baltimore, MD

Exhibit 21

Name	Location
Heathrow LLC	Dallas, TX
Heathrow, Inc. II	Dallas, TX
Hedges S.A.	Buenos Aires, Argentina
High Point Estates, LLC	Atlanta, GA
Historic District Redevelopment Partnership	Atlanta, GA
Historic Ellison, L.P.	Kansas City, MO
Historic Munsey LLC	Baltimore, MD
Hobson Park LLC	Las Vegas, NV
Holly Spring Meadows LLC	Forestville, MD
HomeFocus Services, LLC	St. Louis, MO
HomeFocus Tax Services, LLC	Richmond, VA
Hornby Lane Limited	Dublin, Ireland
Housing Southern California, LLC	Charlotte, NC
Huxley 2000-1, LLC	San Francisco, CA
Huxley 2000-3, LLC	San Francisco, CA
Huxley 2000-4, LLC	San Francisco, CA
Huxley Management, LLC	San Francisco, CA
InCapital Europe Limited	London, U.K.
Incapital Holdings, LLC	Chicago, IL
InCapital, LLC	Chicago, IL
Inchroy Credit Corporation Limited	Hong Kong, PRC
Independence Plaza General Partner, Inc.	St. Louis, MO
Independence Plaza Homes, L.L.C.	Kansas City, MO
Independence Plaza, L.P.	St. Louis, MO
Inmobiliaria de Lerma y Amazonas, S.A. de C.V.	Mexico City, Mexico
Instituto Serfin, A.C.	Mexico City, Mexico
Integrion Financial Network, LLC	Herndon, VA
Intrepid Funding Master Trust	Wilmington, DE
InverAmerica S.A.	Santa Fe de Bogota, Colombia
Inversiones y Negocios Fiduciarios S.A.	Buenos Aires, Argentina
InvestAmerica S.A.	Santiago, Chile
Irving Park, Inc.	Dallas, TX
Island Funding, Ltd.	Dallas, TX
Ismael I, Inc.	George Town, Grand Cayman, Cayman Is.
IX Holdings, L.L.C.	Chicago, IL
Jawbridge Finance, Inc.	Dallas, TX
JCCA, Inc.	Wilton, CT
Jeffries-Meyers Revitalization Ltd.	Dallas, TX
Jupiter Funding Trust	Wilmington, DE
Jupiter Loan Funding LLC	Charlotte, NC
Justin, Inc.	George Town, Grand Cayman, Cayman Is.
K.C. Acquisitions, L.L.C.	Kansas City, MO
Kaldi Funding LLC	Charlotte, NC
Kauai Hotel, L.P.	Los Angeles, CA
Kenilworth Industrial Park Limited Liability Company	Washington, DC
Kenilworth-Burroughs Limited Partnership	Washington, DC
Klondike Management LLC	Las Vegas, NV
L/G Redevelopment, LLC	Nashville, TN
Laredo Partners	Dallas, TX
LaSalle Street Natural Resources Corporation	Dallas, TX
Latin America Funding, Inc.	Dallas, TX
LBC Limited	Nassau, Bahamas
Lee County Holdings Company	Tampa, FL

