

**+ - × ÷ = grow**

## FINANCIAL HIGHLIGHTS

Bank of America Corporation and Subsidiaries

Year Ended December 31

(Dollars in millions, except per share information)

### For the Year – Operating Results<sup>(1)</sup>

	2000	1999
Revenue <sup>(2)</sup>	\$ 33,253	\$ 32,521
Net income	7,863	8,240
Shareholder value added	3,081	3,544
Earnings per common share	4.77	4.77
Diluted earnings per common share	4.72	4.68
Dividends paid per common share	2.06	1.85
Return on average assets	1.17%	1.34%
Return on average common shareholders' equity	16.70	17.70
Efficiency ratio	54.38	55.30
Average common shares issued and outstanding (in millions)	1,646	1,726

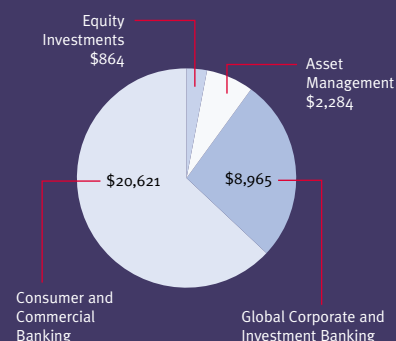
### For the Year – Cash Basis Financial Data<sup>(1)(3)</sup>

Earnings per common share	\$ 5.30	\$ 5.28
Diluted earnings per common share	5.24	5.19
Return on average tangible assets	1.33%	1.52%
Return on average tangible common shareholders' equity	26.06	28.46
Efficiency ratio	51.78	52.57

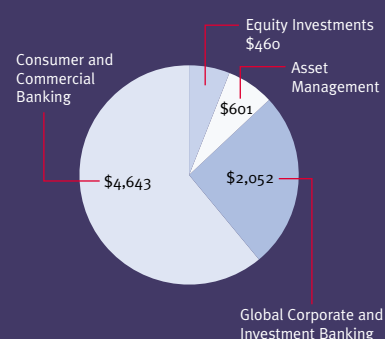
### At Year End

Total assets	\$ 642,191	\$ 632,574
Total loans and leases	392,193	370,662
Total deposits	364,244	347,273
Total shareholders' equity	47,628	44,432
Common shareholders' equity	47,556	44,355
Book value per common share	29.47	26.44
Market price per share of common stock	45.88	50.19
Common shares issued and outstanding (in millions)	1,614	1,677

2000 Revenue\*  
(\$ in millions)



2000 Net Income\*  
(\$ in millions)



<sup>(1)</sup> Excludes after-tax merger and restructuring charges of \$346 million for 2000 and \$358 million for 1999.

<sup>(2)</sup> Includes net interest income on a taxable-equivalent basis and noninterest income.

<sup>(3)</sup> Cash basis calculations exclude goodwill and other intangible assets and their related amortization expense.

\*Excludes Corporate Other.

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In advertisements appearing nationwide, Bank of America asks: **why not? grow.** The phrase is intended to inspire people to think about the endless opportunities life presents and how we can help them turn those opportunities into reality. We are committed to growing our relationships with customers and clients, to expanding our share of market, to increasing revenue and earnings and to building shareholder value. To do that, we must add value, take away obstacles to doing business with us, multiply the choices we offer customers and clients and divide resources appropriately to improve the customer experience. That's why we say **+ - × ÷ = grow.**



## LOOKING BACK, FORGING AHEAD

**TO OUR SHAREHOLDERS:** This will be my final letter to you as chairman and chief executive officer of your company.

In the fall of 1998, when we created the new Bank of America, the board of directors asked me to remain as CEO past the normal retirement age. I agreed to stay on long enough to see us through the merger transition and set the company on a strong course for the future. While we clearly have many challenges still to face, it is my judgment that we have largely reached these milestones. As such, I have decided the time is right to hand the reins of your company to a new generation of leadership.

To this end, I have informed our board of directors that I will retire from the company on April 25, 2001 at our annual shareholders meeting. The board, in turn, has named Kenneth D. Lewis, currently president and chief operating officer of your company, chairman-elect and CEO-elect. Mr. Lewis will assume those offices immediately upon my retirement.

**A YEAR OF PROGRESS AND CHALLENGES** In 2000, our company had operating earnings of \$7.86 billion on revenues of more than \$33 billion and a return on common equity of 16.7%. In the 18 months ended December 31, we repurchased 146 million shares of our common stock at an investment of \$8.1 billion, reducing our shares outstanding by 8%. A more complete description of the year's financial results can be found on page 7.

**Grow a Reputation** Bank of America continues to achieve industry prominence and earn awards and citations from a broad range of organizations for its business successes, workplace innovations and contributions to its communities. Following are highlights from 2000:



Received NAACP Corporate Excellence Award and scored highest rank in NAACP's first consumer report card on the banking industry.



Ranked by *Working Mother* magazine as one of the nation's top 10 companies for working mothers.

We made significant progress in executing our corporate strategy, which, as I wrote last year, calls for us to integrate the delivery of our products and services on behalf of our customers; reward customers for bringing us more of their business; and align our financial and intellectual resources with revenue opportunities and customer solutions. I've asked Ken, as the chief architect of this growth strategy and the leader responsible for tactical execution, to report on this progress in a separate President's Letter to Shareholders. You will find Ken's letter on page 8.

Strategic and tactical progress notwithstanding, our financial performance in 2000 was disappointing, as we missed our annual financial goals for growth in revenue, net income and earnings-per-share by significant margins. The weakness in these financial results – and the resulting weakness in our stock price – was due to several factors.

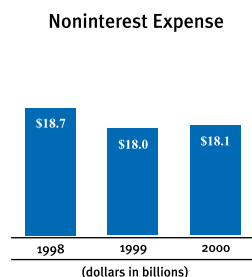
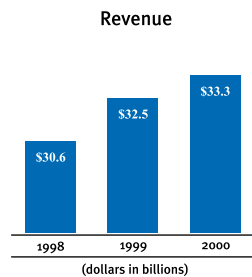
First, along with the rest of our industry, our earnings and our stock came under pressure from higher interest rates, as we predicted last year. Prior to this month's cuts in short-term interest rates, the Federal Open Market Committee of the Federal Reserve Board raised short-term interest rates six times dating back to June of 1999 for a total of 175 basis points, increasing the cost of capital and narrowing margins.

Second, in the fall, strong earnings gains in core businesses began to be offset by weakening credit quality in the corporate sector. It is becoming increasingly clear that the credit quality situation is more than an anomaly; rather, we appear to be on the front end of an overall weakening in the credit cycle that will more than likely continue to impact earnings well into 2001.

That said, we believe that Bank of America is better-positioned than most other banks to withstand an economic slowdown and accompanying decline in credit quality. In fact, with more than \$50 billion in capital and reserves and pre-tax operating income of more than \$3 billion per quarter, we are well-prepared to weather the inevitable ups and downs in the credit cycle. We have taken a number of specific actions to attempt to mitigate this increase in credit risk, including rigorous reviews of our portfolio, lowering limits, tightening underwriting and hedging where possible. We also believe that we will benefit in relation to our competitors in the months to come from our size, geographic reach and the diversity in our loan portfolio.

Third, while we are seeing strong initial results of strategy execution in many areas of the bank, overall progress has not been as rapid as we projected. We took several aggressive steps last year to speed the transformation of the company, including our decision in July to reduce middle-management positions dramatically, which is streamlining the organization, moving decision-making closer to the customer and freeing up funds for investment in growth opportunities. Other initiatives include a company-wide effort to bring performance measurements and incentive plans into alignment with new strategic and tactical goals, and customer service improvements that have resulted in consistently better rates of customer satisfaction.

Although I am as disappointed as any other shareholder in the performance of our stock, I must reiterate what I wrote last year in this regard. Our company is undergoing a transformation from top to bottom that is predicated on a long-term, customer-focused strategy for internal growth. The evidence, as discussed briefly below and in more detail



**Nations Funds** Nations Funds mutual funds topped \$100 billion in assets.



Received the United Way of America Spirit of America Award.



Received the Distinguished Corporate Award from the U.S. Department of Commerce Minority Business Development Agency.

throughout this report, shows that our strategy is working and that our primary growth engines are gaining momentum in the marketplace.

The stock market, appropriately, continues to take a wait-and-see approach, even as issues such as interest rates, credit quality and the slowing growth of the overall economy present new challenges to strategic execution and make judgments about our long-term earnings potential difficult. Despite these factors, I believe that our core businesses will continue to grow and improve, and that, ultimately, the value they create will be recognized by investors.

**THE COMPANY WE'VE BUILT** In the midst of unmistakably difficult times, I remain confident. There are good reasons for this confidence.

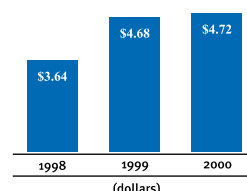
We are building this company with a clear vision of what we want to be for our customers and clients. In short, we are building an organization that will provide greater value, convenience, capability and expertise to more customers and clients than any other company in the U.S. financial services industry. We may not want to be all things to all people, but we do want to be the primary source of financial services to more people and organizations than anyone else.

The major components necessary to turn this vision into reality are all in place. We have the largest geographic retail banking franchise in the nation, with a leading presence in all the country's highest-growth markets. We do business with more than one in three households within our franchise and more than 2 million U.S. businesses. Our delivery network is unmatched, with more banking centers and ATMs than any competitor, the busiest telephone banking call centers in the country and the largest Internet banking customer base in the world. We offer a broad array of products and services, enabling all our customers and clients – from individuals to corporations – to manage their finances as a whole, easily and confidently. We have capital strength, visionary leadership and more than 140,000 talented, dedicated associates working hard to accomplish shared goals.

