

# **Goldman Sachs Banking and Financial Services Conference**

**December 6, 2000**

**Ken Lewis  
President & Chief Operating Officer**

**Jim Hance  
Vice Chairman & Chief Financial Officer**

Bank of America



# Forward Looking Statements

This presentation contains forward looking statements with respect to the financial conditions and results of operations of Bank of America, including, without limitation, statements relating to the earnings outlook of the company.

These forward looking statements involve certain risks and uncertainties. Factors that may cause actual results to differ materially from those contemplated by such forward looking statements include, among others, the following possibilities: (1) projected business increases following process changes and other investments are lower than expected; (2) competitive pressure among financial services companies increases significantly; (3) costs or difficulties related to the integration of acquisitions or expenses in general are greater than expected; (4) general economic conditions, either internationally or nationally or in the states in which the company does business, are less favorable than expected; (5) changes in the interest rate environment reduce interest margins and affect funding sources; (6) changes in market rates and prices may adversely affect the value of financial products; (7) legislation or regulatory requirements or changes adversely affect the businesses in which the company is engaged; and (8) decisions to downsize, sell or close units or otherwise change the business mix of the company. For further information please see Bank of America's reports filed with the SEC pursuant to the Securities Exchange Act of 1934 which are available at the SEC's website ([www.sec.gov](http://www.sec.gov)) or at Bank of America's website ([www.bankofamerica.com](http://www.bankofamerica.com))

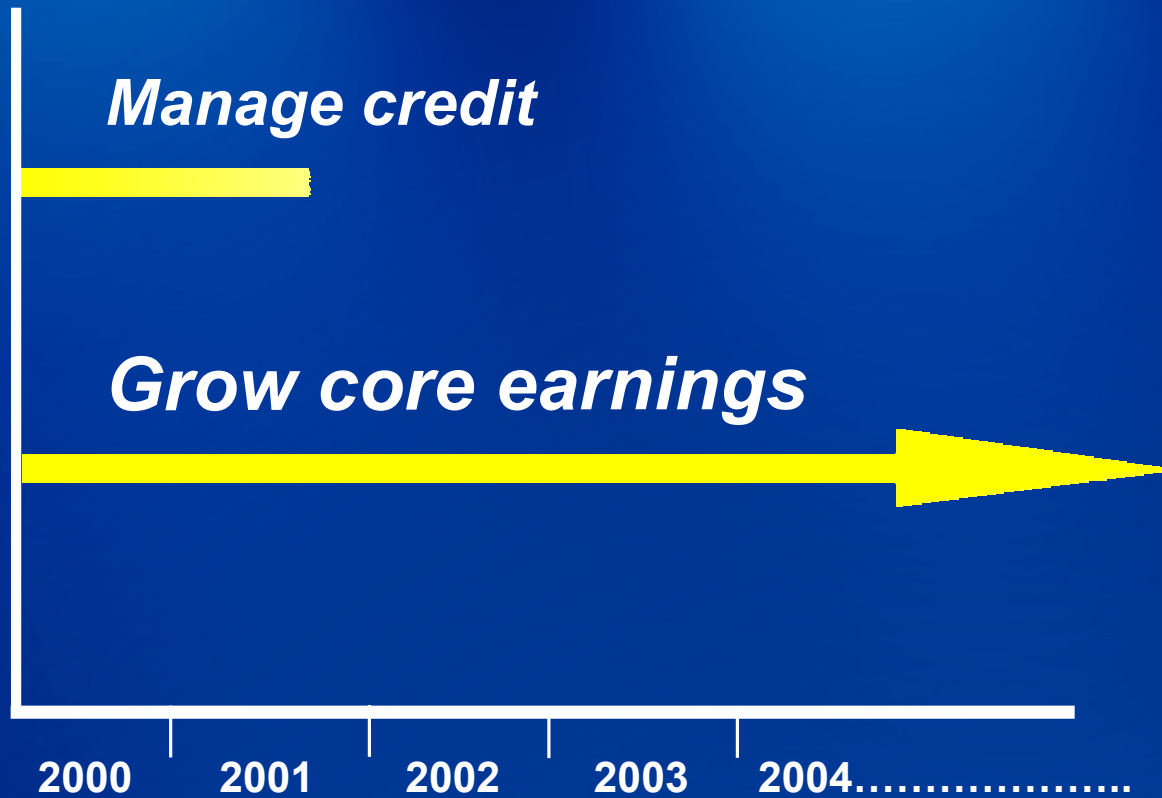


# Today's Topics

- **Business strategy**
  - Current trends
  - Growth engines
  - Business transformation
- **Financial initiatives and outlook**
  - Credit quality
  - New financial measurements
  - Balance sheet & capital management
  - Outlook

