



2004 Environmental Report



Global Reporting Initiative Framework

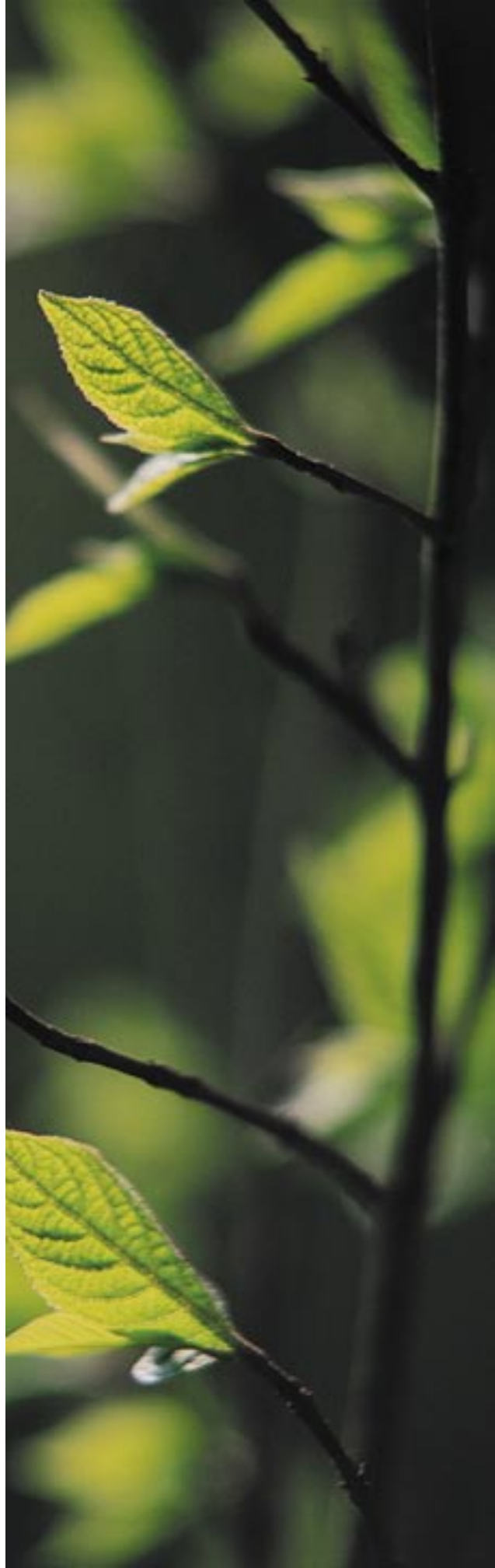


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This symbol corresponds with text in the report that identifies future stated goals and targets.



Introduction

Message from Ken Lewis

At Bank of America, we constantly strive to achieve higher standards of performance in all that we do. This includes protecting the physical environment in which all of us live and work.

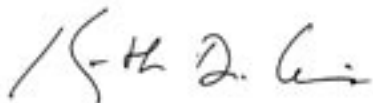
We recognize that business decisions have impact far beyond the financial transactions that define our business. As a business leader, we touch many aspects of our environment, and we have learned that our leadership influences economic vitality, the well-being of our communities and even the way people live.

This understanding guides our commitment to environmental protection. For example:

- We work to minimize the environmental impact of our operations, and to stay abreast of technological advances that can provide further environmental benefits.
- We encourage loans to and investments in environmentally beneficial endeavors.
- We take a leadership role in working with public and private partners to create solutions that are beneficial to the environment as well as the economy.

Because commercial activity can have such a significant impact on the environment and the ecosystems on which communities depend, I believe companies have a responsibility to share information with the public about the environmental impact of their business and steps they are taking to mitigate that impact. In accordance with modern standards of governance, these reports should be regular, transparent and forthright. To meet these standards, we are adopting key environmental elements of the Global Reporting Initiative framework.

In these ways and more, protection of the environment has become an important part of the way we do business. We demonstrate our corporate leadership by striving to do our part to sustain a healthy, clean environment for ourselves and future generations.



Kenneth D. Lewis



About Bank of America

Bank of America is one of the world's largest financial institutions, serving individual consumers, small- and middle-market businesses, and large corporations with a full range of banking, investing, asset management and other financial and risk-management products and services. The company provides unmatched convenience in the United States, serving more than 38 million consumer and small business relationships with more than 5,800 retail banking offices, more than 16,700 ATMs and award-winning online banking with more than 14 million active users. Bank of America is the No. 1 overall Small Business Administration (SBA) lender in the United States and the No. 1 SBA lender to minority-owned small businesses. The company serves clients in 150 countries and has relationships with 97 percent of the U.S. Fortune 500 companies and 79 percent of the Global Fortune 500. Bank of America Corporation stock (NYSE: BAC) is listed on the New York Stock Exchange.

Details in annual financial report can be found at www.bankofamerica.com/annualreport/2004.

Environmental Commitment

At Bank of America, our environmental policies are shaped by our conviction that the health of our company is dependent on the health of communities and our society. Understanding that every part of our business has a potential impact on our environment, we commit to integrating environmental policy into our company's operations at every level.

For over fifteen years, Bank of America's corporate responsibilities have included specific commitments to the environment. The bank was an early adopter of a broader environmental commitment, publishing its own board-approved environmental principles in 1992. The principles have evolved to the bank's current environmentally focused internal programs and cooperation and alliances with community groups and industry organizations.

Bank of America recognizes that successful implementation of our environmental policies relies upon transparency to all stakeholders, appropriate training of associates worldwide and regular public corporate reporting according to the Global Reporting Initiative (GRI). The bank is committed to report according to the GRI standard, starting with the 2004 sustainability report. Our 2004 report includes the environmental indicators outlined in GRI; our goal is to work toward full GRI reporting, including the financial services supplement.

Scope of Report

Scope

This report includes information on Bank of America's U.S. operations, where more than 95 percent of our business is operated. Where possible, data from international operations are included. The bank's goal is to include data from all of our operations worldwide by 2008.

2.10 - 2.13
Report Scope



Reporting Year

This report covers activities that occurred during Bank of America's calendar year of 2004, unless otherwise noted.

Global Reporting Initiative

Bank of America utilized the Global Reporting Initiative (GRI) guidelines in determining relevant content and performance metrics to include in our report. This report is not in full accordance with the GRI; however, we will strive to increase our use of its principles and indicators with each successive report. The GRI indicators included in this report include the financial sector supplement indicators and the environmental core indicators. More information about the GRI is available at www.globalreporting.org. The GRI indicators included in this report are referenced along the right-hand column of each page.

2.17
Report Profile



Business at a Glance

Values

Our values help our customers realize their dreams and makes banking work in ways it never has before.

- **Doing the right thing.** Each of us has the freedom, authority, and responsibility to do the right thing for our clients, customers, communities — and each other.
- **Trusting and teamwork.** We rely on each other and succeed together. We take collective responsibility for the quality of client and customer experiences.
- **Inclusive meritocracy.** We care about each other, focus on results and strive to help all associates develop their full potential. We respect and value each other’s differences.
- **Winning.** We have a passion for achieving results and winning — for our clients and customers, for our teammates and communities and for our shareholders.
- **Leadership.** We’re decisive leaders at every level, communicating our vision and taking action to help build a better future.