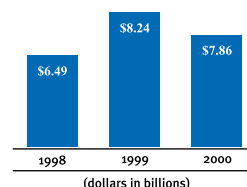
With these pieces in place, we began the difficult task of pulling it all together and making the machine run the way it was designed to run: not as a disjointed collection of individual businesses, but as a unified whole that creates value for customers and clients. This idea has everything to do with the articulation of our corporate strategy, which is to integrate businesses, reward broad relationships and align resources effectively. Despite the financial “noise” created by the factors cited above, the underlying evidence is that the strategy is working.

For example, in our retail bank, a critical component of strategic execution is broadening and deepening existing customer relationships. To reward customers for bringing us more of their business, we are creating value packages that encourage customers to expand their relationships with us from a single product up through several identified multi-product service levels. The value proposition is quite simple: customers who hold very few, basic Bank of America products – say, a checking account or a credit card – are encouraged to consolidate their business with the bank, including savings and investments, brokerage services, auto or other consumer loans, mortgages or home equity

Operating Earnings  
Per Common Share (Diluted)



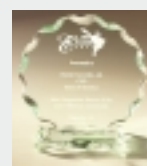
Operating Net Income



Recognized by *Global Finance* magazine as one of the “Best Retail Internet Banks” in North America.



Named one of America's top companies for women's businesses by the Women's Business Enterprise National Council.



CEO Hugh McColl received Excelente Award for being the “Most Supportive Person of the Latin American Community.”



loans, and other products and services. In return for bringing us more of their business, these customers qualify for reduced fees, enhanced services and other benefits.

The results are positive, measurable and dramatic. Since the beginning of 1999, customers in two of these service levels – Plus and Premier – each have increased by more than 25%, even as our total number of retail customers has remained relatively unchanged. The benefits for customers is clear. And so is the benefit to the bank: when non-relationship households become Plus or Premier households, relationship-net-income more than doubles.

Progress is evident in other high-growth businesses as well, including Asset Management, where mutual fund assets grew 35% during the year, topping the \$100 billion mark in August. Balances in Money Manager, our combined investing and banking account, increased 65% to more than \$20 billion. And while we expect that Global Corporate and Investment Banking growth will slow this year due to weakened conditions in the capital markets, this group continues to gain market share, breaking into the top 10 in league table rankings in almost every significant product category, and will be in a very strong position when the markets regain momentum.

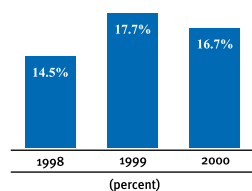
At the same time our front line businesses are strengthening and expanding customer relationships, our associates in technology and R&D continue to work toward building the “digi-brick” institution we wrote about last year, combining the best of the physical and virtual worlds to deliver a 21st-century financial services experience to our customers. These associates are accomplishing this goal by implementing innovative technology solutions, and by forming strategic partnerships with myriad new corporate partners to give our customers access to all the newest capabilities they need. You can read more about how we’re making good on this part of our vision on page 24.

Our associates are keeping their eyes on the ball and building this company for the future. My judgment – which is supported by positive trends in customer service and growth in our key businesses – is that we have the right business strategy and a sound long-term plan. I continue to believe that when the dust settles and the clouds lift, Bank of America will emerge as the best financial services company in the country, with a stock price to match its fundamentally solid financial performance.

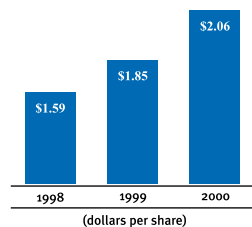
**LOOKING AHEAD** Today, the company we have built during the 17 years of my tenure as CEO is positioned for great success. Our current challenges may delay that success. But the potential, the plan, the resources and the leadership are all here in abundance, and the combination of these assets gives me great confidence.

In my judgment, it also is important to remember that our company continues to be a strong leader and a driving force for good in all the communities where we do business. Business challenges have not caused us to diminish our community development activities, as we announced last May that we exceeded our first-year target in our unprecedented \$350 billion, ten-year commitment to investing in low-to moderate-income American neighborhoods. The Bank of America Foundation also remains strong, as we topped the list of U.S. corporate foundations measured by cash contributions, and won the

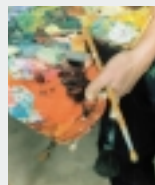
Return On Average Common Equity  
(Operating Basis)



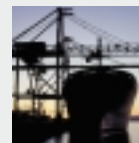
Dividends



Winner of *National Real Estate Investor's* 2000 Leadership Award for Top Financial Firm.



Received Business Committee for the Arts and *Forbes* magazine Founder's Award for exceptional long-term leadership and commitment to alliances with the arts.



Certified as top-quality provider of trade and cash management services in Asia by the International Standards Organization.

coveted United Way Spirit of America Award, having excelled in all four major award categories: corporate contributions, employee campaigns, major gifts and volunteer programs.

I often have said that while a company's highest priority must be achieving financial results, its reason for being must be something quite different. People, after all, determine the ultimate success or failure of any organization, and people are seldom inspired to greatness solely by means of material reward. Rather, we inspire hard work, determination, innovation and loyalty by building a company people believe in and care about. And that means building a company that takes care of all its stakeholders: shareholders, customers, associates and communities.

In other words, while companies are frequently described in terms of the numbers they generate – assets, revenue, net income or market capitalization – these numbers fail to paint the full picture of the people who come together in an enterprise, day-in and day-out, to work toward shared goals. In this regard, we view community development activities, associate programs and philanthropy as part of the cultural foundation upon which the company and its future success must be built. This is the legacy our past leaders left to my stewardship, and it's a legacy I am proud to pass on to my successors.

At the January 2001 meeting of the board, our directors unanimously chose Ken Lewis to lead our company. Ken is a proven leader with tremendous management skill and a strong vision for what Bank of America can become in the future. He inspires the trust of his teammates, and will undoubtedly lead this company to overcome great challenges and achieve great successes. Ken is supported by an outstanding executive management team, which will work directly with him to lead our company.

I would like to congratulate Ken, and express the confidence I have in all our leaders and their ability to fulfill our vision for Bank of America. I also would like to thank the members of our board – in particular, Sol Trujillo, who retired from the board last year – for their service and guidance. You all have my sincere gratitude.

As I prepare to bring my 41-year career here to a close, our company faces a new beginning, even as the challenges to success have never been greater. However, with a clear vision, plentiful resources, strong leadership and the best people in the industry, I know the future will be bright.

In closing, I would like to thank all of you for your support over the many years I have had the privilege to occupy this position. And, as always, I welcome your thoughts and suggestions.



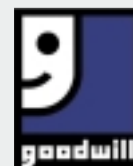
Hugh L. McColl, Jr.  
Chairman and Chief Executive Officer  
January 25, 2001



Honored by *Minority MBA* magazine as one of the nation's top 10 companies for corporate diversity and opportunities for MBA professionals of color.



Named best supplier of banking services to small business by *Small Business Computing* magazine.



Named Large Employer of the Year by Goodwill Industries.



Operating earnings per share (diluted) for Bank of America rose 1% in 2000 to \$4.72. Lower earnings in the fourth quarter, driven by higher credit costs and sluggish revenue growth occurring in a slowing economy, significantly moderated what had been a 12% increase in per-share earnings for the first nine months.

Operating earnings totaled \$7.9 billion, compared to \$8.2 billion in 1999. Average shares outstanding declined by 5%, as the company repurchased 67.6 million of its shares, representing an investment of \$3.3 billion during the year.

The return on equity was 16.70% while the return on average assets was 1.17%.

Total revenues for the year rose 2%, while noninterest expense was virtually unchanged. The provision for credit losses rose substantially, to \$2.5 billion, compared to \$1.8 billion in 1999.

**NET INCOME** Including after-tax charges associated with growth initiatives and mergers, net income was \$7.5 billion, or \$4.52 per share (diluted), compared to \$7.9 billion, or \$4.48 per share, a year ago.

**REVENUE** Revenues continued to grow due to broad-based increases in new business from the company's diverse customer base. The year-to-year comparison was negatively impacted by the absence of a number of one-time gains recorded in 1999 and by higher auto lease residual charges in 2000.

Managed loans and leases rose 9% for the year, while deposit growth was 3%. Net interest income growth was 2%, as loan growth and higher trading-related revenues more than offset margin compression, caused in part by a change in mix, and the significant cost of share repurchases.

Noninterest income rose 3%, as the result of double-digit increases in card fee revenue, investment and brokerage service fees, equity investment gains and trading revenue. Noninterest income was negatively impacted by the absence of sales and securitizations, which boosted the year-ago results, and the impact of a \$278 million increase in auto lease residual charges.

**EXPENSES** Noninterest expense was virtually unchanged, reflecting the second year of merger-related savings as well as benefits from other productivity initiatives. The efficiency ratio was 54%, an improvement from 55% in 1999.

**CREDIT QUALITY** The provision for credit losses totaled \$2.5 billion, up from \$1.8 billion the previous year. While the economy remained strong for the first half of 2000, rising interest rates took their toll in the second half, leading to higher problem loans and higher loan losses. Net charge-offs totaled \$2.4 billion, or .61% of loans and leases, compared to \$2.0 billion, or .55%, a year earlier, with the increase occurring primarily in the domestic corporate portfolio. Nonperforming assets stood at \$5.5 billion at the end of 2000, up from \$3.2 billion a year earlier. The increase was largely due to increasing problem loans in the domestic corporate and consumer finance portfolios.