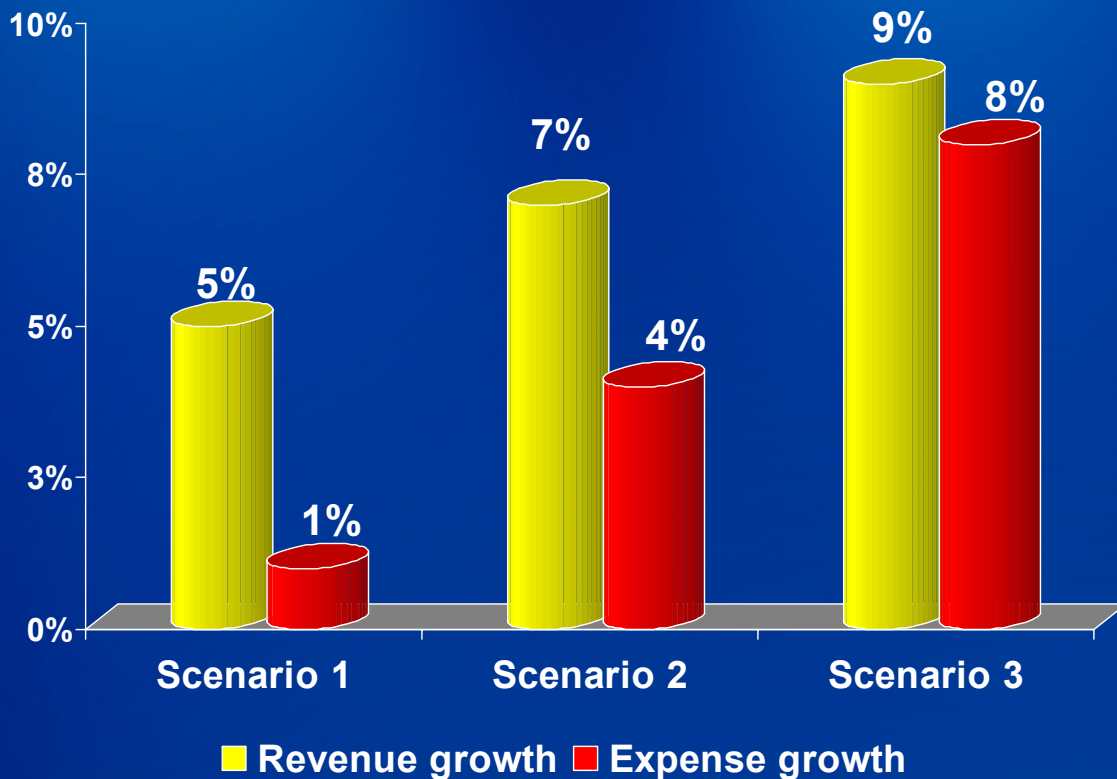


# Long and Short Term Challenges



# Changing the Model

Revenue growth allows for investments in the future