Strategy

The key to Bank of America’s successful execution of its growth strategy is creating customer satisfaction. The company achieves growth, CEO Ken Lewis says, “by satisfying so many customers so completely that they bring us more of their business and recommend us to their neighbors, friends and family.”

Lewis adds, “To attain that level of satisfaction, and attract, retain and expand customer relationships, we know we have to focus the energy and resources of the company on the basic work processes that drive every customer experience.” It is also essential for all the bank’s diverse businesses and centers of expertise to be able to work together effectively to ensure that the right resources, products and services are available everywhere to every customer.

The focus of the bank’s leaders and every associate, then, is clear: Consistent, enthusiastic execution and teamwork produce customer satisfaction, which drives revenue growth.

Governance

Bank of America's goal in everything we do is reaching for higher standards — for our customers, our shareholders, our associates and our communities, upon which the future prosperity of our company rests. These Guidelines reflect the way we are striving for higher standards in corporate governance.

3.1
Structure and
Governance

Board of Director Responsibilities

For environmental matters, the Environmental Council is the most senior-level body within the organization with responsibility for environmental issues. The chair of the Environmental Council reports to the Chief Executive Officer on environmental matters.

3.6
Organizational
Structure on
Environment

The basic responsibility of the Board of Directors is to oversee the Company's businesses and affairs, exercising reasonable business judgment on behalf of the Company. In discharging that obligation, the Board relies on the honesty, integrity, business acumen and experience of the Company's management, as well as its outside advisors and the Company's independent registered public accounting firm.

All directors are expected to attend the Annual Meeting of Stockholders, board meetings and meetings of the committees on which they serve. Further, they are expected to prepare for each meeting in advance and to dedicate sufficient time at each meeting as necessary to properly discharge their responsibilities to the Company and its shareholders. Informational materials useful in preparing for meetings will be distributed to the Board in advance of each meeting.

The non-management directors will meet in executive sessions at each regularly scheduled Board meeting. The chairmanship of the non-management director executive sessions will rotate among the chairs of the Executive, Corporate Governance, Audit and Compensation Committees. If the group of non-management directors includes any directors who are not independent as defined by these guidelines, the independent directors will meet in an executive session at least annually.

Board Structure

Number of Directors. The Bylaws provide that the Company must have not less than five nor more than 30 directors. The Corporate Governance Committee will periodically review the appropriate size of the Board, with the objective of maintaining the necessary experience, expertise and independence without becoming too large to function efficiently.

Chairman of the Board. The positions of the Chairman of the Board and the Chief Executive Officer may be filled by the same individual or by different individuals.

Board Committees. The board will have at all times Audit, Compensation and Corporate Governance Committees. The members of these committees will be "independent" as that term is defined from time to time by the listing standards of the New York Stock Exchange. Each committee has a charter that is posted on the Company's Web site. The board may establish additional committees as necessary or appropriate.

For more detailed information, visit our Web site at:

<http://www.bankofamerica.com/investor/index.cfm?section=2230>

Compliance

Bank of America will conduct its business in conformity with the highest ethical standards in the countries in which it does business, and will adhere to all laws and regulations pertaining to financial institutions.

“Our management processes, structures and policies help ensure compliance with laws and regulations, and provide clear lines of sight for decision making and accountability. These disciplines represent one side of governance. The other side, corporate culture, is even more important. It is corporate culture — championed by leadership and sustained by every associate within the company — that determines corporate ethics.”

Kenneth D. Lewis
Chairman, Chief Executive Officer and President

For more information on Compliance and Risk Management, visit our 2004 Financial Report:
www.bankofamerica.com/annualreport/2004

For more information on Anti-Money Laundering and Anti-Terrorism Financing Policy:
www.bankofamerica.com/investor/index.cfm?section=laundrying

Ethics

Bank of America Corporation Code of Ethics

“The Bank of America Code of Ethics and General Policy on Insider Trading for all Bank of America associates and directors puts into writing the highest standards of ethical conduct to which we all must hold ourselves, and one another, accountable.

Trust is the foundation on which we build strong relationships with our customers, our shareholders, our communities and one another, and it is trust that enables us to achieve our goals. The responsibility for creating and sustaining trust in Bank of America rests squarely on each of us and the personal integrity we bring to our work.”

Kenneth D. Lewis
Chairman, Chief Executive Officer and President

3.7
Codes of Conduct

General statement from the Code of Ethics

Bank of America Corporation is committed to the highest standards of ethical and professional conduct, and this Code of Ethics provides associates guidance in how to uphold these standards. In addition, the General Policy on Insider Trading sets forth the policies of the Corporation with respect to personal securities transactions. Additional direction is provided in the job-related manuals, policies and procedures of certain areas because of the areas' particular activities, operating risks or individual responsibilities, and in other publications that address associate conduct, such as the Associate Handbook and the policies included therein. The Code of Ethics, the General Policy on Insider Trading, the Associate Handbook, any work-related manuals, policies or procedures applicable to associates and any other publications that address associate conduct are collectively referred to as the "Documents."

This Code consists of basic standards of business practice as well as professional and personal conduct. Such standards require honesty and candor in our activities, including the observance of the spirit and the letter of the law. As set forth in the documents, these standards have both personal and corporate implications.

For more detailed information, visit:

<http://phx.corporate-ir.net/phoenix.zhtml?c=71595&p=irol-govconduct>

Risk Management

All our activities involve the analysis, evaluation, acceptance and management of some degree of risk, and our risk management policies are designed to set and monitor appropriate risk limits and controls. Our enterprise-wide approach to risk management begins with risk partnerships between business risk managers and the bank's major business lines. We then employ a group of functional risk executives and move to Central Risk Analysis and Review. The Environmental Services Department assists various business lines throughout the bank and worldwide in analyzing environmental risk.

Increasingly sophisticated analytics and the introduction of Six Sigma methodologies provide a double shot of ensuring better risk predictions for the future. Our end-to-end management of risk is front and center in a comprehensive plan whose bottom line is adding shareholder value.

Regulatory Environment

The interests of Bank of America shareholders are protected by both external regulation and internal compliance. Bank operations are regulated and supervised by federal banking regulators whose various requirements and controls ensure, among many things, that the Bank has sufficient capital and that the interests of its depositors are protected.

Training

Formal credit policy training is currently conducted for new hires and subsequently on an as-needed basis. The bank realizes that environmental issues in general, credit and non-credit related, deserve special attention. We are currently assessing our current training programs and the best way to expand those existing programs. Our goal is to implement a bank-wide training program.



Environmental Commitments

Forests

Bank of America promotes sustainable practices for both the bank and its clients by managing the environmental, social and reputation impact of our financing activities. Forests are important resources for communities and globally. Forests provide a wide range of goods and benefits, such as timber, wildlife habitat, food and medicine, water and air quality, and spiritual and aesthetic solace. Forest-dependent communities, including indigenous forest dwellers, rely on the continued vitality of the forests for their livelihoods and, in some cases, their cultural survival. Forests are also an important element of the global carbon cycle. The importance of sustaining the ecological health of forests is a key factor in sustaining the cultures, local communities and economies relying on this resource.