**CAPITAL** Bank of America's capital position remained strong in 2000. Total shareholders' equity rose to \$47.6 billion at December 31, 2000, representing 7.42% of period-end assets, up from 7.02%. The Tier 1 capital ratio also rose to 7.50% from 7.35% at the end of 1999.

**BUSINESS SEGMENTS** Two of the company's four primary business segments – Asset Management and Equity Investments – increased earnings in 2000.

Consumer and Commercial Banking earnings of \$4.64 billion were 2% lower than a year earlier, reflecting the impact of a significant increase in auto lease residual charges and the absence of one-time gains recorded in the previous year. The card businesses all achieved double-digit growth and service charge revenue was up 4% in the Banking Regions. Average managed loans grew 12%. Expenses fell by 4%.

Asset Management earnings rose 18% to \$601 million, as assets under management increased by \$30 billion to \$277 billion at year-end, despite falling market prices. Mutual fund fees grew 30%. The company made significant investments in new private banking offices and in sales personnel throughout the asset management businesses during the year.

Global Corporate and Investment Banking earnings were 10% lower than a year earlier, reflecting higher loan losses and slower capital markets activity at the end of the year. Higher credit costs more than offset revenue growth of 9%, driven by the buildout of the investment banking and trading platforms. For the year, Bank of America ranked in the top 10 in all key product areas.

Equity Investments earnings increased 39% to \$460 million, driven by strong gains in strategic investments and alliances as well as in principal investing.



**BUILDING A GROWTH COMPANY** In 2000, despite a difficult economic environment for banking that hampered our financial performance as the year advanced, we made significant tactical progress toward our goal of becoming the top financial services company in the country. With the task of transitioning to the new Bank of America nearly complete, we took measures to identify and to capitalize on the massive potential of the company we have built. In 2001, as we continue to execute our strategy, we believe those measures will increasingly reveal their ability to fuel our profitability, growth and overall success. In 2000, we:

- largely completed the merger transition;
- continued our transformation from a company that grows by acquisition to a customer-focused, internal growth company;
- eliminated unnecessary layers of management and ensured we had the right people in key posts;
- identified and invested in businesses with the highest potential for growth; and
- accelerated the reengineering of company-wide processes to improve customer satisfaction.

**TRANSFORMING OUR COMPANY** It has become clear that revenue growth is the benchmark of our company's value in the marketplace. In 2000, we took action to accelerate the rate of revenue growth. Our goal is to produce consistent annual revenue growth of 7% to 9% and improve earnings-per-share growth.

As Mr. McColl said in his letter, we are generating revenue growth from within our own franchise by working to retain, broaden and deepen existing customer relationships, even as we work to gain new customers. Associates throughout the company are working on projects and initiatives to drive this part of our strategy. These include improvements to our technology infrastructure that give associates access to more complete information regarding customers' relationships with the bank, and the creation of different value packages based on the amount of business customers choose to bring to the bank. These initiatives already are resulting in accelerated growth in our enhanced service levels – Plus, Premier and Private Banking – and that growth has begun to show commensurate increases in relationship-net-income and overall profitability.



Banc of America Securities is number 1 in dollar volume for merger and acquisition transactions in real estate, lodging and gaming industries.



Recognized by *Smart Money* magazine as "best in customer service" for online banking.



Received the Dalbar Mutual Fund Service Award for achieving the highest standard of service to shareholders in the mutual fund industry.

Executing this strategy requires a company-wide shift away from a focus on merger transitions toward a disciplined focus on improving customer service and reengineering our work processes. This transformation has not been easy, but we are confident that it is producing the right organizational model for the future growth of our company.

**INVESTING IN GROWTH** Our greatest challenge in 2000 came in the form of a question: How could we make needed investments in high-growth businesses while at the same time work to deliver on the earnings goals to which we had committed? Our decision – to eliminate 9,000-10,000 positions, mostly in the middle management ranks – was a difficult one for many reasons, most importantly the loss of many talented, loyal associates. Nevertheless, this was the right decision for the long-term strength of the company.

This action has flattened our management structure so that senior managers are more directly responsible for customer satisfaction. In addition, it enables us to respond to changes in the business more quickly. Finally, the cost savings realized can be invested in high-growth areas of the company. As we assessed our company post-transition, we identified and addressed several areas of significant opportunity, including:

**CONSUMER PRODUCTS, INCLUDING CARDS:** accelerating the application of Web technology in call centers and in payments processes and promoting cards and card usage as a core relationship product;

**CONSUMER BANKING:** increasing the number of consumer bankers in key urban markets and accelerating the application of Web technology in banking centers;

**ASSET MANAGEMENT:** adding 10 Private Bank offices in high-potential markets and expanding investment products and sales forces nationwide;

**E-COMMERCE:** investing in new technologies and capabilities to create financial portals, Web-enabling businesses and implementing more Internet payment options;

**INVESTMENT BANKING:** adding people, heightening capabilities and expanding our presence in Europe; and

**BRAND:** conducting a \$100 million major national campaign to promote the Bank of America brand.

Executives in the first three areas – Consumer Products, Consumer Banking and Asset Management – have been charged with working together to broaden and deepen all their customers' relationships with the bank. Processes and technology solutions are being designed and implemented to integrate business practices across all product groups so that broad, deep relationships are formed not as heroic exceptions to the rule, but as a matter of course. Corresponding performance measurements and incentives are being put into place to reinforce this initiative.

**ACCELERATING PRODUCTIVITY** Process improvements will enable us to achieve productivity gains with the goal of creating greater revenue wherever they are deployed. Teams throughout the company have been empowered by our leadership to reexamine every aspect of how and why we perform our work – from the customer's point of view. Some teams already have produced impressive results: one group reduced processing time for a consumer real estate loan by 24%, on top of previous improvements that had produced similar reductions the year before. And we expect similar improvements in performance from many other areas.

While we expect to realize productivity gains as a result of process improvement, cost savings is a secondary concern if we can increase revenues by improving customer satisfaction. The reason is obvious: there's more than one way to generate higher earnings, and the best way is through increasing revenue and operating leverage, which is a hallmark of a growing business, rather than through expense cuts, which is the hallmark of a consolidating business. We believe that if our customer satisfaction improvements result in the kind of revenue increases we seek, we will be able to increase efficiency without cutting costs.

**LOOKING TO 2001** We will continue to aggressively execute the tactical initiatives that will drive our corporate strategy forward in 2001. We also will continue to create innovative new products, services and financial solutions for all of our customers and clients, some of which are covered in detail on the pages that follow.

I hope you'll take the time to read about how we're working to make Bank of America a growth company – and please let us know how you think we're doing.

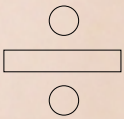
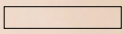


Kenneth D. Lewis  
President and Chief Operating Officer

My investment <sup>add</sup>  
counselor really  
listens to me. <sup>strengthen</sup>

Plus, he calls me  
when he thinks it's  
time to move some  
assets. I'm willing  
to take risks and <sup>augment</sup>  
together we've  
made decisions <sup>increase</sup>  
that have kept my <sup>rise</sup>  
portfolio steadily  
growing.





**grow a relationship**

Janet Hill in her living room in Danville, California

### UNPARALLELED CUSTOMER CONVENIENCE

4,500 banking centers  
13,000 ATMs  
1,500,000 daily phone inquiries  
3,000,000 online customers  
7,000,000 customer touches per day



Our franchise is the envy of the industry and our relationship strategy rewards customers for allowing us to do more for them and grow revenue when they bring us more of their business.

Suppose you could have unlimited access to the entire global payments system, enabling you to move funds anywhere you needed them, day or night, to or from anybody, through any channel you want: in person, at a machine on a street corner, on the phone, even sitting at a PC in your kitchen. We would maintain those access channels at our expense. We would also keep your money safe. You could get to it whenever you wanted, but nobody else could touch it without your consent. And we'd do all the bookkeeping; you would only have to check your balance periodically.

Sound like a useful service? Actually, it's a simple checking account. It comes in different shapes and sizes to fit different needs, with flexible pricing, depending on how you choose to use it. That's where it all starts.

Where it goes from there is up to the customer. We are integrating the products and services we provide – checking and savings accounts, investment products, loans, across our various delivery channels, including banking centers, ATMs, relationship managers, telephones, personal computers and hand-held devices – to make it easy and convenient for customers to expand their relationships with us. When customers bring us more of their business, we earn more revenue, which enables us to provide them with a value package that might include such benefits as preferred pricing, reduced fees, higher interest rates on deposits, flexible credit terms and dedicated phone lines staffed by specially trained associates.

At the same time, we are investing heavily in improving the quality of our baseline service. For example, we have shortened the hold time on deposited checks and reduced the volume of holds on non-cash deposits at ATMs. We have also simplified our phone systems, making it quicker and easier for customers to get their questions answered and problems solved. In fact, in a survey of 18 banks, three of our Contact Centers placed first, second and third in service quality. As a result, our customer satisfaction scores have improved in most of our markets over the past year.

We have clearly defined levels of relationship service for individuals and families, including our Private Bank, whose very affluent customers require top-quality advice in managing their relatively complex financial affairs. Premier clients are consumers who qualify, on the basis of income and the size of their relationship, for customized personal service.





