

STOCK REPORTS

11-OCT-03

Sub-Industry:
Diversified Banks

Summary: This banking company has offices in 21 states, and provides international corporate financial services.

S&P Opinion: Buy (★★★★)

Price As Of 10/10/03 • 81.12
52 Wk Range • 84.90-58.70Yield • 3.9%
12-Mo. P/E • 12.4Earnings vs. Previous Year
▲=Up ▼=Down ►=No ChangeQuantitative
Evaluations

Outlook

(1 Lowest—5 Highest)

• 3

Fair Value

• 77.90

Risk

• Low

Earn./Div. Rank

• A-

Technical Eval.

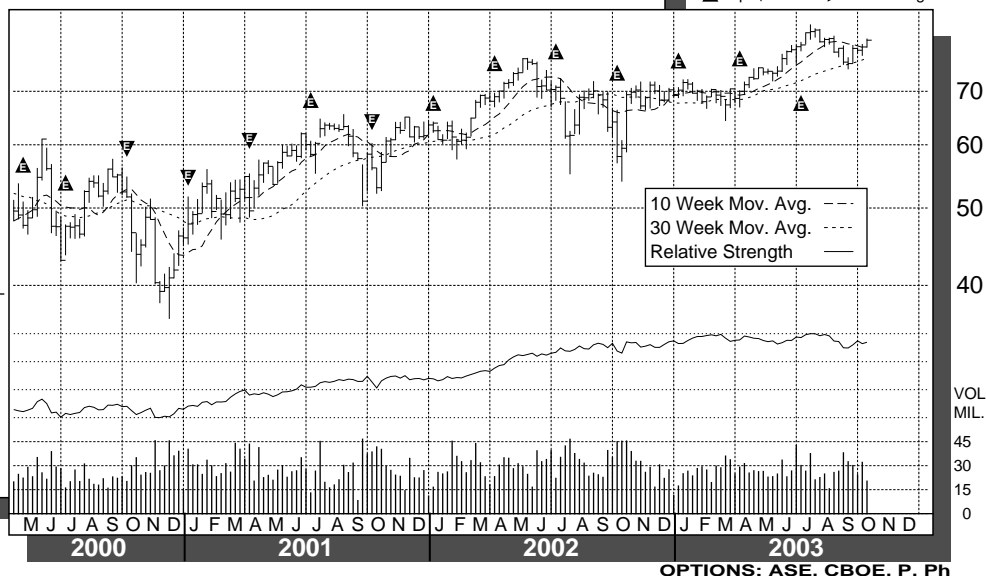
• Neutral since 9/03

Rel. Strength Rank
(1 Lowest—99 Highest)

• 43

Insider Activity

• Neutral



OPTIONS: ASE, CBOE, P, Ph

Overview - 15-SEP-03

We expect loan growth to increase from 4% in 2003 to 7% in 2004, with continued strength in consumer lending and a modest rebound in commercial lending outweighing a planned reduction in large corporate loans. We expect pressures on the net interest margin from lower interest rates to be alleviated in 2004, reflecting our forecast of modestly higher rates. The company's balance sheet is slightly asset-sensitive, meaning that it would be expected to benefit from a rise in interest rates. We project fee revenue growth in the high single digits for 2004, led by asset management businesses, reflecting recent investments in distribution, more stable equity market conditions, and a pickup in equity investments. Nonperforming asset levels are expected to be reduced, aided by improving general economic conditions and fewer bankruptcies. Overall, we see EPS of \$7.10 in 2004, following estimated EPS of \$6.75 that we project for 2003, up from \$5.91 reported in 2002.

Valuation - 15-SEP-03

After a strong first half performance, the shares have recently pulled back, but they remain up about 9% thus far in 2003. We believe the shares will continue to maintain good momentum, as earnings comparisons improve. In our view, the company has substantially improved its earnings power as a result of its exit in recent years from auto leasing, sub-prime real estate lending, and less profitable corporate banking relationships. We believe BAC also remains well positioned to benefit from a gradually improving economy, based on its wide geographic footprint and broad product offerings, which we believe add stability to its earnings stream, and argue for improved valuation. We expect outperformance for the shares, as investors recognize the company's improving earnings fundamentals, risk-averse nature, and the stock's current discount compared to peers. Our 12-month target price for the shares is \$92, valuing the stock at the average peer group P/E multiple of 13X 2004 EPS.