During 2004, the bank implemented a forests policy within our Global Corporate Investment Bank and set a goal for implementation of a forests policy within our middle market lending group during 2005.

A complete copy of the forests policy is included in the policy section of the report (Page 16).

EN 14
Products and Services

Climate Change

At Bank of America, our environmental policies are shaped by our conviction that the health of our company is dependent on the health of communities and our society. Understanding that every part of our business has a potential impact on our environment, we commit to integrating environmental policy into our company's operations at every level.

Scientists have concluded that human activities, primarily from the burning of fossil fuels, have an effect on earth's climate due to the resultant "greenhouse effect" from the emissions of carbon dioxide, methane and nitrous oxide. If not checked, climate change and atmospheric pollution could alter the natural, social and economic systems that support a growing global economy and sustain the quality of life for all of us on earth.

As a corporation, Bank of America has made the commitment to address climate change by promoting and implementing reductions of greenhouse gas emissions that extend beyond its own operations, including relationships with customers and suppliers.

The bank has set specific goals and targets for reducing emissions of greenhouse gases from both our owned operations and in our energy and utility portfolio. On direct emissions from operations, our goal is to reduce greenhouse gas emissions by 7% by 2008 based on 2004 baseline data. This goal has been set beyond a 5% reduction that has been realized across all facilities during 2004. For 2005, the bank set an aggressive voluntary goal with EPA Climate Lenders to further reduce greenhouse gas emissions associated with operations by 9% by 2009 (base year 2004).

On indirect emissions, the bank has committed to assessing and reporting on GHG emissions from the energy and utility portfolio. The goal is to realize a 7% reduction in indirect emissions in accordance with the Intergovernmental Panel on Climate Change targets within our energy and utility portfolio.

A complete copy of our climate change commitment is available at this link:

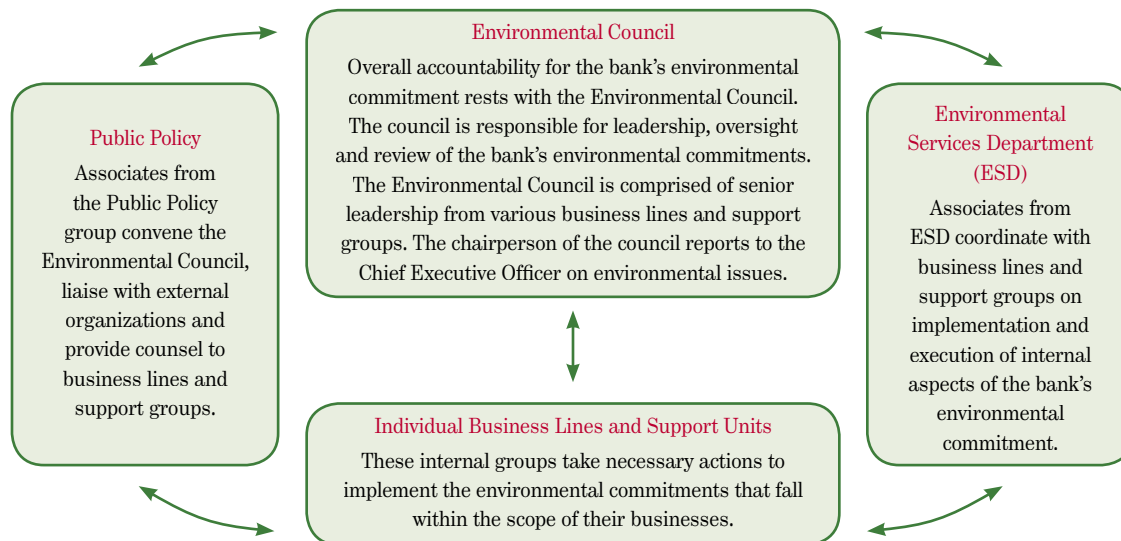
http://www.bankofamerica.com/environment/index.cfm?template=env_clchangeapos

EN 14
Products and Services

Stakeholders

Bank of America's environmental programs date from the late 1980s and have included environmental risk management and corporate environmental responsibility aspects. The following structure summarizes leadership and responsibilities associated with our environmental commitment:

Groups Directly Supporting the Environmental Commitment



Groups with Departmental or Subject-Specific Environmental Actions or Responsibilities

Environmental Team — This team is an internal group established by Supply Chain Management (strategic sourcing and corporate services) that leverages environmental aspects of functional areas of the bank, such as procurement and corporate services. The group includes cross-functional representation from Corporate Workplace (corporate real estate) and Public Policy.

The Environmental Team's goals for 2005 include:

- To implement a global paper procurement policy where the purpose is to reduce the impacts on the world's forest ecosystems and to promote sustainable forestry practices.
- Establish a baseline framework to analyze the bank's total consumption and disposal of goods and services that impact the environment.
- To assist Charlotte and North Carolina groups in sponsoring a conference on hydrogen rail transport.

Energy Team — This team is a group established by Corporate Workplace to reduce energy consumption, promote energy efficiency, and implement the bank's greenhouse gas emissions reduction (for our own operations) and to explore alternative energy potential. Its vision is to establish Bank of America as the most energy-efficient financial institution in the world, while purchasing energy commodities at the most competitive rates. By partnering with EPA's Climate Leaders, the Energy Team's goal for 2005 is to announce an absolute reduction in energy usage by 9% by 2009, based on 2004 baseline data. This is below the already 5% reduction across all facilities that was realized in 2004.



EN 33 Suppliers





Climate Change Team — This team was established to evaluate corporate risk issues associated with greenhouse gas emissions within lending portfolios. This team is comprised of associates from the Global Corporate Investment Bank, Environmental Services Department and portfolio management. The team is tasked with evaluating risk within our lending portfolios as it relates to climate change and in assisting the bank in fulfilling its commitment to benchmarking and reduction of greenhouse gas emissions within its public sector energy and utility portfolio. The team's goal for 2005 is to benchmark year 2004 emissions in the bank's Energy and Utility Portfolio.

Team Bank of America — This is a volunteer network of associates. The environmental projects that are completed through this group are centered around community involvement, volunteerism and promoting best environmental practices at home and in the workplace.



Formal Alliances/Partnerships with External Organizations

UNEP FI (United Nations Environment Program Finance Initiative) — Bank of America is a signatory to UNEP FI, an organization comprised of banks worldwide that have signed onto a set of abiding principles related to environmentally sound business practices and operations. Bank of America has been a signatory since 2001, including playing a leadership role by maintaining its seat as chair of the North American task force. The bank has also partnered with UNEP FI and the Commission for Environmental Cooperation in commissioning a study from Columbia University that looks at environmental risks within lending portfolios. The study will be completed during early 2006 and will be shared with the public. Bank of America will contribute appropriate aggregate financial data that will be used by those compiling the report to analyze impact of climate change on bank loans and leases.