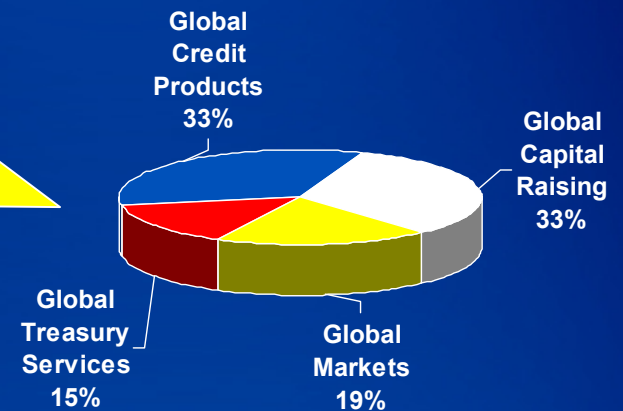
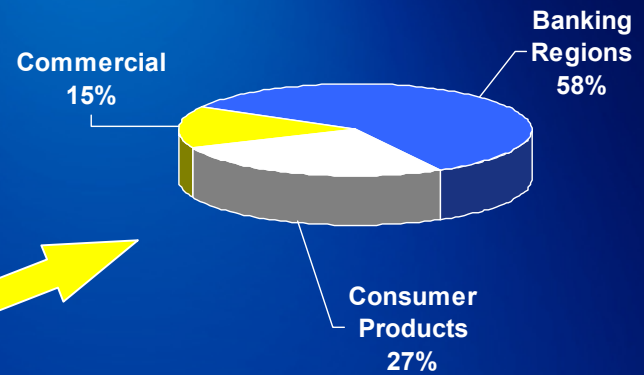
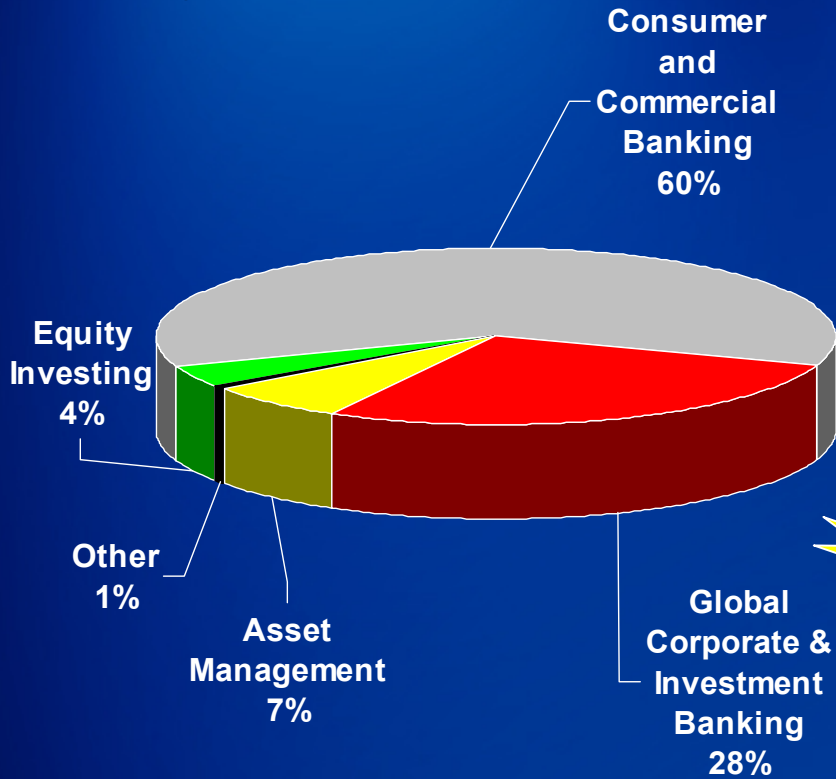
1995-1999 CAGR	
Revenue	- 8%
Expense	- 5%