**Janet Hill** of Danville, California, is a savvy investor whose portfolio represents a significant portion of her income. Actively involved in her family's financial decision-making since her two daughters were young, she and her husband took many investment courses over the years and belonged to an investment club.

Widowed four years ago, Hill looked for an investment counselor who respected her experience and input. She found the person she was looking for at Bank of America. "We talk regularly – either he calls me or I call him – and we meet three or four times a year," she said. Hill's relationship with the bank also includes checking and savings accounts, credit cards and an IRA. A volunteer for the Red Cross and programs for disadvantaged children, she and her daughter recently bought a horse, and she intends to take riding lessons. Confident her portfolio is in capable hands, Hill makes the most of her very full life.

But the largest and fastest growing group of relationship customers are those we call Plus. These individuals qualify for enhanced service simply because of the volume of business they bring to the bank, not by income level or any other demographic measure. Almost anyone can qualify by simply maintaining an account such as Advantage or the Money Manager Account, which combine investment and banking, or by combining a checking account with a home loan. We are able to provide an attractive value package to Plus customers because we receive considerable value in return. The rate of customer retention increases 12% when customers move to Plus. Deposit, investment and credit balances all tend to grow rapidly. And the net income we derive from the relationship increases significantly.

Imagine how revenue and profits would grow if the millions of customers who qualify for Plus or Premier service, or for the Private Bank, would sign up for one of those service levels.

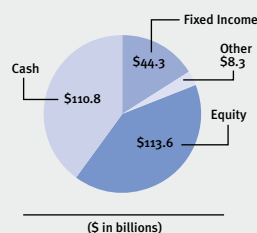
And we have additional opportunities to grow our revenue, simply by doing more for our customers who already enjoy relationship service. For example, Plus customers average 10 financial relationships per household, although typically only four of those are with Bank of America. They have nearly three times the appetite for credit as the general population, and they save and invest at five times the average rate. Yet they take much of their credit and investment business to other financial institutions, most of which we believe cannot match our convenience or provide the broad complement of financial services we can.

Two of our biggest growth engines, Asset Management and Card and Payment Services, also have tremendous potential for advancing our relationship strategy (see pages 14-15).

Another area with strong relationship potential is consumer real estate, where we have made huge strides in improving our quality of service. As the nation's largest servicer and third-largest originator of home mortgages, Bank of America helps more than 400,000 families fulfill their dreams of home ownership each year. This is a business in which razor-thin margins and heavy competition make it essential to maintain a low-cost, high-quality environment. By redesigning the application, approval and delivery process for telephone lending, we have shaved several days off the time it takes us to move from a loan application to a booking, increased our mortgage approval rate by 15% and raised our booking rate nearly 30%.

We view our nationwide consumer franchise as the envy of the industry and the most convenient for customers. The states in which Bank of America offers full-service banking account for 80% of the nation's projected population growth over the next five years, and we have the leading market share in the four fastest growing states.

Achieving our growth goals is easier said than done. But we know we can succeed because we are already doing it in some key businesses, such as Asset Management and Card and Payment Services and in some markets. In California, our largest market by far, we grew revenues 8% in 2000. Deposits grew 7.4% and consumer assets grew more than 12%. Those growth rates are significantly higher than the year before. We intend to continue to improve the integration of our products and services across all delivery channels with the goal of getting the rest of the consumer franchise to perform at least at that level. When we do that, we will have transformed Bank of America into a truly great growth company.

**\$277 Billion of Assets Under Management**

*As we continue to grow our asset management business, including the Private Bank, into the nation's premier provider of investment products and services, we reach signposts along the way that tell us we are succeeding in our efforts to provide value for large numbers of customers and clients. Some recent achievements include:*

*At midyear 2000, Bank of America ranked first in mutual funds and annuities sales among a nationwide list of 100 holding companies, banks and savings and loans. We were also one of the fastest growing, with sales more than doubling over the first six months of the previous year.*

*Assets under management have grown by more than 30% in the last three years to \$277 billion.*

*In addition, the Bank of America Private Bank is the world's largest corporate trustee for individuals, with \$129 billion in trust assets under management and approximately 82,000 trust accounts on our books.*

The Asset Management Group serves the investing needs of all clients, with a wide range of world-class investment products and services. It's a rapidly growing business for us, as we add customers who have traditionally looked elsewhere when thinking about investing their assets.

Asset Management revenue, adjusted for divestitures, is currently growing at an annual rate of about 12%, while net income is growing at about a 40% annual rate. With results like that, we want to grow the Asset Management business so that it contributes more than the current 7.6% of total company earnings. We have an excellent opportunity to do that, as the financial needs of individual and institutional clients, including significant demand for investment products, have become increasingly complex. In addition, high-net-worth households are among the fastest growing segments in the country.

To capitalize on that growth potential, we are increasing our investment in the Asset Management business, beginning with the Private Bank. A leader in providing innovative, customized investment management, trust, financial and estate planning and credit products to the high-net-worth market, the Private Bank has a physical presence in most of the wealthiest areas of the United States. We are adding offices in high-potential California markets, going into Massachusetts and Connecticut and expanding the New York office.

We will add more professionals across the country to provide advisory services, tax strategies and investing and wealth transfer expertise. Access to products will expand to include derivatives, private equity placements and other alternative investments. Our company's ongoing investment in e-commerce will provide clients with both information and advice through online, real-time access to their entire Bank of America relationship.

In particular, we expect strong growth in our investment management business, Banc of America Capital Management (BACAP),

which focuses on developing and managing products for retail investors, high-net-worth clients and institutions with both cash management and long-term asset management needs. At present, BACAP manages \$277 billion in assets for individuals and institutions and provides advisory services to the \$107 billion Nations Funds family of mutual funds. We plan to double our equity research coverage and continue to expand our investment management discipline in a number of ways, including the completion of our acquisition of Marsico Capital Management early in 2001.

We also plan to increase our sales force to serve the investing needs of our diverse institutional client base as well as expand our product array to offer retirement programs to small business and middle market clients. And to better serve retail investors seeking advice and solutions, we will add sales personnel to work with investment professionals in our Private Bank, retail brokerage affiliate and external broker-dealers.

Our retail brokerage affiliate, Banc of America Investment Services, Inc., is a critical channel through which we meet a wide array of investing needs. One key to our success has been the spectacular growth of the Money Manager Account, which combines investments and banking. Balances have increased 65% to more than \$20 billion within the past year. We expect to continue growing that customer base as we pursue our relationship banking strategy.

To enhance customer awareness of our investment capabilities, we expect to expand the number of investment sales officers in banking centers to more than 3,500 by year end 2001, up from 2,500. We also plan to continue to grow our team of full-service investment consultants by 25% per year over the next three years. We are enhancing our product array, as well, to include financial planning capabilities that enable us to provide a broad spectrum of advice to clients.

Bank of America is investing in its card and payments business to build upon already-impressive growth across all card-related businesses and customer segments. For 2000, consumer credit and debit card sales volumes were up 17%, and commercial card volume was up more than 30%.

Card's strong growth is being fueled by several factors. First, cards have become the preferred way to pay. For businesses, purchasing cards are a far more efficient way to pay suppliers. For consumers, cards are the dominant form of payment on the Internet, and nothing matches the convenience and control that cards offer both online and at physical points of sale. By 2005, cards are projected to overtake checks as the most used form of payments for consumers.

Bank of America is leading this paper-to-plastic payments revolution, primarily by leveraging and deepening customer relationships across all lines of business.

Like many card companies, the bank is making significant investments in marketing and new products. Direct mail solicitations have doubled, as have new accounts from that source. Bank of America has launched "Photo Security" credit cards, upgraded Check Cards and introduced the new Visa Buxx™ card for teenagers, enabling parents to program value into the card and monitor purchases. A newly integrated national sales force is selling unique bundled products to meet the needs of small business and middle market customers.

Unlike many other card companies, Bank of America can leverage its huge base of banking relationships to produce a higher return on its investment. For example, the bank is soliciting twice as many relationship customers as in the past because these customers have almost 30% higher response rates to card solicitations and 25% lower

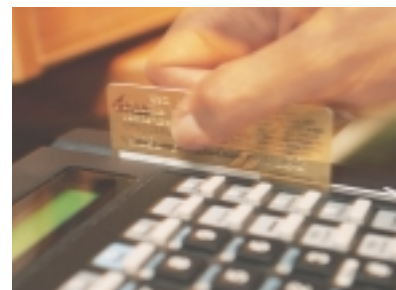
overall loss rates. The bank's mailing "universe" has been increased 50%, and the cost of acquiring a new account is down by more than 30%.

Customer relationship information is also a key to improving customer satisfaction and operational performance. For example, lower-risk relationship customers don't need to be called when their payments are only a few days overdue. Attention can be focused on higher-risk accounts, thereby increasing collections effectiveness and improving customer satisfaction.

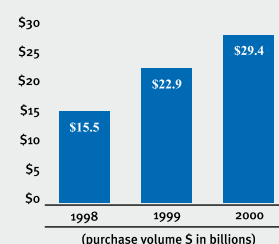
Customers are also getting an enhanced Check Card experience as the bank's ability to use relationship information grows. Lower-risk customers are now identified and their transactions approved, allowing them to use their cards to fund purchases directly from their accounts, even when their balances run low. Revenue is projected to increase sharply as a result, and customer satisfaction will benefit from fewer declined transactions.