Ceres (Coalition for Environmentally Responsible Economies) — Coalition of non-governmental organizations and businesses where members have signed onto a set of abiding principles related

to environmentally sound business practices. Bank of America endorses the Ceres principles as exemplary standards for corporate environmental responsibility. By endorsing the Ceres principles, Bank of America has publicly committed to continuous improvement in, and public accountability for, its environmental performance. A financial services sector stakeholder team organized by Ceres commented and provided feedback on an early draft of this report.

Equator Principles — Bank of America has adopted the Equator Principles, a set of voluntary best practices for project finance based on the International Finance Corporation (IFC) safeguard policies.

GRI (Global Reporting Initiative) — The GRI has become an international standard for corporate reporting on economic, social and environmental performance. This report is not only a tool based on transparency of a company's actions, products, services and labor practices with the above context, it is also a tool to assess and better manage environmental, social and economic risk within a company. The gathering of information and reporting of goals is in line with the bank's current Six Sigma processes.

Bank of America has played a role in contributing to the GRI and was a member of the GRI Stakeholder Council.

3.9
Stakeholder
Engagement

3.14 - 3.15
Endorsed Initiatives
Principles and
Industry/Business
Advocacy

EPA Climate Leaders — The bank is a member institution of this EPA-sponsored group. The group of companies that belong to Climate Leaders publicly commit to reducing greenhouse gas emissions, set targets of reduction and report on progress publicly.

EPA Energy Star — Energy Star is a government-backed program helping businesses and individuals protect the environment through superior energy efficiency. The bank is a partner in this EPA-sponsored program. This partnership offers an energy management strategy that helps in measuring energy performance, setting goals, tracking savings and rewarding improvements.

Metafore — The bank is a member of Metafore's Paper Working group, which is a collaboration of approximately a dozen leading companies whose mission is to make environmentally preferable paper products more widely available and affordable.

The Nature Conservancy International Leadership Council (ILC) — Bank of America is a member of the International Leadership Council of the Nature Conservancy. The ILC of is one of the world's leading corporate forums focusing on the challenges confronting biodiversity preservation, habitat conservation and natural resource management. The ILC brings together companies from many industries to seek solutions to conservation challenges through cooperative partnerships between the business community and The Nature Conservancy.



Environmental Bankers Association — The bank is a member of this trade association formed to assist the financial services industry in environmental credit risk management. The EBA seeks to enhance the visibility and awareness of environmental risk management as a tool to lenders when involved in a transaction with complex environmental issues. The bank has held leadership positions within the EBA.

Other Stakeholders

Bank of America partners with and supports various environmentally focused nongovernmental organizations (NGOs) to guide our environmental efforts. These additional partnerships and supported organizations include The Alliance to Save Energy, Conservation International, Trust for Public Land, US Green Building Council and World Resources Institute, among others.

Managing Impacts: Products and Services

Lending Policies and Procedures:

The bank's first environmental credit policies were put into place in 1988 in response to foreclosures on contaminated real estate. In 1993, the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) issued guidance letters reaffirming the need for all banks to have an environmental policy and someone responsible for managing and implementing environmental risk management. These guidance documents are still in effect today.

The bank's environmental credit policies include those used for commercial credits, small business banking, special assets (pre-foreclosure) and foreclosure. These policies primarily affect credits where real estate is taken as collateral, but also includes environmentally sensitive industries where real estate is not taken as collateral (as defined by policy).

Global Corporate Investment Banking (GCIB) environmental credit policies apply to businesses that operate environmentally sensitive industries, as defined by the policy. GCIB's environmental policies are broader in scope with respect to potential liabilities. An example of this is the asbestos policy that evaluates a company's potential liabilities due to past practices involving asbestos-containing materials. GCIB's environmental policies also include the most recent policy addition, applied to companies whose primary business is in forestry, as well as to those businesses effecting forests as a result of their operations such as the extractive industries (oil, gas, mining).

There are various internal support groups such as the Environmental Services Department and Public Policy which are available to assist in evaluating both environmental risks and opportunities.

Environmental Credit Policies

I. Commercial and Small Business Environmental Policy

Risk can be increased by environmental conditions because borrowers can become subject to liabilities arising from regulatory actions, litigation and property contamination. Thus, the Bank is concerned with the possibility of a customer experiencing unforeseen financial distress and also with the possibility of being unable to foreclose on collateral that is contaminated. Appropriate levels of Environmental Due Diligence (EDD) mitigate these risks. Appropriate due diligence for an extension of credit must include a review of a client's environmental policies, procedures and/or practices, an inquiry into the environmental status of a client's properties and an assessment of a client's environmental liabilities.

The level of EDD required in a transaction is based on the use of the property (past or present), the loan amount and the presence of existing due diligence. The due diligence conducted ranges from a simple environmental questionnaire on the lower risk and lower loan amounts to an ASTM Phase I and/or Phase II, asbestos survey, lead-based paint survey, depending on the usage and dollar amount of the loan.

II. GCIB Environmental Policies

Bank of America is committed to playing a leadership role in helping to make economic development and environmental protection compatible, and considers environmental sensitivity an important component of its credit, investment, underwriting and payments decision making. Because GCIB's business is broader in scope, the environmental credit policies are written to reflect that scope. General guidance and credit considerations are written in policy. In addition, when lending in developing countries, the bank has more specific guidance that includes social considerations as well as environmental considerations.

F1
Environmental Policies
and Processes

F1
Environmental Policies
and Processes

General Guidance

The bank will make special efforts to find ways to finance projects and companies that benefit the environment, and refrain from financing projects and companies if their environmental practices fall short of acceptable standards.

The bank considers environmental practices acceptable if they:

- Meet industry standards,
- Conform to World Bank guidelines and
- Comply with applicable law.

This consideration is in addition to measures the bank should take to ensure:

- A client's creditworthiness is not impaired by liability for costly environmental cleanups,
- The bank does not incur liability for environmental matters and
- Doing business with a particular project or client does not negatively impact the bank's image and global brand.

General Credit Considerations

Prudent due diligence, underwriting, documentation and servicing of credit extensions include an inquiry into, an understanding of, and an appropriate response to environmental issues which may affect the properties and business operations of a particular client or that otherwise arise in a particular transaction.

Appropriate due diligence for an extension of credit includes a review of a client's environmental policies and procedures, an inquiry into the environmental status of a client's properties and an assessment of a client's environmental liabilities.

The appropriate level of environmental due diligence may be determined in consultation with the bank's Environmental Services Department and, when appropriate, legal counsel.



A. Forests Practices

Bank of America promotes sustainable practices for both the bank and its clients by managing the environmental, social and reputation impact of our financing activities. Forests are important resources for communities and globally. Forests provide a wide range of goods and benefits, such as timber, wildlife habitat, food and medicine, water and air quality, and spiritual and aesthetic solace. Forest-dependent communities, including indigenous forest dwellers, rely on the continued vitality of the forests for their livelihoods and, in some cases, their cultural survival. Forests are also an important element of the global carbon cycle. The importance of sustaining the ecological health of forests is a key factor in sustaining the cultures, local communities¹ and economies relying on this resource.