All scenarios yield double digit core earnings growth



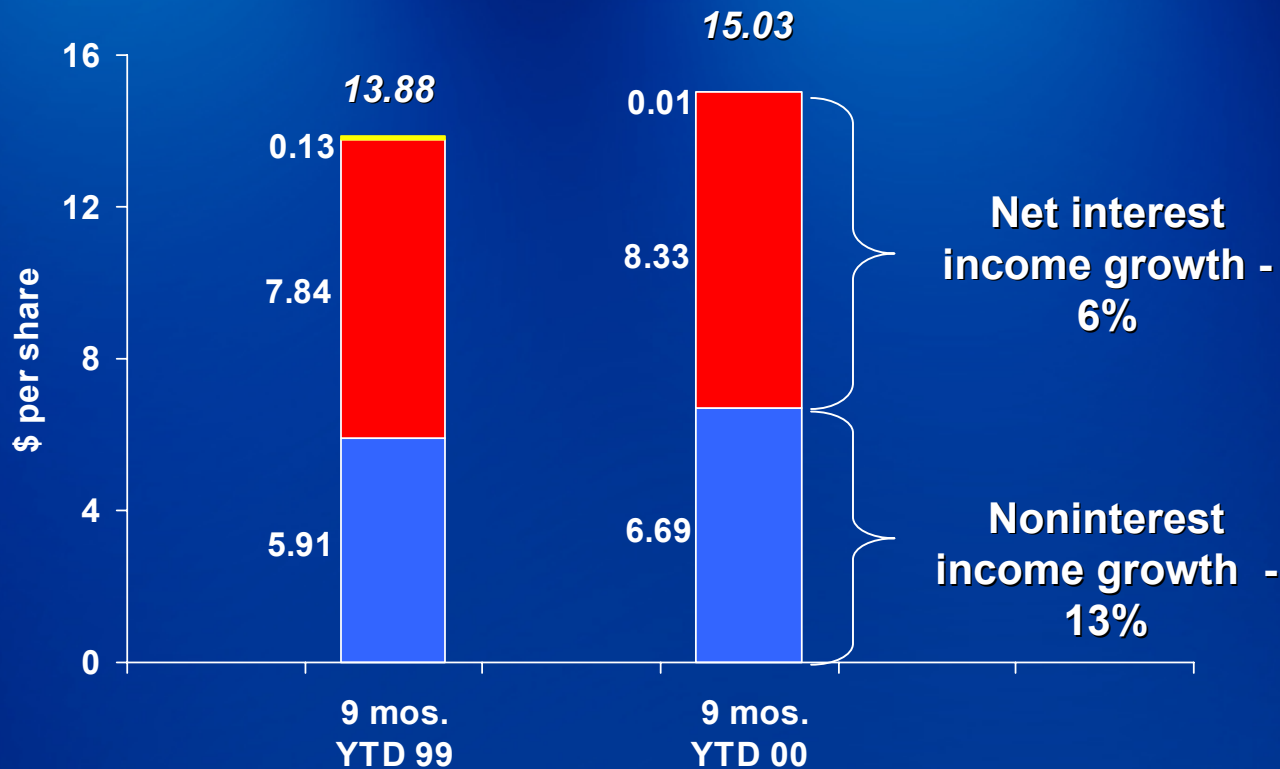
# Strong Core Businesses

9 mos. YTD 2000  
Bank of America Revenues  
\$25.2 billion



# Revenue Per Share

Total revenue per share growth – 8%