Card products can also be a good way to create new banking relationships. Thousands of single-service credit card customers are expanding their relationships with the bank, and when single-service customers become relationship customers, their relationship net income increases more than 600 percent.

Harnessing customer information that no other card company possesses, the bank is leveraging the value of relationships to improve both the customer experience and financial performance.



Debit Card Use Growing



*The Bank of America Check Card™ is becoming increasingly popular with customers, and it's easy to see why. Check Cards offer the point-of-sale convenience of a credit card, but reduce the need to write checks or carry cash for everyday purchases.*

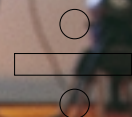
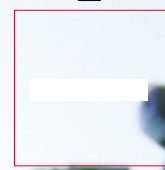
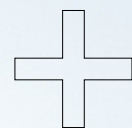
*This popularity is reflected in our large increase in Check Card purchase volume, which was up 28% in 2000. Per-card transactions are also rising, another sign that customers like the convenience of the Bank of America Check Card.*

*Higher transaction volumes mean higher revenue for Bank of America, as well as lower processing and servicing costs than we incur when customers write checks or withdraw cash from ATMs. From 1998 through 2000, debit card revenue has more than doubled, from \$225 million to \$520 million.*

*As more of our products migrate from paper to electronic channels, we will continue to grow revenues and reduce costs, while providing better service and convenience for customers.*

Before the bank  
helped us finance <sup>decrease</sup>  
our new building, <sup>lower</sup>  
we had equipment  
<sup>lessen</sup> all over the place.  
Now our opera- <sup>shrink</sup>  
tions are consoli-  
dated under one  
roof, improving effi-  
ciency and helping  
us keep our prom-  
ise of perfection  
to our clients. <sup>minimize</sup>





**grow a business**

### SMALL BUSINESS IS BIG BUSINESS

Number of small businesses in the United States: 25 million  
Number of small businesses in the Bank of America franchise: 12 million  
Number that are Bank of America clients: 2 million  
Size of Bank of America's small business customer base relative to other banks: No. 1



## Embracing the Bank of America growth strategy, Small Business Banking has set sales and service standards that provide for a more consistent – and more profitable – customer experience.

As a small business in an increasingly competitive environment, your great idea and hard work simply might not be enough. Why not count on Bank of America to be virtually at your side through the Business Center, with its full spectrum of online tools, resources, advice and information? Why not make purchases directly from your business checking account with the Business Check Card? Why not benefit from the extensive cash management expertise Bank of America has built with its commercial and corporate clients and now makes available to your small business?

Bank of America serves more than 2 million small business customers with annual sales revenues up to \$10 million. Loans, deposits and fee income to the small business sector all increased in 2000.

Committed to building deeper relationships with more customers, our Small Business Banking group has embraced the Bank of America growth strategy, setting nationwide sales and service standards that provide for a better, more consistent customer experience and targeting stronger profitability.

Small business customers are served through multiple channels – traditional banking centers, automated business centers, ATMs, telephone banking, the Internet and client managers.

As the leader in small business banking in the United States, Bank of America provides the financial services that these customers expect, and more – flexible financing through an array of credit products, including conventional loans, lines of credit, SBA loans, business leasing and Business Credit Card, as well as checking accounts with around-the-clock access to help manage cash needs. We provide certificates of deposit and savings accounts and, through our subsidiary, Banc of America Investment Services, Inc., investment accounts, along with retirement options such as 401(k) accounts and IRAs. The bank's specialized services, which help customers increase profitability and streamline paperwork, include tax and payroll services.

But our opportunity to serve small business needs doesn't stop with the basics. It starts there.

The Business Center made its online debut in August 2000 at [www.bankofamerica.com/businesscenter/](http://www.bankofamerica.com/businesscenter/). With more than 3,000 companies enrolled in the first three months, the immediate success of this platform confirmed that we had heard our small business customers right. They told us they want the resources, information, products and tools they need to succeed, all in one place. And of course they want “anytime, anywhere” Internet access to business information.





**Wilson Alers** (page 17) had a dream. After building his audiovisual skills first in Puerto Rico, then in Miami, the Bronx native teamed up in 1990 with two lifelong friends, Oscar Colom and James Pabon, to launch a state-of-the-art audio, video, lighting and computer graphics staging company. Today, Media Stage claims many Fortune 500 corporations as clients. Its teams travel to such diverse locations as Rio de Janeiro, Rome and Singapore to stage events. Media Stage recently built an 18,500-square-foot building near Ft. Lauderdale, Florida with a real estate and construction financing package Bank of America arranged with the Small Business Administration. The company also opened a second office in Puerto Rico to better serve clients in South and Central America and the Caribbean. Media Stage was recently named one of the top 100 Hispanic businesses in Florida. "We've been with the bank from the beginning," Alers said. "As our needs have grown, so has our relationship. It's been smooth from the start."

That's what we delivered. We believe the Business Center is by far the most robust online offering for small businesses today. It gives our customers professional capabilities that were once available only to much larger corporations. An interactive and customer-friendly portal, the Business Center enables users to save money and operate more efficiently and effectively with applications such as:

**BANC OF AMERICA MARKETPLACE™** product of a powerful alliance with Ariba, Inc. to benefit all of the bank's 2 million-plus business customers, is key to our small business relationship strategy. Customers with a business checking account or Business Check Card use it for convenient access to online suppliers. It automates the purchasing and procurement process, giving users access to competitive pricing on a range of business goods.

**MY DESK**, the Business Center's hub, gives managers and employees desktop help in communicating internally and managing projects.

**FINANCIAL SERVICES** offers customers one-stop financial shopping, with descriptions of the breadth of products and services available from Bank of America to help small companies succeed.

**RESOURCES** is an online business partner, providing customers with access to business forms, templates, tools and more.

**ADMINISTRATION** houses payroll and other personnel tools.

We also have completed rollout of our Business Check Card across the franchise. The card enables customers to make purchases directly from their business checking accounts. It has proven popular with small

business customers seeking the financial discipline that it offers. Nationwide, Bank of America is the largest issuer of these cards, with more than 400,000 issued.

A leader in cash management for corporate clients, Bank of America is broadening the reach of its expertise to small and mid-sized companies. We offer solutions that enable customers to maximize their cashflows by collecting payments more expediently, making payments more precisely and managing information and account balances more effectively. The teamwork between small business bankers and Global Treasury Services has resulted in higher customer satisfaction and retention rates and an opportunity to make new sales.

By including equipment leasing and financing expertise in its suite of small business services, the bank is able to help customers understand and compare the relative benefits of lease and loan options as they consider their financing needs. The market for equipment and vehicle leasing is large and growing. Small business client managers partner with the bank's leasing specialists to aggressively expand our presence in this market.

In addition to serving companies, our Small Business Banking group seeks to build more and broader relationships with individual business owners by helping them pursue their personal financial goals. Our client managers are increasingly teaming up with Banc of America Investment Services, Inc. to assist clients with their investment needs.

The combination of superior client management and cross-selling will continue to keep Small Business Banking centered on its most important goal – offering customers the convenience and the power of one-stop financial shopping.

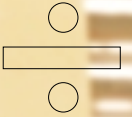
As the Northwest grows more diverse and cosmopolitan, the demand for Asian products is increasing exponentially. With the bank's help, we doubled the size of our store and expanded our product lines to keep up with demand.

expand

multiply

compound





**grow a community**

Tomio Moriguchi, President of the Uwajimaya specialty markets, flanked by (from left) his niece Amy Maeda, brother Akira Moriguchi, sister Suwako Maeda, nephew Michael Moriguchi and sister Tomoko Moriguchi in the new Uwajimaya store in Seattle's International District

### TOPPING THE CHARTS

Among institutions providing financial services to middle market companies in the United States, Bank of America ranks No. 1 in:

Number of banking relationships	Secured and unsecured credit
Investment banking	Leasing
Treasury management	International services
Syndications	Short-term investments



Comprehensive product and service offerings, coupled with cutting-edge technology and the ability to customize solutions, are enabling us to expand our client base while deepening existing relationships.

What would it mean to your company if you only had to make one phone call or access one corporate portal for advice on all of your financial needs – to raise capital, manage your cash, compete globally or gain a foothold in the electronic marketplace? What would it mean to have the benefits of a local financial institution that knows you, plus the expertise and experience of Wall Street? What would it mean to know that someone was helping you ensure the future health of your company?

Serving more than 30,000 companies throughout the United States with annual sales between \$10 million and \$500 million, Bank of America creates powerful solutions every day to help these middle market firms grow and thrive. For nearly 70% of middle market clients in our 21-state franchise, we serve as lead bank and we are working to grow that number significantly. The potential in lead bank status is tremendous. For example, the average number of products we provide to clients when we do not serve as lead bank is four. Establishing a lead bank relationship more than doubles the number of products a client uses.

The opportunity in this marketplace continues to swell – with Bank of America serving more than 30% of middle market companies within our franchise and holding a leadership position in lending, treasury management, foreign exchange, syndications, derivatives, trade finance, leasing and private debt placement. Our strategy is to expand our client base further while deepening existing relationships.

Clients' needs vary greatly. They might require solutions to complex issues or the simple execution of transactions. They might need the sophistication of an entire team or one-on-one advice. Or they might need help taking their domestic business global. With a proven track record combining the right people, technology and solutions to create an unbeatable value proposition, Bank of America can meet all these needs.