Bank of America will apply the following policies to all extensions of credit. In addition, this policy will apply to bond underwriting where proceeds are project specific. The following policy applies to new business as of May 15, 2004 and for existing contracts at the time of renewal:

- A. Bank of America will use due diligence measures to assure that lending proceeds are not used to finance commercial projects or operations that result in resource extraction² from, or the clearing of:
 - I. Primary tropical moist forests³;
 - II. Additionally, lending proceeds will not go to logging operations in intact forests as defined by World Resource Institute (WRI) mapping as it is developed. Bank of America will assist in funding the development of WRI mapping;
 - III. Primary forests⁴ in temperate or boreal forest regions that are not managed using sustainable forestry practices as verified by an independent third party audit; and
 - IV. High conservation value forests,⁵ unless under approved conservation plans verified by an independent, third party audit with necessary permits granted by applicable governmental/regulatory authorities;

In all cases, the borrower must remain in compliance with applicable laws and regulations governing timber harvesting.

- B. Within the next year, the bank will partner with existing environmental alliances to evaluate the value of various forestry certification programs as a means to both reduce risk and further encourage recognized best practices in sustainable forestry.
- C. Given the benefits associated with reforestation of cleared and degraded land, Bank of America will finance tree plantations on previously cleared forest land if the clearing and/or degradation of the land was conducted in accordance with applicable laws and regulations. Exceptions are allowed only after five years have passed and only if no direct link to the original deforestation can be demonstrated.
- D. Bank of America will not finance companies or projects that collude with, or knowingly purchase timber from, illegal logging⁶ operations. Due diligence will include company representation as to its practices and monitoring for illegal logging.
- E. Bank of America respects the rights of indigenous communities whose livelihoods or cultural integrity could be adversely impacted. Due diligence procedures for projects in primary temperate/boreal or high conservation value forests will weigh the impact of credit decisions on the indigenous peoples that could be affected. The bank will not finance the operations unless it is determined that indigenous peoples impacted by projects in these sensitive areas, whether directly or by induced impact, have the opportunity and, if needed, culturally appropriate representation, and have access to the information to engage in informed participation. Additionally, Bank of America will not finance operations in areas where indigenous land claims are not settled.

- F.** Bank of America will not finance companies that do not have an explicit policy against the uncontrolled and/or illegal use of fire in their forestry or plantation operations. Due diligence will include company representation as to its policy and monitoring.
- G.** Bank of America will not finance companies or projects that contravene any relevant binding international environmental agreement to which the member country concerned is a party to or that violate local, state or national environmental, labor or social laws.⁷ Due diligence will include company representation as to its policy and monitoring.
- H.** False declarations of compliance or failure to adhere to conditions are considered events of default and appropriate actions will be taken.
- I.** All other environmental issues pertaining to forestry practices will be guided through Bank of America's other environmental guidelines and policies.

Bank of America will follow corporate-approved due diligence procedures when financing companies involved in the forestry industry. However, we recognize that in some circumstances, decisions will be taken based on the best information available at the time and based on the good faith that information presented to us was accurate. As such, we will not be held liable if information after the fact demonstrates that a breach of policy occurred.

¹Local Communities — describes the broad group of people living in or near a forest or plantation, with some significant level of dependence on it. The term includes forest dwellers, indigenous forest-adjacent populations and recent immigrants.

²Resource extraction — includes oil and gas exploration, mining and logging, including any activity (such as road building and pipelines) associated with extraction.

³Tropical moist forest is in areas that receive not less than 100mm of rain in any month for two out of three years and have an annual mean temperature of 24° C or higher. Also included in this category, however, are some forests (especially in Africa) where dry periods are longer, but high cloud cover causes reduced evapotranspiration.

⁴Primary forest is a relatively intact natural forest that has been essentially unmodified by commercial scale human activity for the previous 60–80 years.

⁵High Conservation Value Forests are those that possess one or more of the following attributes: Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g., endemism, endangered species, refugia); and/or large landscape-level forests, contained within, or containing the management unit, where viable populations of most, if not all, naturally occurring species exist in natural patterns of distribution and abundance.

- Forest areas that are in or contain rare, threatened or endangered ecosystems.
- Forest areas that provide basic services of nature in critical situations (e.g., watershed protection).
- Forest areas fundamental to meeting basic needs of local communities (e.g., subsistence, health) and/or critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).

⁶Illegal logging takes place where timber is harvested in violation of local and national laws intended to stop illegal logging. Illegal logging includes: a) using corrupt means to gain access to forests, b) extraction without permission or from a legally unauthorized area, c) the cutting of protected species or the extraction of timber in excess of legal limits or in violation of legally approved forest management plans. Illegal logging has not yet been written into international law, although issues relating to illegal logging have been addressed in some fashion by international treaties such as the Convention on Biological Diversity.

⁷International Agreements — examples include CITES, ILO Conventions and the Convention on Biological Diversity.

B. Developing Countries Lending Criteria

When extending new loans and other credit commitments to and in developing countries, the bank considers not only a client's capacity and willingness to repay as agreed but also:

- Social policy
- The purpose of the transaction
- The impact on the local population

Taking Social Policy into Account

The bank takes social policy into account when making lending decisions. To do so is responsible behavior, and responsible behavior on the bank's part as well as that of its clients promotes stability and prosperity. Thus, over time, social responsibility and credit considerations tend to converge.

The bank favors the stability and prosperity that arise from political and economic democracy and political and economic systems in which participation is widespread, rather than limited to a privileged few. Nonetheless, the bank recognizes that, in a world of diverse circumstances and cultures, many countries follow political and economic models that differ from those to which the United States adheres.

Lending for Productive Purposes

When lending to clients in developing countries, associates are directed to adhere to the bank's principle (as set out below) regarding the purpose of the underlying transaction, and be alert to and carefully analyze the risks posed in some countries by inefficiency or corruption, or both.

Principle Regarding Purpose of the Transaction

One of the most important activities the bank undertakes is lending to enterprises for producing and improving products and offering services that enable communities to prosper. To that end, the bank encourages providing credit facilities to creditworthy clients for these productive purposes. Credits are generally discouraged if they do not help the bank's clients create value but, instead, merely facilitate transferring assets from one entity to another or allow a client to engage in speculation.

The bank recognizes that this is a broad principle rather than a specific rule with clear boundaries. Moreover, the bank's willingness to enter into individual transactions varies from time to time depending on the availability of resources and its global strategy. That being said, this broad principle always applies.

Considering the Impact on the Local Population

When deciding whether to make loans or extend credit to clients in developing countries, associates are directed to carefully weigh the impact of the credit decision on the residents of the country. Factors considered include the transaction's effect on:

- The environment,
- The structure of culture and society,
- Political systems (with special regard for the development of democracy or other systems which foster civil liberties and widespread participation in the political process),
- Public health,
- Economics and standards of living (including the development of economic democracy), and
- The government's human rights record and policies.

These considerations are not just social policy concerns; they are also credit concerns. If a transaction would adversely impact any of the items listed above, that negative impact would be considered a serious negative consideration against approval. Other normal factors are also taken into account, including both credit and policy considerations.