Key Stock Statistics

S&P EPS Est. 2003	6.75	Tang. Bk. Value/Share	25.75
P/E on S&P Est. 2003	12.0	Beta	0.72
S&P EPS Est. 2004	7.10	Shareholders	237,080
Dividend Rate/Share	3.20	Market cap. (B)	\$121.2
Shs. outstg. (M)	1494.6	Inst. holdings	60%
Avg. daily vol. (M)	5.331		

Value of \$10,000 invested five years ago: \$ 17,347

Fiscal Year Ending Dec. 31

	2003	2002	2001	2000	1999	1998
Revenues (Million \$)						
1Q	11,410	11,311	14,021	14,132	12,554	13,411
2Q	12,250	11,465	13,666	14,237	12,780	13,393
3Q	—	11,405	12,751	14,910	13,066	12,293
4Q	—	—	—	14,468	13,232	12,697
Yr.	—	45,732	52,641	57,747	51,632	51,794

Earnings Per Share (\$)

1Q	1.59	1.38	1.15	1.33	1.08	0.75
2Q	1.80	1.40	1.24	1.23	1.07	1.28
3Q	E1.68	1.45	0.51	1.10	1.23	0.21
4Q	E1.68	1.69	1.28	0.85	1.10	0.66
Yr.	E6.75	5.91	4.18	4.52	4.48	2.90

Next earnings report expected: mid October

Dividend Data (Dividends have been paid since 1903.)

Amount (\$)	Date Decl.	Ex-Div. Date	Stock of Record	Payment Date
0.640	Oct. 23	Dec. 04	Dec. 06	Dec. 27 '02
0.640	Jan. 22	Mar. 05	Mar. 07	Mar. 28 '03
0.640	Apr. 30	Jun. 04	Jun. 06	Jun. 27 '03
0.800	Jun. 25	Sep. 03	Sep. 05	Sep. 26 '03

For important regulatory information, go to www.standardandpoors.com, "Regulatory Disclosures."

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Business Summary - 15-SEP-03

Bank of America is a bank holding company that provides a range of banking and financial services and products to 28 million households and 2 million businesses. Its primary market areas encompass the Mid-Atlantic, Midwest, Southeast, Southwest, Northwest and West, as well as selected international markets. Operations are divided into four main business segments: consumer and commercial banking asset management, global corporate and investment management, and equity investments.

Consumer and commercial banking provides a wide range of products and services to individuals, small businesses, and mid-market companies through delivery channels that include about 4,200 banking centers and 13,000 ATMs, located in 21 states and the District of Columbia. The segment provides specialized services such as the origination and servicing of residential mortgage loans, issuance of credit cards, student lending and certain insurance services, commercial lending, and treasury management services.

Asset management includes the private bank (financial solutions for high net worth clients), capital management (equity,

fixed income, cash and alternatives investments), and investment services (full-service and discount brokerage services).

Global corporate and investment banking provides capital-raising products, trade finance, treasury management, capital markets, leasing and financial advisory services to domestic and international corporations, financial institutions, and government entities.

In 2002, average earning assets, from which interest income is derived, amounted to \$573.5 million and consisted mainly of loans and leases (59%) and investment securities (37%). Average sources of funds were interest-bearing deposits 40%, short-term borrowings 20%, noninterest-bearing deposits 16%, long-term debt 10%, shareholders' equity 7%, and other 7%.

Nonperforming assets, consisting of nonperforming loans and foreclosed properties, totaled \$5.3 billion (1.53% of loans and related assets) at December 31, 2002, up from \$4.9 billion (1.49%) a year earlier. The allowance for loan losses, which is set aside for possible loan defaults, was \$6.9 billion (2.00% of loans and leases) at December 31, 2002, versus \$6.9 billion (2.09%) a year earlier. Net chargeoffs in 2002 were \$3.7 billion (1.10% of average loans), down from \$4.2 billion (1.16%) in 2001.