We know from listening to our clients that time is money. That's why our client-centered team approach to relationship management is critical to achieving results – for our clients and ourselves. Our teams provide middle market companies with localized, integrated access to all the bank's resources, including treasury management, investment banking, personal wealth management, credit products, asset management and consumer banking services for their employees. As a result, more than two-thirds of our middle market clients rate their satisfaction with us as excellent or above average.





**Tomio Moriguchi** took over his father's fish market in 1962 and expanded it into Uwajimaya, a sprawling produce and Japanese specialty market in Seattle (page 21). Although the operation is extensive enough to be regarded as the cornerstone of that city's bustling International District, the family-owned business is having to expand further to keep up with the ever-increasing demand for Asian goods. Building on a banking relationship spanning more than five decades, Bank of America provided financing for a new \$35 million development that enabled Uwajimaya to double the size of its store and include apartments, other retail outlets and parking. The success of Uwajimaya earned Mr. Moriguchi the William D. Bradford Award from the University of Washington for playing a vital role in the health of the region's economy and a cover story in *Washington CEO* magazine.

Technology continues to enhance our capabilities, enabling us to offer new opportunities online. Bank of America was one of the first banks to offer Web-based commercial banking. Bank of America Direct™ provides an Internet-based transaction and information network designed to meet all of our clients' treasury, payments and receipts needs by enabling them to gather information and initiate transactions anytime and anywhere in the world, over the Internet.

Through Bank of America Direct, middle market clients can be assured of rapid access to cash management reports, stop payment capabilities, the ability to review paid checks and research exceptions, or to access online customer receivables records – all in a secure environment. Bank of America was one of the first banks to complete large-scale deployment of digital certificates to assist clients in the secure execution of their transactions. Today, more than 2,000 middle market and 1,200 corporate clients are using the service.

To ensure that we are able to provide solutions for the breadth of our clients' complex needs, we have local teams of dedicated professionals who provide comprehensive investment banking services. For our middle market and private banking clients, we completed approximately 12,000 transactions during the past year, ranging from strategic advisory assignments to equity and debt capital raising and risk management services. Because of our understanding of our clients' industries, their unique business issues and our demonstrated ability to assist them in driving shareholder value, we grew investment banking revenues in the middle market by 47% in 2000, over the previous year.

Bank of America Direct and Middle Market Investment Banking represent some of our more

comprehensive capabilities. At the same time, we continue to develop new solutions to meet our clients' everyday needs. For example, Banc of America Marketplace™ initially focusing on small and medium-sized businesses, offers a way to streamline a company's procurement needs in an online environment. The marketplace provides businesses with competitive pricing on the diverse range of products and services they routinely purchase, while the online delivery allows purchases to be made quickly and reduces the need for paper-based record-keeping.

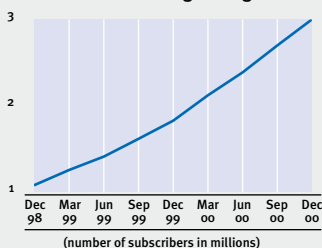
Bank of America was one of the first banks to offer middle market clients a single source for managing purchase, travel and fleet spending through the Bank of America Visa Commercial Card. Realizing that one size doesn't fit all, we introduced an enhanced card last fall with greater customization. Now middle market clients can use a card with the flexibility to change as their company grows.

In 21 states and the District of Columbia, local client teams led by nearly 700 client managers have one-on-one contact with clients every day. They represent decades of experience, many of them in highly specialized fields. Collectively, we believe they possess unmatched knowledge capital that our clients have come to respect and value. They serve as trusted advisors who actively listen to their clients, seeking to truly understand and appreciate their businesses and marshaling all the resources of the bank to develop customized solutions that will help our clients meet specific growth objectives.

We look forward in the future to offering middle market clients a fully integrated Web portal (see page 24) that will get them anywhere they need to go in cyberspace to find what they need to make their businesses more successful.



Online Banking Taking Off



*The number of customers who use online banking is increasing exponentially.*

*The trend is going to continue, as we complete the nationwide introduction of our increasingly popular electronic billing and payment service. In addition to accessing their Bank of America accounts through the Internet, customers who enroll for the service can view electronic versions of bills from participating payees, schedule one-time or recurring payments for virtually any bill, whether or not it has been delivered to them electronically, and pay other individuals – even a child at college – by going online, rather than writing and mailing checks.*

*For customers, online bill paying saves time and money and turns a tedious chore into a few simple mouse clicks. For the bank, it means broader, deeper and longer-lasting relationships, since customers who use the service tend to stay with the bank longer and sign up for more products and services than customers whose relationship is limited to a traditional checking account.*

With the knowledge that customers are becoming more sophisticated and discriminating about their financial choices and more inclined to seek online access to financial services, Bank of America continues its targeted investment in Internet and e-commerce solutions tailored to a range of different customer needs. Infrastructure investments continue, as well, to ensure that online customers can have confidence in the bank's security, reliability and responsiveness. We continue to grow and improve service to an online customer base that currently numbers more than 3 million customers and clients – more than any other financial institution.

To expand our capabilities and provide solutions to as many customers and clients as quickly as possible, we have formed strategic alliances with a number of “best of breed” companies that help to keep us ahead of the competitive curve.

Our portal approach to online delivery ensures that the full complement of information, advice, products and business resources is available to those using new technologies to bank with us. These portals serve as points of entry for consumers, small businesses, middle market and corporate and institutional clients, as well as the bank's own associates.

The **CONSUMER PORTAL** at **www.bankof-america.com** will fully integrate banking and investment accounts, including Private Bank and Banc of America Investment Services, Inc. portfolios; provide customers with electronic bill presentment and payment capabilities allowing them to receive and pay bills online; give customers the ability to make checking, ATM, debit and credit card payments to businesses; and deliver information, products and tools for making life decisions such as a home purchase, college education or retirement.

The **SMALL BUSINESS PORTAL**, the Business Center (see page 19), is a single Internet resource that helps small businesses gain efficiency and productivity by providing one-stop financial shopping and automating and

integrating their back office administrative processes. The Business Center provides self-service tools that help employees manage tasks and projects, as well as human resources tools for updating personnel records and managing benefits and payroll information. Businesses can also enhance their purchasing power and find special products and services through an online marketplace.

The **MIDDLE MARKET AND CORPORATE PORTAL** will provide clients a full range of integrated product solutions and network hubs, including risk management capabilities; capital-raising capabilities; strategic advisory services and working capital capabilities, which include credit, short-term investments, real estate and a business-to-business marketplace.

The **EMPLOYEE-TO-BUSINESS SOLUTIONS PORTAL** will provide Bank of America associates self-service tools to manage finances, including online banking and bill payment, investments and financial planning help. Associates also can select content matched to personal interests, and get up-to-the-minute news about the company. They'll have access to task management tools, customer contact databases and interactive learning capabilities. In addition, the bank plans to market these capabilities to companies looking to bring integrated Web solutions to their employees.

The portals will also deliver a comprehensive payments capability, integrating invoicing, payment and information reporting services for companies that access the bank online. Bank of America will leverage this infrastructure by marketing it to e-commerce service providers who need the capabilities. In addition, a next generation payments platform will enable consumers and businesses to pay everyone for everything electronically, combining electronic billing and payment, person-to-person payments and retail payments.

To Bank of America, the Internet is more than just another distribution channel. It's a way to offer customers and clients more value, more access and better choices.



Making one of the fastest leaps up the rankings of lead investment bankers, Banc of America Securities delivered the goods as a growth business. This full-service investment bank and institutional brokerage service extensively expanded its team to more aggressively pursue a strategy of delivering creative, value-added capital raising solutions and advisory services that help clients achieve financial success. Over the past year, Banc of America Securities and affiliated companies overseas hired senior staff worldwide in investment banking, equity research, trading and institutional sales to round out its investment banking platform.

In 2000, Banc of America Securities completed more than \$1 trillion in debt, equity and advisory transactions. Ours is among the fastest growing firms in the business, and momentum continues at an all-time high.

Bank of America fields one of the most comprehensive research organizations in the global markets, with award-winning analysts covering the equity and debt markets, foreign exchange, derivatives and global and country risk. This knowledge and perspective forms the cornerstone of Banc of America Securities' reputation with issuers and investors across industries and across markets.

Strong market share improvements moved Banc of America Securities to the top 10 in the U.S. equities underwriting league tables – ranking us as the fastest growing equity underwriter on Wall Street in 2000. Last year, Banc of America Securities helped raise over \$54 billion in equity capital, up 132 percent from 1999.

The bank has made major strides in building out its European equity business, with an expanded team now covering key industry sectors in Europe for institutional clients.

Banc of America Securities helps growth companies raise private as well as public equity, with private equity volume totaling \$143 million in 2000. Fixed income transactions led or co-led by Banc of America Securities in 2000 hit \$282 billion, including a \$1 billion offering of senior notes for Bank of America Corporation that was the first transaction executed on

our fixed income, e-underwriting Web site. Enabling investors and issuers to interact online with Banc of America Securities through the course of a new issue, this proprietary site also centralizes deal details. Feedback about the capability has been overwhelmingly positive.

We continued to strengthen relationships across the spectrum of bank clients – corporations, institutions and individuals, including from our Private Bank – by meeting their hedging and investment needs through strategically structured trading for them in the equities market. Revenue from our equity financial products doubled in 2000.

We are also a trusted financial advisor to corporations seeking to buy or sell assets, arrange mergers and joint ventures and divest subsidiaries. Clients benefit from our significant transactional experience across multiple industries, receiving innovative advice on the pricing, structure and financing of transactions. We continued to make significant progress in expanding our M&A and equities capabilities in 2000, gaining advantage over traditional investment banks because of the magnitude of our top-tier banking relationships and our ability to finance, as well as advise, major transactions.