Negotiating with Heavily Indebted Poor Countries

The Bank recognizes that economic development necessarily entails social as well as monetary costs, and acknowledges that the governments involved are properly the prime decision makers in such processes. By its actions, the Bank has already joined and intends to continue to join with other lenders both public and private, to negotiate with heavily indebted poor countries (HIPC) in an effort to achieve the best possible outcome of economic, political and social stability.

In those negotiations, the following criteria are given significant weight:

- **Total External Debt.** In cases where total external debt is at such a level that debt service cannot be sustained without placing an undue burden on the country's residents, additional considerations apply. Generally, economic concessions should be agreed to as part of an overall economic program involving all creditors (including multilateral agencies (e.g., the IMF, World Bank and regional development banks), individual governments, and private creditors (such as banks) aimed at making a substantial, positive economic impact. Such concessions are typically arrived at by negotiation, rather than repudiation or imposition of terms by the debtor or unilateral forgiveness by the creditor.
- **Political and Economic Reforms.** The HIPC should have implemented and evidenced an intention to continue a program of sound political and economic reforms to ensure that the benefits of any concessions its creditors make will not be lost to local inefficiency or corruption. Such reforms should not unduly burden the country's poorest segment.
- **Impact on the Local Population.** Action by an HIPC to make strides in the six areas listed above under Considering the Impact on the Local Population weighs as a significant positive factor. Conversely, shortfalls in those areas weigh as a significant negative factor.
- **Role of the Government.** In making these decisions, associates are directed to also be conscious of the primary role to be played by the recognized governments of the countries concerned, and the legitimate sensitivity of the governments and people of those countries, with interference in their domestic affairs by other countries' governments and financial institutions.

Each case is evaluated individually. The criteria outlined above are not absolute and inflexible rules; instead, they are an indication of the spirit in which the bank's management intends these decisions to be made. These decisions must balance a variety of factors to advance the interests of all our constituencies' shareholders, associates, customers and the communities the bank serves.

Information on which to Base Judgments

When forming an opinion on local economies or social conditions, associates routinely gather information from observers on the ground, including local businesspeople, bankers and economists, as well as the U.S. Embassy and the host country's central bank.

Non-Governmental Organizations

When gathering data to assess the risk inherent in doing business in a particular location or with a particular client or project, associates are directed to also take into account information developed by reputable nongovernmental organizations (NGOs). There are literally thousands of NGOs, many of which are dedicated to observing and reporting on a wide range of issues such as environmental standards, democratic practices, principles of sustainable development, decent working conditions, and the like. The views of credible, reliable NGOs can provide another perspective on the local economy and may be useful when assessing the likelihood of local opposition to a particular undertaking. Whether an NGO's opinion should influence individual credit decisions is a matter of judgment.

C. Equator Principles

During the reporting period, Bank of America adopted and continued to support the Equator Principles as an industry best standard for project finance. The bank's business model did not reflect the types of transactions subject to the Equator Principles.

A Brownfields case study: How our commercial environmental policies lead to opportunity—Dynamic Metals

Dynamic Atlanta project creates residential lofts in MLK, Jr. Historic District

Sep 28, 2004 The grand opening of 48 new residential lofts and retail condominiums in Atlanta’s Martin Luther King, Jr. Historic District is another step toward the future for this historically and architecturally important neighborhood.



The Dynamic Metals Lofts feature 39 residential and nine retail store units constructed on the site of an abandoned scrap metal yard. Bank of America provided \$9.3 million in construction lending and equity to finance the project, developed by The Historic District Development Corporation (HDDC).

“The Dynamic Metals Lofts epitomize the way Bank of America delivers on its commitment to higher standards for its customers and communities,” said Gene Godbold, Commercial Real Estate Banking president and president, Bank of America Georgia. “This development brings one of the city’s most exciting designs for urban living to the Historic District. We are proud to work with HDDC in advancing its mission to revitalize this community.”

“HDDC is thrilled to add Dynamic Metals to its roster of projects bringing economic vitality back to this historic and valuable neighborhood,” said Mtamanika Youngblood, board chair and former president, HDDC. “Bank of America has been a great partner in helping us transform a neighborhood eyesore into another wonderful place to live and work in the Historic District.”

The site of the lofts was an environmental challenge. It was an automobile service station from 1932 to the 1950s, a dry cleaning business in the ‘60s and ‘70s, and a scrap metal yard until it was abandoned in the late 1990s. Demolition uncovered the buried residue of the site’s history in remaining petroleum hydrocarbons, chlorinated solvents and heavy metals.

The project became the first voluntary cleanup under the Brownfields Revitalization Act and received the U.S. Environmental Protection Agency Regional Brownfield Award in March 2004.



“Over the last four years, Bank of America has provided nearly \$200 million in lending and more than \$175 million in equity to create nearly 10,000 units of affordable housing in the Atlanta area,” said Doug Woodruff, Community Development executive. “Dynamic Metals provides yet another demonstration of the way Bank of America works to build the economic strength of the neighborhoods where our customers, associates and shareholders live and work.”

The bank’s Community Development Banking group provided \$7.2 million in construction lending and \$2.1 million in equity to finance the project. Turner Associates served as the architects and J. M. Wilkerson served as the general contractor on the project.

The Historic District Development Corporation (HDDC) is a not-for-profit, community-based organization chartered in 1980 to revitalize, restore and rebuild the mixed-income, diverse community in and around the Martin Luther King, Jr. National Historic District. Its approach emphasizes historic preservation, non-displacement and economic sustainability.

F7
Description of
Environmental Risks
and Opportunities

Policy Implementation

Training:

The bank currently has a dedicated internal Web site that is maintained by the Environmental Services Department. The Web site brings together bank-wide policies, environmental due diligence requirements and environmental fact sheets that outline various environmental issues and how they can impact the credit, the customer's operations and the environment. In addition to the Web site, the Environmental Services Department conducts in-person training on an as-needed basis to associates. An important step in integrating our environmental policies and principles is to ensure that our staff understands our obligations. During 2004, the bank began inventorying the training programs in place and assessing the most efficient and effective means of expanding the training of our associates.

Audits:

Environmental monitoring of our credits subject to our environmental policy(ies) occurs at key milestones during the life of a loan: prior to extending funds, at renewal and when any major change is made to the loan covenants.

The environmental policies are modified on an as-needed basis as required by law, change in business, due diligence standard or risk tolerance levels.

F5
TrainingF4, F6
Audit

Other Products and Services

Green Communities™

Bank of America has provided significant thought leadership on a number of community development issues, including gentrification, Smart Growth and “green” development. The bank is a partner in Green Communities™, a five-year initiative to build more than 8,500 environmentally friendly affordable homes across the country. The bank has financed the construction of “green” multifamily buildings in New York City and Seattle, Washington.

Led by The Enterprise Foundation, The Enterprise Social Investment Corporation and the Natural Resources Defense Council, the Green Communities partners include a blue-chip roster of corporate, financial and philanthropic organizations, with strong support from the U.S. Green Building Council.

All partners are aiming for nothing less than a transformation in the way communities think about, design and build affordable houses.