Exhibit 21

Name	Location
Lily River Investments, Ltd.	George Town, Grand Cayman, Cayman Is.
Links at Eastwood LLC, The	Charlotte, NC
Lyndhurst Properties Corp.	Jacksonville, FL
"M&M Realty, Inc."	St. Louis, MO
Madison Park A Corp.	Baltimore, MD
Main Place Funding, LLC	Charlotte, NC
Manele Bay I Limited	St. Helier, Jersey, Channel Islands
Manele Bay II Limited	St. Helier, Jersey, Channel Islands
Marsico Capital Management, LLC	Denver, CO
Marsico Fund Advisors, LLC	Denver, CO
Marsico Management Holdings, L.L.C.	Charlotte, NC
Mayfair Partners	Dallas, TX
Mazestake Limited	London, U.K.
MBG Trust	Wilmington, DE
MBHD, LLC	Nashville, TN
Mecklenburg Park, Inc.	Dallas, TX
Medina Lane, Inc.	Dallas, TX
MESBIC Ventures, Inc.	Richardson, TX
Metro-Broward Capital Corporation	Ft. Lauderdale, FL
Michigan Place, LLC	Chicago, IL
Microlending S.A.	Buenos Aires, Argentina
Middletown Finance, Inc.	Dallas, TX
Midwest Affordable Housing 1997-1, L.L.C.	Charlotte, NC
Misty Waters Apartments, Inc.	Atlanta, GA
MN World Trade Corporation	Baltimore, MD
MNC Affiliates Group, Inc.	Washington, DC
MNC American Corporation	Birmingham, AL
MNC Credit Corp	Washington, DC
Mobley Park Apartments, L.C.	Tampa, FL
MOIL Corporation	Wilton, CT
Montage Select LLC	San Francisco, CA
MortgageRamp Associates, LLC	San Francisco, CA
MortgageRamp Investment, LLC	San Francisco, CA
Mt. Mitchell Capital Funding, LLC	New York, NY
Mt. Mitchell Holdings, Inc.	New York, NY
Mt. Mitchell Holdings, LLC	Charlotte, NC
Muirfield Trading LLC	Charlotte, NC
Multi-Family Housing Investment Fund I, LLC	Charlotte, NC
N.B. (Bahamas) Ltd.	Nassau, Bahamas
Nations Argentina, S.A.	Buenos Aires, Argentina
Nations Europe Limited	London, U.K.
Nations High Yield Bond Fund (Offshore)	George Town, Grand Cayman, Cayman Is.
Nations International Value Fund (Offshore)	George Town, Grand Cayman, Cayman Is.
Nations Marsico Focused Equities Fund (Offshore)	George Town, Grand Cayman, Cayman Is.
Nations Marsico Growth Fund (Offshore)	George Town, Grand Cayman, Cayman Is.
NationsBanc Business Credit, Inc.	Tucker, GA
NationsBanc Insurance Company, Inc.	Charlotte, NC
NationsBanc Leasing & R.E. Corporation	Charlotte, NC
NationsBanc Montgomery Holdings Corporation	Charlotte, NC
NationsBank CLO Funding Corp.	Dallas, TX
NationsBank International Trust (Jersey) Limited	Saint Helier, Jersey, Channel Islands
NationsCommercial Corp.	Dallas, TX
NationsCredit Financial Services Corporation	Irving, TX