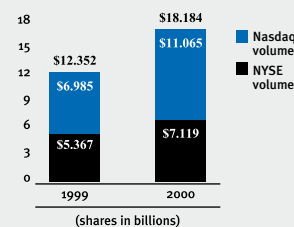
Our company leads in debt market dominance across a broad sweep of global syndication activities. As part of a broader Web strategy, we recently launched a proprietary Web site that provides borrowing and investing clients with timely information and perspective on the syndicated loan market.

Among the largest bank providers of real estate finance in the world, Bank of America works with clients nationally and internationally to originate, structure, underwrite and distribute transactions on commercial and residential property.

We remain a leading provider of specialized financing capabilities such as leasing, asset securitizations and project finance on a global basis.



Trading Volume Up 47%



*As one of the nation's most prominent investment banking operations, we have an opportunity to participate in a staggering number and variety of transactions. As a result, we stand at or near the top of most rankings. For example:*

*We hold more than \$27 billion in prime brokerage custodial assets for 700 clients.*

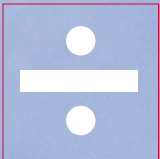
*We make daily trades of \$5 billion to \$7 billion in U.S. Treasury securities.*

*We have arranged more than \$13 billion of Project Financing debt for infrastructure, telecommunications and energy projects.*

*We ranked 10th among Merger and Acquisition advisors in 2000, up significantly from 22nd in 1999.*

We began as a privately owned <sup>apportion</sup> telephone company <sup>shrink</sup> 64 years ago. Last year, we split off our cellular division and took it public. Bank of America is our lead bank. We've benefited from its size, <sup>share</sup> services and <sup>fraction</sup> grasp of our industry.

grow an industry



 <b>\$2,500,000,000</b> Flexible Extendible Reset Notes™ (FlexNotes™) Initial Remarketing Date November 8, 2001 Final Maturity Date November 8, 2010 Sole Manager November 2000	 <b>\$550,000,000</b> Initial Public Offering Joint Lead Manager & Joint Bookrunner February 2000	 <b>\$507,400,000</b> Overnight Follow-on Equity Offering Sole Lead Manager February 2000	 <b>\$400,000,000</b> Follow-on Equity Offering Sole Manager September 2000	 <b>\$280,906,000</b> Export Receivables Securitization Triple Net Lease Mortgage Bonds Lead Underwriter and Sole Structuring Agent October 2000	 <b>\$300,000,000</b> Export Receivables Securitization US\$55,000,000 8.682% Notes due 2007 US\$50,000,000 8.926% Notes due 2010 US\$125,000,000 Floating Rate Notes due 2007 Lead Arranger and Sole Bookrunner October 2000
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Shifting the focus from loans to fee-based products and services, leveraging the balance sheet and honing the client base make us more value-added to corporations and institutions – and more profitable.

Why not expect your bank to think smart and act fast, extending the intellectual capital, the products and the infrastructure your business needs to thrive in today's fast-moving global marketplace? Whether yours is a long-established Fortune 500 corporation or an open-throttle technology start-up, a mid-sized growth company with very focused ambitions or a multinational with complex cross-border needs, why not expect your bank to deliver a full range of corporate and investment banking expertise, reliable access to the global capital markets, a leader's perspective on working capital management and more?

That's what corporate and institutional clients should expect. And that's what Bank of America is committed to deliver. The collective expertise of our client teams, built across key industry segments, serves to grow and nourish valued relationships through diverse corporate and investment banking functions, comprehensive capabilities and global reach. In short, we take responsibility for delivering superior solutions for our clients, issuers and investors alike. Ours is a powerful perspective, and the Global Corporate and Investment Banking team puts it to work 24/7 worldwide.

Serving large corporations, government agencies, investment houses and other institutional clients, we contributed more than 26% to the corporation's net income in 2000.

This business has strategically redeployed capital to build higher-return, higher-growth, fee-based client relationships. Noninterest income growth of 8% contributed to an 8.8% revenue increase in the last year. These numbers confirm the successful shift to focus on fee-based products and services and on expanded and more profitable relationships with targeted clients. As part of the corporate growth strategy, and with a view of the balance sheet as a strategic advantage, such initiatives continue in 2001.

Our clients set their banking sights high, and Bank of America continues to be No. 1 in U.S. large corporate banking relationships. To maximize opportunities to broaden these and other client relationships, we perform as a team to generate the needed intellectual capital across our organization, products and geographic borders. The composition of a client team varies, led by an investment banker or a corporate banker, as client needs dictate. In fact, a team effort is so important to us that we align individual officers' incentives with the team's success.





**It's just six years** since Everett Dobson (page 27) assumed control of the Oklahoma telephone company his grandfather founded as a single telephone exchange in Paradise, Oklahoma in 1936. In that time, he's built the company into the eighth-leading wireless carrier in the United States and the second-largest rural cellular carrier. Today, Dobson Communications serves customers in 19 states. "The bigger cellular companies have targeted major cities," Dobson said. "We've gone after the rural and suburban areas that have been under-valued and under-managed. Our revenues since 1994 have grown many fold." The company recently entered into a joint venture with AT&T to purchase another cellular provider and purchased expired cellular licenses in a Federal Communications Commission auction. "This is a very opportunistic business," Dobson said. "Bank of America has helped us seize opportunities by providing us with excellent advice, industry expertise and capital strength."

The bank's strategic expansion of investment banking operations (see page 25) zeroes in on integrating equity securities and M&A with our debt capital raising activities.

The execution of our strategy has produced tangible momentum and energized our securities business. Banc of America Securities ranked seventh in lead investment banking relationships in 2000, up from 12th in 1999. The independent research company that compiles these rankings cited this as one of the largest year-over-year gains ever recorded.

In all, Global Corporate and Investment Banking has steadily increased market share and rankings and, at year end, ranked among the top 10 in all of its key product areas.

Bank of America continues to lead the rankings in market penetration for the highly profitable treasury management services to large U.S. corporations and is also No. 1 in volume for a variety of product categories.

Beyond rankings, Global Treasury Services adds valuable annuity earnings to the company's bottom line through full-service transaction capabilities in treasury management, foreign exchange dealing, short-term investments, financing and trade services.

This expertise is complemented by the "one bank" capability of our Global Banking System, which provides corporate clients with consistent, reliable, real-time processing when initiating payments, collecting receipts or gathering account information from around the world.

Conducting transactions across five continents through a network of offices in 38 countries, we operate among a very select tier of global financial institutions.

Bank of America is a powerful and competitive market maker in the global capital markets. A leader

in derivative products, our company ranked No. 1 in overall quality for interest rate derivatives among U.S. liability managers as well as in ability to understand client needs, and in dealer's market penetration.

Our global FX business is among the leading participants in the world's currency markets, trading \$80 billion in foreign exchange in nearly 90 currencies on the average day.

Our company's distribution strength derives from strong relationships with thousands of institutional investors worldwide, in particular the 200 largest U.S. institutions, which manage more than 80% of all equity assets.

Global Corporate and Investment Banking continues to penetrate high-growth industry sectors, including technology, where we have first-tier relationships with more than 100 key companies, combined commitments to the industry in excess of \$6 billion and top standings in equity offerings and other services.

Significant improvements are underway to make our Web site for corporate and institutional clients more robust. This single portal at **<http://corp.bankofamerica.com>** will give both issuers and investors easy access to the bank's full range of innovative products, tools, analysis and other information.

Global Corporate and Investment Banking is committed to pursue an aggressive organic growth strategy. We continue to focus resources and investment where we can leverage our unparalleled client franchise and extensive capital raising capabilities to build a leading position in targeted markets.

Most important of all, associates are committed to excellence in client service to garner a more significant share of clients' business.

## CONSOLIDATED STATEMENT OF INCOME

Bank of America Corporation and Subsidiaries

	Year Ended December 31		
(Dollars in millions, except per share information)	2000	1999	1998
<b>Interest income</b>			
Interest and fees on loans and leases	\$ 31,872	\$ 27,569	\$ 28,331
Interest and dividends on securities	5,045	4,826	4,502
Federal funds sold and securities purchased under agreements to resell	2,354	1,666	1,828
Trading account assets	2,725	2,087	2,626
Other interest income	1,262	1,175	1,301
Total interest income	43,258	37,323	38,588
<b>Interest expense</b>			
Deposits	11,010	9,002	10,811
Short-term borrowings	7,957	5,826	5,239
Trading account liabilities	892	658	895
Long-term debt	4,957	3,600	3,345
Total interest expense	24,816	19,086	20,290
<b>Net interest income</b>	18,442	18,237	18,298
<b>Provision for credit losses</b>	2,535	1,820	2,920
<b>Net interest income after provision for credit losses</b>	15,907	16,417	15,378
<b>Gains on sales of securities</b>	25	240	1,017
<b>Noninterest income</b>			
Consumer service charges	2,654	2,550	2,632
Corporate service charges	1,946	1,849	1,694
Total service charges	4,600	4,399	4,326
Consumer investment and brokerage services	1,466	1,334	1,238
Corporate investment and brokerage services	463	414	464
Total investment and brokerage services	1,929	1,748	1,702
Mortgage servicing income	560	673	389
Investment banking income	1,512	1,411	1,430
Equity investment gains	1,054	833	579
Card income	2,229	2,006	1,569
Trading account profits	1,830	1,495	171
Other income	775	1,504	2,023
Total noninterest income	14,489	14,069	12,189
<b>Merger and restructuring charges</b>	550	525	1,795
<b>Other noninterest expense</b>			
Personnel	9,400	9,308	9,412
Occupancy	1,682	1,627	1,643
Equipment	1,173	1,346	1,404
Marketing	621	537	581
Professional fees	452	630	843
Amortization of intangibles	864	888	902
Data processing	667	763	765
Telecommunications	527	549	563
Other general operating	2,114	1,820	2,044
General administrative and other	583	518	584
Total other noninterest expense	18,083	17,986	18,741
<b>Income before income taxes</b>	11,788	12,215	8,048
<b>Income tax expense</b>	4,271	4,333	2,883
<b>Net income</b>	\$ 7,517	\$ 7,882	\$ 5,165
<b>Net income available to common shareholders</b>	\$ 7,511	\$ 7,876	\$ 5,140
<b>Per share information</b>			
Earnings per common share	\$ 4.56	\$ 4.56	\$ 2.97
Diluted earnings per common share	\$ 4.52	\$ 4.48	\$ 2.90
Dividends per common share	\$ 2.06	\$ 1.85	\$ 1.59
<b>Average common shares issued and outstanding (in thousands)</b>	1,646,398	1,726,006	1,732,057