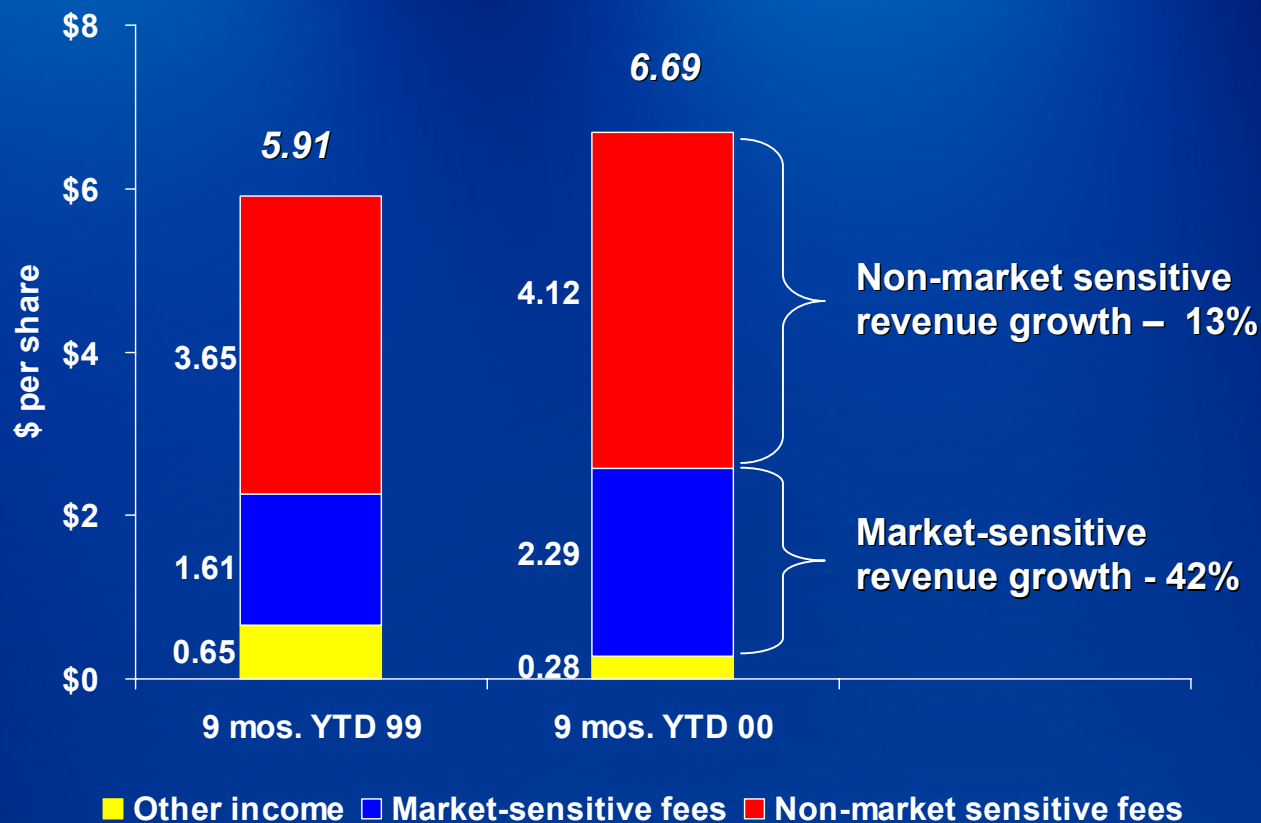


■ Noninterest income ■ Net interest income ■ Securities Gains



# Fee-Based Revenue Per Share

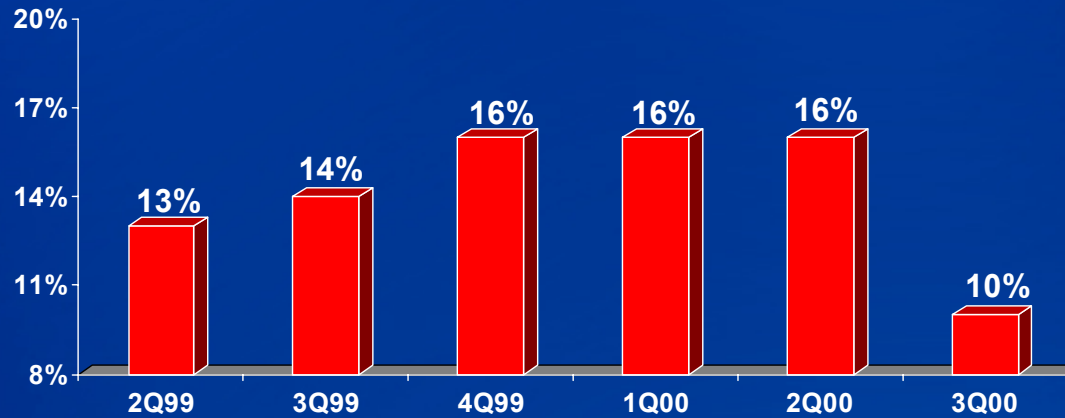
Total noninterest revenue per share  
growth, excluding "other income" – 22%