Per Share Data (\$)

(Year Ended Dec. 31)	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Tangible Bk. Val.	25.17	23.29	21.32	18.11	18.02	16.66	18.42	19.10	16.62	15.51
Earnings	5.91	4.18	4.52	4.48	2.90	4.17	4.00	3.57	3.06	2.50
S&P Core Earnings	5.40	3.92	NA	NA	NA	NA	NA	NA	NA	NA
Dividends	2.44	2.28	2.06	1.85	1.59	1.04	1.20	1.04	0.94	0.82
Payout Ratio	41%	55%	46%	41%	55%	25%	30%	29%	31%	33%
Prices - High	77.09	65.54	61.00	76.37	88.43	71.68	52.62	37.37	28.68	29.00
- Low	53.95	45.00	36.31	47.62	44.00	48.00	32.18	22.31	21.68	22.25
P/E Ratio - High	13	16	13	17	30	17	13	10	9	12
- Low	9	11	8	11	15	12	8	6	7	9

Income Statement Analysis (Million \$)

Net Int. Inc.	20,923	20,290	18,442	18,237	18,298	7,898	6,329	5,447	5,211	4,673
Tax Equiv. Adj.	588	343	322	215	128	116	94.0	113	94.0	86.0
Non Int. Inc.	13,571	14,348	14,489	14,069	12,189	6,351	3,646	3,078	2,597	2,101
Loan Loss Prov.	3,697	4,287	2,535	182	2,920	800	605	382	310	430
Exp./Op. Revs.	63.1%	59.8%	63.7%	56.9%	67.4%	52.3%	57.4%	60.0%	62.4%	64.5%
Pretax Inc.	12,991	10,117	11,788	12,215	8,048	4,796	3,634	2,991	2,555	1,991
Eff. Tax Rate	28.8%	32.9%	36.2%	35.5%	35.8%	35.8%	34.6%	34.8%	33.9%	34.7%
Net Inc.	9,249	6,792	7,517	7,882	5,165	3,077	2,452	1,950	1,690	1,301
% Net Int. Marg.	3.75	3.68	3.22	3.47	3.69	3.79	3.62	3.33	3.58	4.00
S&P Core Earnings	8,452	6,384	NA	NA	NA	NA	NA	NA	NA	NA

Balance Sheet & Other Fin. Data (Million \$)

Money Mkt. Assets	115,687	81,384	76,544	81,226	73,498	36,095	27,491	26,393	23,212	19,133
Inv. Securities	69,148	85,499	65,838	83,069	80,587	47,203	14,387	23,847	25,825	29,054
Com'l Loans	145,170	163,898	203,542	195,779	196,130	71,442	58,796	52,101	48,109	43,538
Other Loans	197,585	165,255	188,651	174,883	161,198	69,568	61,519	66,919	55,580	50,166
Total Assets	660,458	621,764	642,191	632,574	617,679	264,562	185,794	187,298	169,604	157,686
Demand Deposits	124,359	113,934	100,645	95,469	94,336	34,674	25,738	23,414	21,380	20,719
Time Deposits	262,099	259,561	263,599	251,804	262,974	103,520	80,760	77,277	79,090	70,394
LT Debt	67,176	68,026	72,502	60,441	50,842	27,204	22,985	17,775	8,488	7,648
Common Equity	50,261	48,455	47,556	44,355	45,855	21,243	13,538	12,699	10,900	9,771
% Ret. on Assets	1.4	1.1	1.2	1.3	0.9	1.4	13.0	1.1	1.0	0.9
% Ret. on Equity	18.7	14.1	16.3	17.5	11.5	17.6	18.0	16.5	16.3	14.8
% Loan Loss Resv.	2.0	2.1	1.7	1.8	2.0	1.9	1.9	1.9	2.1	2.3
% Loans/Deposits	88.4	97.8	107.7	106.7	99.4	104.1	113.0	116.2	103.2	102.8
% Equity to Assets	7.7	7.6	7.2	7.2	7.6	7.7	7.0	6.6	6.2	6.3

Data as orig. reptd.; bef. results of disc. ops. and/or spec. items. Data for 1997 and prior yrs. for NationsBank Corp. before merger with BankAmerica Corp. Per share data adj. for stk. divs. as of ex-div. date. Bold denotes diluted EPS (FASB 128). E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked.

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