Exhibit 21

Name	Location
NationsCredit Home Equity ABS Corporation	Irving, TX
NationsCredit Insurance Agency, Inc.	Irving, TX
NationsCredit Securitization Corporation	Alpharetta, GA
Nations-CRT Hong Kong, Limited	Hong Kong, PRC
NB Capital Trust I	Charlotte, NC
NB Capital Trust II	Charlotte, NC
NB Capital Trust III	Charlotte, NC
NB Capital Trust IV	Charlotte, NC
NB Finance Lease, Inc.	Tucker, GA
NB Financial Trading (Ireland) Limited	Dublin, Ireland
NB Funding Company LLC	Charlotte, NC
NB Holdings Corporation	Charlotte, NC
NB International Finance B.V.	Amsterdam, The Netherlands
NB Partner Corp.	Charlotte, NC
NBCDC Osborne, Inc.	Tampa, FL
NBRE Realty LLC	Las Vegas, NV
NCNB Lease Atlantic, Inc.	Wilmington, DE
Nevin Rd Associates LLC	Raleigh, NC
Nevis Investments Limited	George Town, Grand Cayman, Cayman Is.
New Haven Limited Partnership	Dallas, TX
Newchurch European Investments Company	Las Vegas, NV
Nexus—Banc of America Fund I-M, L.P.	Chicago, IL
Nexus Partners Argentina S.A.	Buenos Aires, Argentina
NMS Capital, L.P.	New York, NY
NMS Services (Cayman) Inc.	George Town, Grand Cayman, Cayman Is.
NMS Services, Inc.	New York, NY
NMS/Oak VIII, LLC	San Francisco, CA
North Carolina Historic Ventures, LLC	Charlotte, NC
NorthRoad Capital Management LLC	New York, NY
Northwest Florida Black Business Investment Corporation	Tallahassee, FL
Nubia Redevelopment Partnership	Dallas, TX
NZA Overseas Funding	Las Vegas, NV
Oak Park at Nations Ford LLC	Charlotte, NC
Oakland Trace Redevelopment, L.C.	Jacksonville, FL
Oakmont Mortgage Company, Inc.	Woodland Hills, CA
Odessa Park, Inc.	Dallas, TX
Old Heritage New Homes, Ltd.	Dallas, TX
Old Sterling Street REIT	Dallas, TX
Olympic Funding Trust, Series 1999-1	Wilmington, DE
Operadora de Derivados Serfin, S.A. de C.V.	Mexico City, Mexico
Orchards Subdivision, LLC, The	Atlanta, GA
Orix Funding LLC	Charlotte, NC
Osborne Landing, Ltd.	Tampa, FL
Oshkosh/McNeilus Financial Services Partnership	Dodge Center, MN
Overseas Lending Corporation	San Francisco, CA
Oxford Manor Apartments GP LLC	Washington, DC
Pacale, S.A. de C.V.	Mexico City, Mexico
Pacesetter/MVHC, Inc.	Richardson, TX
Padovano Investments	George Town, Grand Cayman, Cayman Is.
PA-Dritte WTP Beteiligungsverwaltungs GmbH	Vienna, Austria
Palm Beach County Black Business Investment Corporation	Riviera Beach, FL

Exhibit 21

Name	Location
Paradise Funding, Ltd.	George Town, Grand Cayman, Cayman Is.
Park at Hillside, LLC, The	Nashville, TN
Park at Lakewood, L.L.C., The	Atlanta, GA
PDE, Inc.	George Town, Grand Cayman, Cayman Is.
Perissa LLC	San Francisco, CA
Piccadilly Financing LLC	Dallas, TX
Pine Oaks/Mesquite, Inc.	Dallas, TX
Pinehurst Trading, Inc.	Charlotte, NC
Pinyon Park LLC	Las Vegas, NV
Pitchfork, LLC	Chicago, IL
PJM Office Building, LLC	Baltimore, MD
PJM Retail Center, LLC	Baltimore, MD
Plano Partners	Dallas, TX
PNB Securities Corporation	Los Angeles, CA
Poplar Partners	Dallas, TX
Portfolio Financial Servicing Company	Portland, OR
Power Equities, Inc.	Richardson, TX
PPM Shadow Creek Funding LLC	Charlotte, NC
PPM Spyglass Funding Trust	Wilmington, DE
PRLAP, Inc. *(Alaska Corporation)*	Juneau, AK
PRLAP, Inc. *(Missouri Corporation)*	Clayton, MO
PRLAP, Inc. *(North Carolina Corporation)*	Charlotte, NC
PRLAP, Inc. *(Tennessee Corporation)*	Knoxville, TN
PRLAP, Inc. *(Texas Corporation)*	Dallas, TX
PRLAP, Inc. *(Virginia Corporation)*	Richmond, VA
PRLAP, Inc. *(Washington Corporation)*	Seattle, WA
Prodigy Holdings Private Limited	Curepipe, Mauritius
PT Development, LLC	Nashville, TN
Puritan Mill, LLC	Atlanta, GA
Pydna Corporation	San Francisco, CA
QBE Hongkong & Shanghai Insurance Limited	Hong Kong, PRC
Queen City Partnership	Dallas, TX
RCL Holdings LLC	Chicago, IL
Red River Park, Inc.	Dallas, TX
Regent Street II, Inc.	Dallas, TX
RepublicBank Insurance Agency, Inc.	Dallas, TX
Reynoldstown Rising, LLC	Atlanta, GA
Ritchie Court M Corporation	Baltimore, MD
Riverfront Partners, LLC	Tampa, FL
Riviera Funding LLC	Charlotte, NC
Rockhill Park LLC	Las Vegas, NV
Rockwell Resources, Inc.	Charlotte, NC
Rosebank Meadows Subdivision, LLC	Nashville, TN
Rosedale General Partner, LLC	Baltimore, MD
Rosedale Terrace Limited Partnership	Baltimore, MD
Rotunda Partners II, LLC	Oakland, CA
Royal Oaks, L.L.C.	Jacksonville, FL
Ruby Aircraft Leasing and Trading Limited	London, U.K.
Ruby Lake LLC	Las Vegas, NV
Rye Grass LLC	Las Vegas, NV
Santander Mexicano, S.A. de C.V. Afore	Mexico City, Mexico
Savannah at Washington Park, LLC	Fayetteville, GA
Savoie Holdings S.a.r.l.	Luxembourg, Luxembourg