“Damage to our environment threatens the long-term sustainability of our economy, our prosperity and our way of life. At Bank of America, our environmental policies are shaped by the conviction that the health of our company is dependent on the health of communities and our society. Sustainable solutions must integrate social, environmental and economic issues. Bank of America is a leader in integrating environmental stewardship into its practices through contaminated properties redevelopment, growth management and inner-city revitalization. Now, recognizing that all communities should benefit from healthy housing, the bank is supporting the Green Communities Initiative. This initiative will invest in environmentally friendly, affordable housing in communities throughout the United States, where residents will benefit through lower energy costs and a healthier living environment.”

Phyllis Caldwell, President, Bank of America
Community Development Banking



Asset Management:

The bank does not specifically screen for environmental issues for accounts. However, environmental issues may be evaluated as just one additional aspect of the bank’s overall evaluation of a company for investment purposes.

Managing Impacts: Operations

1.0 Materials

Forms

Bank of America associates in all our operations worldwide receive forms and marketing materials digitally on their desktops. The bank's digital library hosts 15,500 digital copies of forms, manuals and marketing materials. This digital library gives our associates access to the most up-to-date versions, and many of the forms can be completed and delivered online. Associates access 300,000 forms every month.

EN 1
Materials

Delivery of Office Supplies

The bank has adopted a nationwide, one-day-a-week delivery schedule of its office supplies and has created a standard list of products for associates to choose from. Across the franchise, routine items like pens and paper are ordered from a consolidated list of products from an online ordering tool known as e-request. Through consolidating the number of times that we have supplies delivered to our offices, the bank saves over \$1 million dollars annually, plus it creates environmental efficiencies and saves in fuel costs, uses less packaging and creates less pollution.

Records Management

Bank of America Records Management stores over four million cartons and boxes of content. Once the cartons fulfill the retention requirements, the content of the carton is destroyed and recycled. Our Records Management provider works in conjunction with paper mills to utilize the recycled content as pulp for recycled papers. In 2004, the bank destroyed over 730,000 cartons that resulted in nearly 8,000 tons of recycled content.

Besides Records Management, other papers are destroyed, shredded and then sold to paper mills as pulp. The mills use the pulp for recycled paper. In 2004, the bank contributed nearly 30,000 tons of paper and over 400 tons of cardboard for recycled content.

Printers

In 2003, Bank of America adopted a program called the PrintSmart strategy. This strategy integrates copier, fax and desktop printers and their related consumables. Significant environmental benefits are achieved through the reduction in paper, print devices, energy use and consumables like toner and drums. This initiative will be completely phased in by 2006. Estimates to date are that the bank will save \$15 million over three years, and savings in toner reduction in 2004 alone was equal to \$3 million.



Toner

The bank currently utilizes an internal exchange program that recycles spent toner cartridges as new cartridges are ordered. Although the current toner recycling rate is roughly estimated at a 35-45% return rate, the office supplies team is augmenting the existing recycling program.



The goals of the new toner-recycling program are to:

- **Increase the return rate of all toner and ink cartridges purchased by Bank of America**
 - Previous program estimated about 35%–45% return rate
 - Develop accurate tracking/accounting of cartridge returns
- **Develop an efficient toner recycling program for Bank of America**
 - Identify cartridges that are eligible for recycling
 - Identify cartridges that are non-eligible for recycling
 - Provide earth-friendly disposal of nonrecyclable cartridges
- **Better manage shipping and operational costs for vendors**
 - New program will utilize lowest cost of handling

Key components for next steps of the toner recycle program are:

Collection Container Design/Distribution

- Easy-to-assemble containers that meet the needs of multiple locations
- Efficient and systemic distribution/retrieval process of collection bins

Service Levels

- Systemic program to enable consistent service levels
- Supplier-dedicated staff to effectively address issues
- Quick resolution of issues to ensure high satisfaction with program

Associate Communication

- Effective, targeted program launch
- Easy-to-understand collateral that explains all program aspects

Reporting Requirements

- Develop accurate and concise reporting that will be provided on a quarterly basis

New program timeline is to be implemented during 2005.



2.0 Energy

The bank's energy management program encompasses core business operations and associate awareness programs. Due to our integrated and enterprise-wide commitment to energy conservation and efficiency efforts, Bank of America received a 2004 Star of Energy Efficiency Award from the Alliance to Save Energy, a nonprofit coalition of prominent business, government, environmental and consumer leaders who promote the efficient and clean use of energy worldwide. The Star of Energy Efficiency Award pays tribute to companies and individuals who have significantly contributed to the cause of energy efficiency. In addition to this national award, the bank also was the recipient of the 2004 Flex Your Power Energy Conservation Award from the state of California.

To spur innovation and efficiency, Bank of America has a recurring, dedicated capital pool that is used to reduce energy consumption. The energy capital pool, which was established in 2002, had investment authorizations of more than \$15 million. The energy capital pool strategy included the identification and prioritization of potential projects through initiatives such as internal benchmarking and an energy consumption database. Energy projects have included the installation of energy-efficient lighting, energy-efficient heating and cooling equipment, control systems and solar energy.

Portfolio-wide Utility Overview

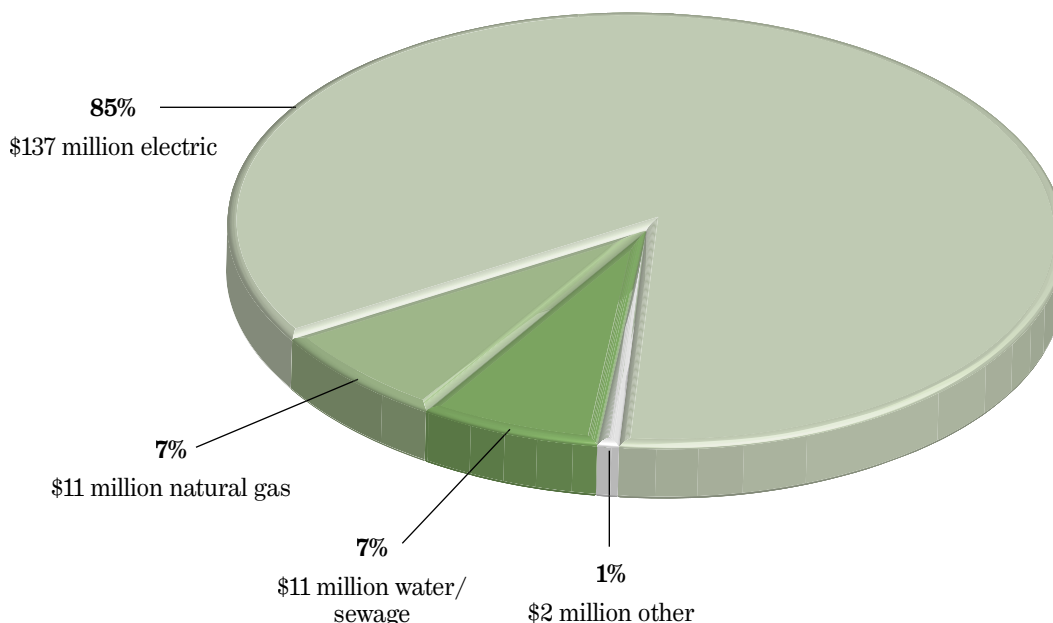
- Bank of America has 8,437 properties totaling 84 million square feet
- Annual electric consumption 1.7B KWH; largest 150 buildings in portfolio use approximately 50% of energy
- \$15 million invested (since program inception); average payback under three years
- Commodity-rate increases, natural gas (+10%), electric (+3.2%) offset by 5.1%; decrease in electric consumption
- Utility contracts signed covering 1,200 properties, which avoided a 2004 increase of \$3.04 million