# Consumer & Commercial Banking Momentum

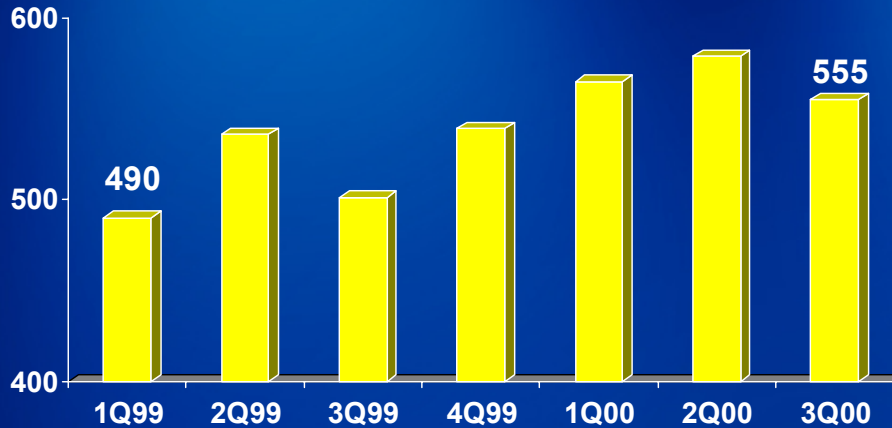


Linked-quarter Annualized Loan Growth

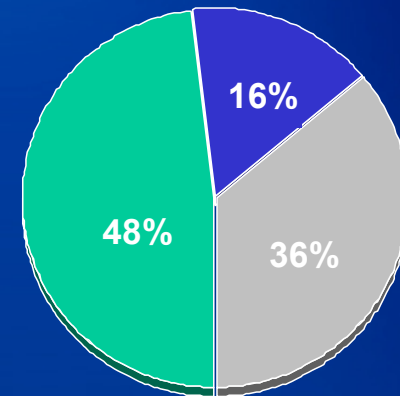


# Asset Management Momentum

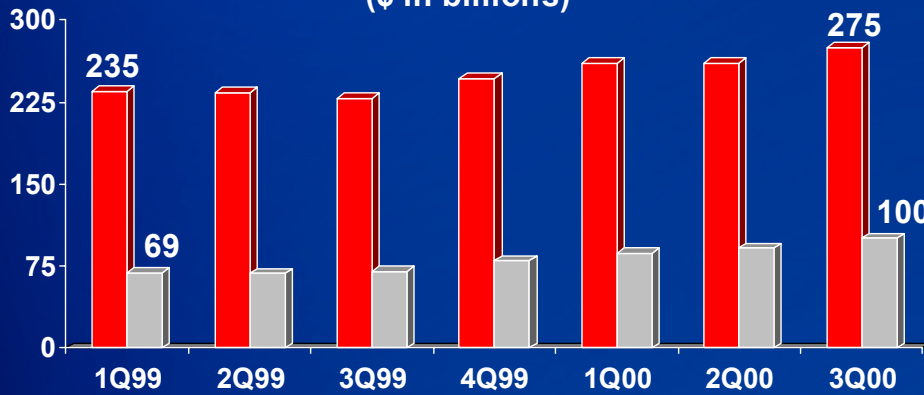
Revenue  
(\$ in millions)



Asset Profile - As of 9/30/00  
\$275 billion



Assets Under Management  
(\$ in billions)