Exhibit 21

Name	Location
Sawgrass Trading LLC	Charlotte, NC
SB Holdings, Inc.	Las Vegas, NV
SBGP, LLC	Dallas, TX
SCCP I GP, LLC	Baltimore, MD
SCI Holdings Corporation	Baltimore, MD
SCIC Properties, LLC	Baltimore, MD
SCIC Riverwalk, LLC	Baltimore, MD
SCIC San Antonio II, LLC	Baltimore, MD
Scossa Management LLC	Las Vegas, NV
Sea Pines Funding LLC	Charlotte, NC
Seabrook Operations, Inc.	Atlanta, GA
Seafirst America Corporation	Seattle, WA
Seafirst Insurance Corporation	Bellevue, WA
Seafirst Leasing Company	Seattle, WA
Seaview of Seabrook, Inc.	Atlanta, GA
Securilease BV	Amsterdam, The Netherlands
Securitization Funding Corporation	Dallas, TX
Security Pacific Australian Assets Limited	Sydney, New South Wales, Australia
Security Pacific Capital Leasing Corporation	San Francisco, CA
Security Pacific EuroFinance Holdings, Inc.	San Francisco, CA
Security Pacific EuroFinance, Inc.	San Francisco, CA
Security Pacific Hong Kong Holdings Limited	Hong Kong, PRC
Security Pacific Housing Services, Inc.	San Diego, CA
Security Pacific Lease Finance (Europe) Inc.	San Francisco, CA
Security Pacific Leasing Corporation	San Francisco, CA
Security Pacific Overseas Investment Corporation	San Francisco, CA
Seguros Santander Mexicano, S.A.	Mexico City, Mexico
Seguros Serfin, S.A.	Mexico City, Mexico
Seminole Funding LLC	Charlotte, NC
Service-Wright Corporation	Washington, DC
Servicios Corporativos de Seguros Serfin, S.A. de C.V.	Mexico City, Mexico
Servicios Corporativos Serfin, S.A. de C.V.	Mexico City, Mexico
Servicios Integrales y Equipamiento S. de R.L. de C.V.	Mexico City, Mexico
Seventh Street Holdings of Delaware, Inc.	Las Vegas, NV
Seventh Street REIT, Inc.	Las Vegas, NV
Seventh Street TRS, Inc.	Las Vegas, NV
Sherwood Terrace Apartments, Inc.	Atlanta, GA
Sierra Nevada Realty, G.P.	Las Vegas, NV
Silicon Holdings LLC	Chicago, IL
Silver Management Company	Las Vegas, NV
Silver Management Holding Company	Las Vegas, NV
Sociedad de Consultoria Administrativa, S.A. de C.V.	Mexico City, Mexico
SOP M Corp.	Baltimore, MD
South Charles Capital Partners I, L.P.	Baltimore, MD
South Charles Investment Corporation	Baltimore, MD
South Charles Realty Corp	Baltimore, MD
Southern Dallas Development Fund, Inc.	Dallas, TX
Sovran Capital Management Corporation	Richmond, VA
SPAA Leasing Corporation	San Francisco, CA
Sparks Management LLC	Las Vegas, NV
Spotted Horse Holdings, Inc.	Cheyenne, WY
Springfield Finance and Development Corporation	Springfield, MO
Spruce Bay Limited	George Town, Grand Cayman, Cayman Is.
Spruce Street I, L.L.C.	St. Louis, MO
SRF 2000, Inc.	Charlotte, NC
SRF Trading, Inc.	Las Vegas, NV