EN 17
Renewable Energy
Initiatives

EN 3
Energy Use by Source

EN 4
Indirect Energy Use

2004 Actual Utility Expense: \$161 million



WebGen

Bank of America has been working with WebGen Systems, Inc., a provider of advanced software for energy conservation and control for commercial buildings, in order to monitor and control energy expenditure in Bank of America buildings across the United States. Since the inception of the program, which began with a 78-building pilot, WebGen has assisted the bank in the process of qualifying and receiving grants in excess of \$1.5 million from various state agencies. Bank of America has since expanded the program and now includes the 50 largest properties within the bank's portfolio. It is worth noting that the bank's largest 150 properties consume approximately 50% of the total energy used within the portfolio. Therefore, implementing a sound enterprise energy management system in these buildings enables the bank to significantly impact energy consumption throughout its portfolio.

WebGen combines a high level of industry expertise with a reliable suite of open protocol software tools called IUE[®], Intelligent Use of Energy, to provide real-time command of energy use to generate savings. Its system connects all aspects of building-energy management to automatically measure, monitor and control energy consumption — building by building, system by system, meter by meter and device by device. IUE uses neural networks to optimize energy consumption in real-time while maintaining a comfortable environment in the building.

In 2004, Bank of America reduced its energy consumption by over 13% in the buildings where it had installed WebGen's IUE.

Next Steps: The bank will leverage and expand the WebGen infrastructure to further support the environmental programs. WebGen's IUE will be installed to mitigate the bank's exposure in geographic markets where the utility has capacity limitations. This will provide the bank with the capability to quickly respond to emergency demand conditions in peak load periods. The WebGen system will also be installed to help manage and mitigate capacity risks within the critical facilities infrastructure. It will continue as a tool to further reduce energy consumption, and will support the Greenhouse Gas Emissions reduction initiative.



EnfoTrak

Bank of America centrally processes payments, and collects energy consumption data, on all energy-related invoices using an internet-based software platform labeled EnfoTrak. In 2004, the EnfoTrak system was successfully expanded to include all FleetBoston properties.

The EnfoTrak system is a critical process tool used by Bank of America to achieve environmental and energy-related reduction goals. By consolidating related-energy consumption data for all Bank of America properties, strategies and action plans are developed that result in the most effective means to reduce energy consumption and associated expense. In addition, all energy invoices are centrally accessible to all Corporate Workplace associates that are responsible for facility expenses. The energy conservation reduction target for 2005 is to reduce electric energy consumption by 4%.

The scope of the project included the integration of electricity and natural gas invoices from more than 1,700 properties. The program was successfully completed within a four-month time frame, and was 100% operational by December of 2004. The team consisted of the Corporate Workplace accounting departments, operations departments and the Energy Team.

This initiative was expense neutral but will yield benchmarking data and will provide audit capability and rate optimization going forward.

Metrics used to determine the success of the initiative include:

1. The number of energy invoices processed (100%)
2. The number of facilities integrated (approximately 1,700)



3.0 Other Impacts from Operations

Water

We do not currently monitor our water use. As a financial institution that only consumes water in the operation of our buildings and surrounding landscape, we have focused our efforts on other areas to date.

EN 5
Water

Biodiversity

Not applicable with respect to direct operations.

EN 6 - 7
Biodiversity

Emissions, Effluent and Waste

We do not currently monitor direct emissions of effluent and waste. As a financial institution that only consumes water in the operation of our buildings and surrounding landscape, we have focused our efforts on other areas to date.

Food Services

Corporate Food Services includes language in all contracts requiring that dining locations recycle all recyclable products, and this group works with property management to arrange recycling services for the dining facilities. All dining facilities promote the use of china vs. paper. Paperboard coffee cups have a reduced weight basis that saved 240,000 pounds of paperboard during 2004. Paper napkins used in cafeterias are made from 95% recycled fiber containing 40% post-consumer content.

Carpet

Bank of America has modified its carpet standard to incorporate sustainability principles that include the use of more durable and longer-lasting type 6,6 fibers. Additionally, Bank of America contract requirements specify carpet recycling parameters. Quarterly reports identify the number of square yards and equivalent pounds of recycled material, and include cubic yards of landfill avoided, average BTU's saved, CO₂ impact and gallons of water saved.

Suppliers

Bank of America recognizes the importance of managing environmental issues in the supply chain. We have identified areas of our supply chain where environmental impacts are greatest, and we concentrate our efforts on those areas. We work with suppliers to help them find ways to improve both their and our performance.

For more information on our relationship with suppliers, including multicultural supplier development, click here: <http://www.bankofamerica.com/suppliers/>.

EN 33
Suppliers

2004 Report Goals Summary

Much of the information presented in this report details existing programs and initiatives. Looking ahead, we will expand on our existing programs as we continue to fulfill our commitment to promoting sustainability in our business and the communities we serve. The following table summarizes the many goals discussed in the 2004 Environmental Report.

Indicator and page reference	Goal
GRI reporting, p. 4, 5	Initial reporting to GRI standard with 2004 report on environmental indicators; expand future reporting toward full GRI reporting (principles and indicators) including the financial services supplement
Scope of report, p. 5	Expand reporting on all operations worldwide by 2008
Training, p. 9	Assess current training and expanding existing; work towards bank-wide training program
Forests policy, p. 10	Implement policy within middle-market lending group during 2005
Climate change, p. 10	Direct emissions reduction: 9% by 2009 from 2004 benchmark Indirect emissions from energy and utility portfolio; goal to realize a 7% reduction by 2008 from 2004 benchmark
Paper procurement, p. 11	Implement global paper procurement policy during 2005
Consumption of goods/services, p. 11	During 2005, determine an effective way to evaluate a baseline analysis of consumption of goods; potential implementation/analysis post 2005
Public awareness of environmental issues, p. 11	Promote and assist in sponsoring alternative transport concepts during 2005
Greenhouse gas emissions, p. 12	Benchmark year 2004 emissions in bank's Energy and Utility portfolio for reporting during 2005
Printing devices (energy, paper), p. 24	Phase in PrintSmart Program by 2006
Recycling, p. 25	Augment existing toner recycling program
Energy efficiency, p. 27	Use WebGen infrastructure to further reduce energy consumption; reduce electric energy consumption by 4% during year 2005 across bank footprint
Supplier/vendor relationships, p. 28	Work with suppliers to improve bank and supplier efficiency and environmental performance

For additional information and contact details related to Bank of America's environmental program, visit www.bankofamerica.com/environment.