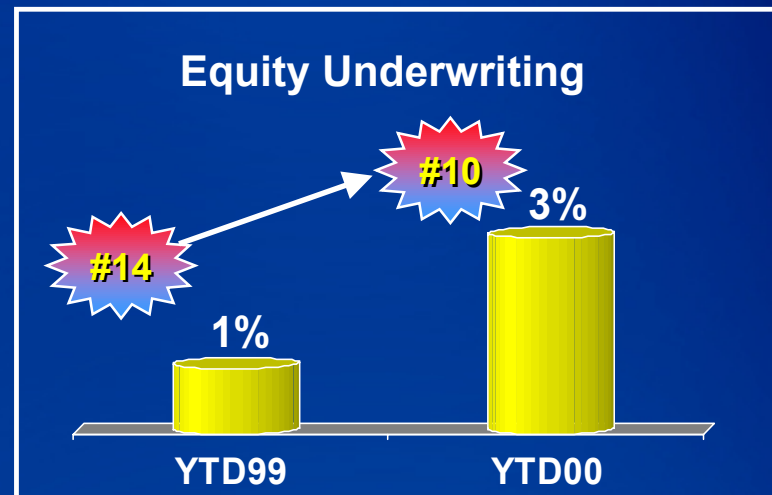
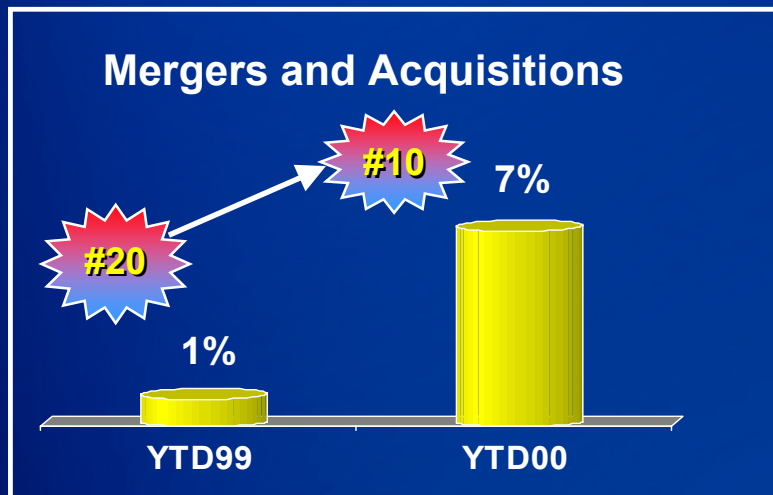
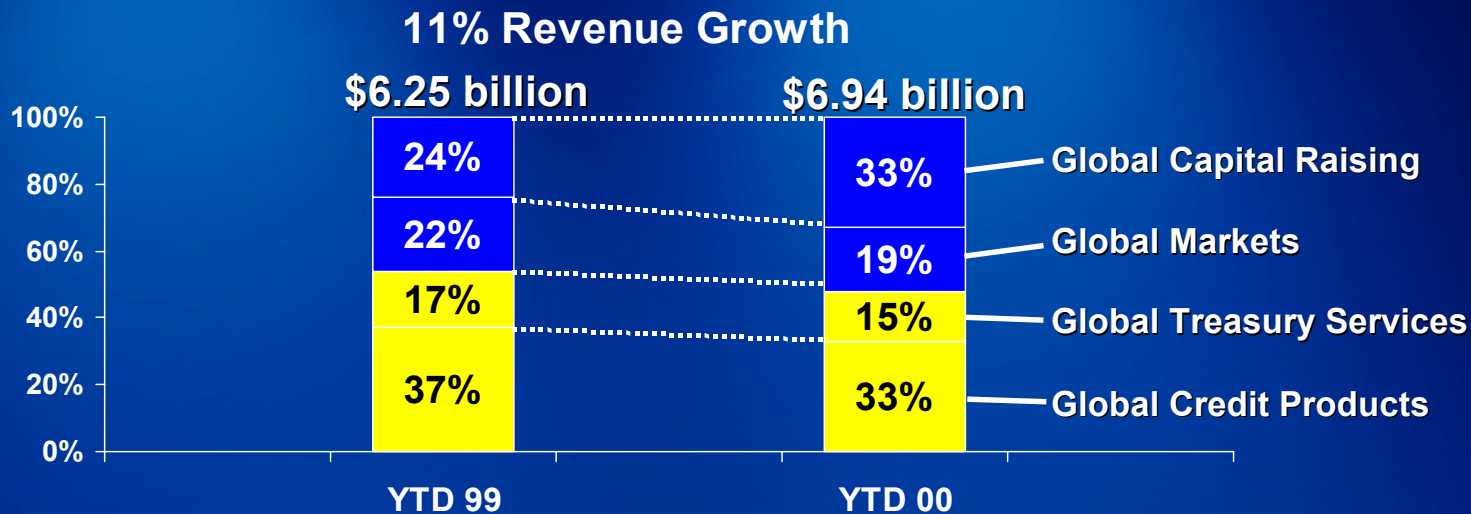