Exhibit 21

Name	Location
SRV-Highland, Inc.	Miami, FL
St. Johns Place, L.C.	Jacksonville, FL
Stamford Investors GP LLC	Dover, DE
Stamford Investors LLC	Dover, DE
Stanton Road Housing LLC	Washington, DC
Stanwich Loan Funding LLC	Charlotte, NC
Statewide Administrative Services, Inc.	Tucker, GA
Steppington/Dallas, Inc.	Dallas, TX
Stonegate Meadows, L.P.	Kansas City, MO
Summerhill Redevelopment Partners, LLC	Atlanta, GA
Sunset Hill Corporation	Baltimore, MD
SunStar Acceptance Corporation	Atlanta, GA
Sweet River Investments, Ltd.	George Town, Grand Cayman, Cayman Is.
Sweeting Associates, LLC	Miami, FL
Sycamore Green Condominium, LLC	Charlotte, NC
Sycamore Green, LLC	Charlotte, NC
Tabono Joint Venture, The	Dallas, TX
Tabono Partnership II, Ltd.	Dallas, TX
Tampa Bay Black Business Investment Corporation, Inc.	Tampa, FL
Tasman LLC	Ft. Worth, TX
Terrigal LLC	Dallas, TX
Terry Street Redevelopment Limited Liability Company	Atlanta, GA
Third Ward Neighborhood Development Association	Charlotte, NC
Three Commercial Place Associates	Norfolk, VA
Tikkurila Holdings S.a.r.l.	Luxembourg, Luxembourg
Titulos Rioplatenses S.A.	Montevideo, Uruguay
TLC, L.C.	Jacksonville, FL
T-Oaks Apartments, Inc.	Atlanta, GA
Tonopah, LLC	Las Vegas, NV
Topanga II Inc.	George Town, Grand Cayman, Cayman Is.
Topanga III Inc.	George Town, Grand Cayman, Cayman Is.
Topanga Inc.	George Town, Grand Cayman, Cayman Is.
Topanga IV Inc.	George Town, Grand Cayman, Cayman Is.
Topanga IX Inc.	George Town, Grand Cayman, Cayman Is.
Topanga V Inc.	George Town, Grand Cayman, Cayman Is.
Topanga VI Inc.	George Town, Grand Cayman, Cayman Is.
Topanga VII Inc.	George Town, Grand Cayman, Cayman Is.
Topanga VIII Inc.	George Town, Grand Cayman, Cayman Is.
Topanga X Inc.	George Town, Grand Cayman, Cayman Is.
Topanga XI Inc.	George Town, Grand Cayman, Cayman Is.
Topanga XV Inc.	George Town, Grand Cayman, Cayman Is.
Town Park Associates, LLC	Miami, FL
Trade Street Auction Rate Funding, LLC	Charlotte, NC
Transit Holding, Inc.	San Francisco, CA
Transit Leasing Corporation	San Francisco, CA
Trenton Park Apartments Limited Partnership	Washington, DC
Trenton Park Housing, LLC	Washington, DC
TriStar Communications, Inc.	San Francisco, CA
Trunoms, Limited	Nassau, Bahamas
Tryon Assurance Company, Ltd.	Hamilton, Bermuda
TSL Holdings LLC	Chicago, IL
Tucker Commercial Lease Funding, LLC	San Francisco, CA
Turtle Hill GP LLC	Kansas City, MO