Refer to the Bank of America Corporation 2000 Annual Report on Form 10-K, which will be issued in March 2001, for a complete set of consolidated financial statements.



## CONSOLIDATED BALANCE SHEET

Bank of America Corporation and Subsidiaries

At December 31

(Dollars in millions)

	2000	1999
<b>Assets</b>		
Cash and cash equivalents	\$ 27,513	\$ 26,989
Time deposits placed and other short-term investments	5,448	4,838
Federal funds sold and securities purchased under agreements to resell	28,055	37,928
Trading account assets	43,041	38,460
Derivative-dealer assets	15,534	16,055
Securities:		
Available-for-sale	64,651	81,647
Held-to-maturity, at cost (market value – \$1,133 and \$1,270)	1,187	1,422
Total securities	65,838	83,069
Loans and leases	392,193	370,662
Allowance for credit losses	(6,838)	(6,828)
Loans and leases, net of allowance for credit losses	385,355	363,834
Premises and equipment, net	6,433	6,713
Customers' acceptance liability	1,972	1,869
Interest receivable	4,432	3,777
Mortgage servicing rights	3,762	4,093
Goodwill	11,643	12,262
Core deposits and other intangibles	1,499	1,730
Other assets	41,666	30,957
<b>Total assets</b>	<b>\$ 642,191</b>	<b>\$ 632,574</b>
<b>Liabilities</b>		
Deposits in domestic offices:		
Noninterest-bearing	\$ 98,722	\$ 93,476
Interest-bearing	211,978	207,048
Deposits in foreign offices:		
Noninterest-bearing	1,923	1,993
Interest-bearing	51,621	44,756
Total deposits	364,244	347,273
Federal funds purchased and securities sold under agreements to repurchase	49,411	74,561
Trading account liabilities	20,947	20,958
Derivative-dealer liabilities	22,402	16,200
Commercial paper	6,955	7,331
Other short-term borrowings	35,243	40,340
Acceptances outstanding	1,972	1,869
Accrued expenses and other liabilities	20,887	19,169
Long-term debt	67,547	55,486
Trust preferred securities	4,955	4,955
<b>Total liabilities</b>	<b>594,563</b>	<b>588,142</b>
<b>Shareholders' equity</b>		
Preferred stock, \$0.01 par value; authorized – 100,000,000 shares; issued and outstanding – 1,692,172 and 1,797,702 shares	72	77
Common stock, \$0.01 par value; authorized – 5,000,000,000 shares; issued and outstanding – 1,613,632,036 and 1,677,273,267 shares	8,613	11,671
Retained earnings	39,815	35,681
Accumulated other comprehensive loss	(746)	(2,658)
Other	(126)	(339)
<b>Total shareholders' equity</b>	<b>47,628</b>	<b>44,432</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 642,191</b>	<b>\$ 632,574</b>

Refer to the Bank of America Corporation 2000 Annual Report on Form 10-K, which will be issued in March 2001, for a complete set of consolidated financial statements.

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Bank of America Corporation:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of Bank of America Corporation and its subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, of changes in shareholders' equity and of cash flows for each of the three years then ended (not presented herein); and in our report dated January 12, 2001, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

*PricewaterhouseCoopers LLP*

Charlotte, North Carolina  
January 12, 2001

## PRINCIPAL OFFICERS

**HUGH L. MCCOLL, JR.**  
Chairman of the Board and  
Chief Executive Officer

**KENNETH D. LEWIS**  
President and  
Chief Operating Officer

**JAMES H. HANCE, JR.**  
Vice Chairman and  
Chief Financial Officer

**EDWARD J. BROWN III**  
President, Global Corporate  
and Investment Banking

**F. WILLIAM VANDIVER, JR.**  
Corporate Risk  
Management Executive

## BOARD OF DIRECTORS

**CHARLES W. COKER**  
Chairman  
Sonoco Products Company  
Hartsville, South Carolina

**ALAN T. DICKSON**  
Chairman  
Ruddick Corporation  
Charlotte, North Carolina

**FRANK DOWD, IV**  
Chairman and CEO  
Charlotte Pipe and Foundry  
Company  
Charlotte, North Carolina

**KATHLEEN F. FELDSTEIN**  
President  
Economic Studies, Inc.  
Belmont, Massachusetts

**PAUL FULTON**  
Chairman  
Bassett Furniture Industries, Inc.  
Winston-Salem, North Carolina

**DONALD E. GUINN**  
Chairman Emeritus  
Pacific Telesis Group  
San Francisco, California

**JAMES H. HANCE, JR.**  
Vice Chairman and  
Chief Financial Officer  
Bank of America Corporation  
Charlotte, North Carolina

**C. RAY HOLMAN**  
Chairman  
Mallinckrodt Inc.  
St. Louis, Missouri

**W.W. JOHNSON**  
Chairman, Executive Committee  
Bank of America Corporation  
Charlotte, North Carolina

**KENNETH D. LEWIS**  
President and  
Chief Operating Officer  
Bank of America Corporation  
Charlotte, North Carolina

**WALTER E. MASSEY**  
President  
Morehouse College  
Atlanta, Georgia

**HUGH L. MCCOLL, JR.**  
Chairman and CEO  
Bank of America Corporation  
Charlotte, North Carolina

**O. TEMPLE SLOAN, JR.**  
Chairman and CEO  
General Parts, Inc.  
Raleigh, North Carolina

**MEREDITH R. SPANGLER**  
Trustee and Board Member  
Charlotte, North Carolina

**RONALD TOWNSEND**  
Communications Consultant  
Jacksonville, Florida

**JACKIE M. WARD**  
Chairman  
Computer Generation Incorporated  
Atlanta, Georgia

**VIRGIL R. WILLIAMS**  
Chairman and CEO  
Williams Group International, Inc.  
Stone Mountain, Georgia

**SHAREHOLDERS** Bank of America Corporation (the corporation) common stock is listed on the New York Stock Exchange and the Pacific Stock Exchange under the symbol BAC. The corporation's common stock is also listed on the London Stock Exchange, and certain shares are listed on the Tokyo Stock Exchange. The stock is typically listed as BankAm in newspapers.

The corporation's annual meeting of shareholders will be held at 10 a.m. on Wednesday, April 25, 2001 at the North Carolina Blumenthal Performing Arts Center, 130 North Tryon Street, Charlotte, North Carolina.

For general shareholder information, call Jane Smith, manager of shareholder relations, at 1.800.521.3984. For inquiries concerning dividend checks, the SharesDirect dividend reinvestment plan, electronic deposit of dividends, tax information, transferring ownership, address changes or lost or stolen stock certificates, contact Mellon Investor Services LLC, P.O. Box 3315, South Hackensack, NJ 07606-1915, call Bank of America Shareholder Services at 1.800.642.9855, or access your shareholder information online at <https://vault.mellon-investor.com/isd/>.

Analysts, portfolio managers and other investors seeking additional information about the corporation should contact Susan Carr, investor relations executive, at 1.704.386.8059; Kevin Stitt, director of investor relations, at 1.704.386.5667 or Lee McEntire, manager of investor communications, at 1.704.388.6780.

Visit the Investor Relations area of the Bank of America Web site for stock and dividend information, financial news releases, links to Bank of America SEC filings and other material of interest to the corporation's shareholders. To reach the Investor Relations area, go to [www.bankofamerica.com](http://www.bankofamerica.com) and choose Investor Relations from the Inside Bank of America pull-down menu.

**CUSTOMERS** For assistance with Bank of America products and services, call 1.800.900.9000 or visit the Bank of America Web site at [www.bankofamerica.com](http://www.bankofamerica.com).

**NEWS MEDIA** News media representatives seeking information should visit the Newsroom area of the Bank of America Web site for news releases, speeches and other material relating to the company, including a complete list of the company's media relations specialists grouped by business specialty or geography. To reach the Newsroom area, go to [www.bankofamerica.com](http://www.bankofamerica.com) and choose Newsroom from the Inside Bank of America pull-down menu.





Bank of America Corporate Center  
100 North Tryon Street, 18th Floor  
Charlotte, North Carolina 28255

**Why not?** —————  
*grow*