Exhibit 21

Name	Location
Turtle Hill Townhomes, L.P.	Kansas City, MO
Tyler Trading, Inc.	Las Vegas, NV
Ulysses Leasing Limited	St. Helier, Jersey, Channel Islands
Union Realty and Securities Company	St. Louis, MO
United States Airlease Holding, Inc.	San Francisco, CA
University Lofts Associates, L.P.	St. Louis, MO
University Lofts Development, L.L.C.	St. Louis, MO
Urban Housing/JBH Apartments, L.P.	San Diego, CA
Urban Mecca I, LLC	Atlanta, GA
Varese Holdings S.ar.l.	Luxembourg, Luxembourg
Venco, B.V.	George Town, Grand Cayman, Cayman Is.
Vernon Park LLC	Las Vegas, NV
Vertical Capital, LLC	New York, NY
Viewpointe Archive Services, L.L.C.	Charlotte, NC
Villages of La Costa Southwest, L.L.C.	San Diego, CA
Vine Street Lofts, L.P.	Kansas City, MO
Vine Street Place, L.L.C.	Kansas City, MO
Vine Street Views, L.L.C.	Kansas City, MO
Viva Associates, LLC	San Francisco, CA
Viva Investment, LLC	San Francisco, CA
Washington View (H) Corporation	Charlotte, NC
Washington Wheatley Neighorhood Partnership	Kansas City, MO
Washoe Lake LLC	Las Vegas, NV
WCH Limited Partnership	Dallas, TX
WCSA Development, L.L.C.	St. Louis, MO
WCSA Homes II L.P.	St. Louis, MO
Wellington Land Company, Inc.	Baltimore, MD
Wellington Park/Lewisville, Inc.	Dallas, TX
Wellston Homes General Partner, L.L.C.	Clayton, MO
Wellston Homes, L.P.	St. Louis, MO
Wendover Lane II, Inc.	Dallas, TX
Wendover Lane LLC	Dallas, TX
West End, L.L.C.	St. Louis, MO
West Trade, LLC	Charlotte, NC
West Trade/Sycamore Street, LLC	Charlotte, NC
Westview Terrace Apartments, L.L.C.	Miami, FL
White Ridge Investment Advisors LLC	New York, NY
White Ridge Investments Limited	London, U.K.
Wickliffe A Corp.	Baltimore, MD
Willowemoc Partners	Las Vegas, NV
Winged Foot Funding Trust	Wilmington, DE
Wolnoms, Limited	Nassau, Bahamas
Woods at Addison LLC	Capitol Heights, MD
Worthen Development Corporation, Inc.	Maumelle, AR
Worthen Mortgage Company	Buffalo, NY
Worthington Avenue, LLC	Charlotte, NC
Yellow Rose Investments Company	Dallas, TX
Yellowtail LLC	Las Vegas, NV
Zentac Productions, Inc.	San Francisco, CA
Zephyr Cove Finance, Inc.	Dallas, TX
200 Madison Avenue Realty Corporation	Charlotte, NC
555 California Street LLC	San Francisco, CA

Exhibit 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-70984; 333-15375; 333-18273; 333-43137; 333-97157; 333-97197; 333-83503; 333-07229; 333-51367; 33-54784; 33-57533; 33-63097; 33-30717; 33-49881; 333-13811; 333-47222; 333-65750; 333-64450; and 333-104151); the Registration Statements on Form S-4 (No. 333-10924); the Registration Statements on Form S-8 (Nos. 333-69849; 33-45279; 33-60695; 333-02875; 333-58657; 333-65209; 333-81810; 333-102043; 333-102852; 333-53664 and 2-80406); and the Post-Effective Amendments on Form S-8 to Registration Statements on Form S-4 (Nos. 33-43125; 33-55145; 33-63351; 33-62069; 33-62208; 333-16189; 333-60553; and 333-40515) of Bank of America Corporation of our report dated January 15, 2004, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K.

/S/ PRICEWATERHOUSECOOPERS LLP

Charlotte, North Carolina
March 1, 2004

Exhibit 24(a)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each of Bank of America Corporation and the several undersigned officers and directors whose signatures appear below, hereby makes, constitutes and appoints Teresa M. Brenner, Rachel R. Cummings and Gregory W. Norwood, and each of them acting individually, its, his and her true and lawful attorneys with power to act without any other and with full power of substitution, to prepare, execute, deliver and file in its, his and her name and on its, his and her behalf, and in each of the undersigned officer's and director's capacity or capacities as shown below, an Annual Report on Form 10-K for the year ended December 31, 2003, and all exhibits thereto and all documents in support thereof or supplemental thereto, and any and all amendments or supplements to the foregoing, hereby ratifying and confirming all acts and things which said attorneys or attorney might do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, Bank of America Corporation has caused this power of attorney to be signed on its behalf, and each of the undersigned officers and directors, in the capacity or capacities noted, has hereunto set his or her hand as of the date indicated below.

Dated: January 28, 2004

BANK OF AMERICA CORPORATION

By: */s/ KENNETH D. LEWIS

Kenneth D. Lewis
Chairman, President and Chief Executive Officer

Signature	Title	Date
*/s/ KENNETH D. LEWIS **Kenneth D. Lewis**	Chairman, President, Chief Executive Officer and Director (Principal Executive Officer)	January 28, 2004
*/s/ JAMES H. HANCE, JR. **James H. Hance, Jr.**	Vice Chairman, Chief Financial Officer and Director (Principal Financial Officer)	January 28, 2004
*/s/ MARC D. OKEN **Marc D. Oken**	Executive Vice President and Principal Financial Executive (Principal Accounting Officer)	January 28, 2004
*/s/ JOHN R. BELK **John R. Belk**	Director	January 28, 2004
*/s/ CHARLES W. COKER **Charles W. Coker**	Director	January 28, 2004
*/s/ FRANK DOWD, IV **Frank Dowd, IV**	Director	January 28, 2004
*/s/ KATHLEEN F. FELDSTEIN **Kathleen F. Feldstein**	Director	January 28, 2004
*/s/ PAUL FULTON **Paul Fulton**	Director	January 28, 2004
*/s/ DONALD E. GUINN **Donald E. Guinn**	Director	January 28, 2004
*/s/ WALTER E. MASSEY **Walter E. Massey**	Director	January 28, 2004
*/s/ C. STEVEN MCMILLAN **C. Steven McMillan**	Director	January 28, 2004
*/s/ PATRICIA E. MITCHELL **Patricia E. Mitchell**	Director	January 28, 2004
*/s/ EDWARD L. ROMERO **Edward L. Romero**	Director	January 28, 2004
*/s/ O. TEMPLE SLOAN, JR. **O. Temple Sloan, Jr.**	Director	January 28, 2004
*/s/ MEREDITH R. SPANGLER **Meredith R. Spangler**	Director	January 28, 2004
*/s/ RONALD TOWNSEND **Ronald Townsend**	Director	January 28, 2004
*/s/ JACKIE M. WARD **Jackie M. Ward**	Director	January 28, 2004
*/s/ VIRGIL R. WILLIAMS **Virgil R. Williams**	Director	January 28, 2004

Exhibit 24(b)

BANK OF AMERICA CORPORATION
CERTIFICATE OF SECRETARY

I, Allison L. Gilliam, Assistant Secretary of Bank of America Corporation, a corporation duly organized and existing under the laws of the State of Delaware, do hereby certify that attached is a true and correct copy of resolutions duly adopted by a majority of the entire Board of Directors of the Corporation at a meeting of the Board of Directors held on January 28, 2004, at which meeting a quorum was present and acted throughout and that said resolutions are in full force and effect and have not been amended or rescinded as of the date hereof.

IN WITNESS WHEREOF, I have hereupon set my hand and affixed the seal of the Corporation this 17th day of February, 2004.

(SEAL)

/s/ ALLISON L. GILLIAM

Allison L. Gilliam
Assistant Secretary

BANK OF AMERICA CORPORATION
BOARD OF DIRECTORS
RESOLUTIONS

January 28, 2004

2003 Annual Report on Form 10-K

WHEREAS, officers of Bank of America Corporation (the "Corporation") have made presentations to the Board of Directors regarding the Corporation's financial results for the year ended December 31, 2003;

WHEREAS, the Board of Directors has had adequate opportunity to review and comment on such results;

WHEREAS, the December 31, 2003 audited financial statements (the "2003 financial statements") will be included in the Corporation's 2003 Annual Report to Stockholders (the "2003 Annual Report") and incorporated by reference in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2003 (the "2003 Form 10-K"); and

WHEREAS, members of the Audit Committee have recommended to the Board of Directors that the 2003 financial statements be included in the 2003 Annual Report and incorporated by reference in the 2003 Form 10-K;

NOW, THEREFORE, BE IT:

RESOLVED, that the proper officers of the Corporation be, and they hereby are, authorized and empowered on behalf of the Corporation to prepare, execute, deliver and file the 2003 Form 10-K, based upon the information presented to and considered at this meeting, in such form and with such content and attachment of exhibits as the officers signing the 2003 Form 10-K shall approve, their approval to be conclusively evidenced by their signature thereof; and be it

FURTHER RESOLVED, that the proper officers of the Corporation be, and they hereby are, authorized and empowered on behalf of the Corporation to execute the 2003 Form 10-K and file it with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, and with such other governmental agencies or instrumentalities as such officers deem necessary or desirable, and to prepare, execute, deliver and file any amendment or amendments to the 2003 Form 10-K, as they may deem necessary or appropriate; and be it

FURTHER RESOLVED, that Teresa M. Brenner, Rachel R. Cummings and Gregory W. Norwood be, and each of them with full power to act without the other hereby is, authorized and empowered to prepare, execute, deliver and file the 2003 Form 10-K and any amendment or amendments thereto on behalf of and as attorneys for the Corporation and on behalf of and as attorneys for any of the following: the principal executive officer, the principal financial officer, the principal accounting officer, and any other officer of the Corporation; and be it

FURTHER RESOLVED, that, for the purposes of these resolutions, the "proper officers" of the Corporation are the Executive Officers, the Secretary, any Executive Vice President, and any Senior Vice President, and that each of these officers is authorized, empowered and directed, in the name and on behalf of the Corporation to execute and deliver or cause to be executed and delivered any and all agreements, amendments, certificates, applications, notices, letters, or other documents and to do or cause to be done any and all such other acts and things as, in the opinion of any such officer, may be necessary, appropriate or desirable in order to enable the Corporation fully and promptly to carry out the intent of the foregoing resolutions, and any such action taken by such officers shall be conclusive evidence of their authority.

Exhibit 31(a)

Certification Pursuant to Section 302
of the Sarbanes-Oxley Act of 2002
for the Chief Executive Officer

I, Kenneth D. Lewis, certify that:

1. I have reviewed this annual report on Form 10-K of Bank of America Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2004

/s/ KENNETH D. LEWIS

Kenneth D. Lewis
Chief Executive Officer

Exhibit 31(b)

Certification Pursuant to Section 302
of the Sarbanes-Oxley Act of 2002
for the Chief Financial Officer

I, James H. Hance, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Bank of America Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2004

/S/ JAMES H. HANCE, JR.

James H. Hance, Jr.
Chief Financial Officer

Exhibit 32(a)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Kenneth D. Lewis, state and attest that:

(1) I am the Chief Executive Officer of Bank of America Corporation (the "Registrant").

(2) I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- the Annual Report on Form 10-K of the Registrant for the year ended December 31, 2003 (the "periodic report") containing financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the Registrant for the periods presented.

Name: /S/ KENNETH D. LEWIS
Title: Chief Executive Officer
Date: March 1, 2004

Exhibit 32(b)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, James H. Hance, Jr., state and attest that:

(1) I am the Chief Financial Officer of Bank of America Corporation (the "Registrant").

(2) I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- the Annual Report on Form 10-K of the Registrant for the year ended December 31, 2003 (the "periodic report") containing financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the Registrant for the periods presented.

Name: /S/ JAMES H. HANCE, JR.
Title: Chief Financial Officer
Date: March 1, 2004