■ Total Assets Under Management    ■ Mutual Fund Assets

■ Equity    ■ Fixed Income    ■ Cash



# Global Corporate & Investment Banking Momentum

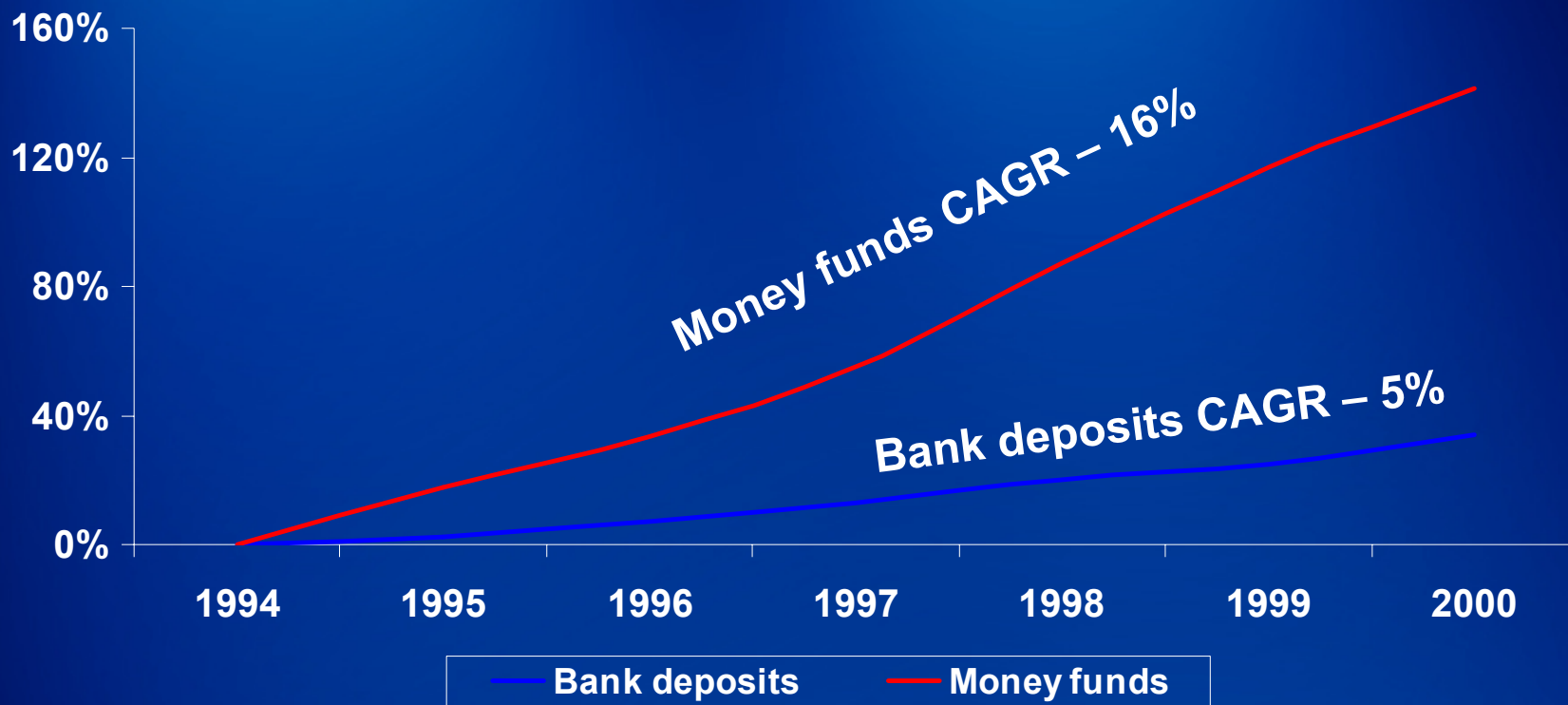


# Revving the Growth Engines

- Asset management
- Card services / payments
- E-commerce
- Investment banking
- National brand



# Transforming Bank of America



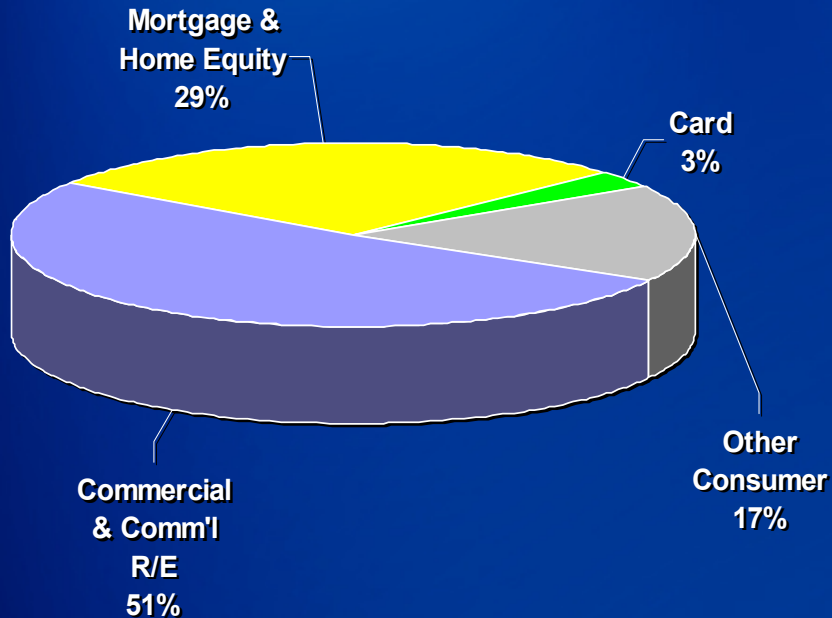
# Financial Initiatives and Outlook

- Credit quality
- New financial measurements
- Balance sheet & capital management
- Outlook

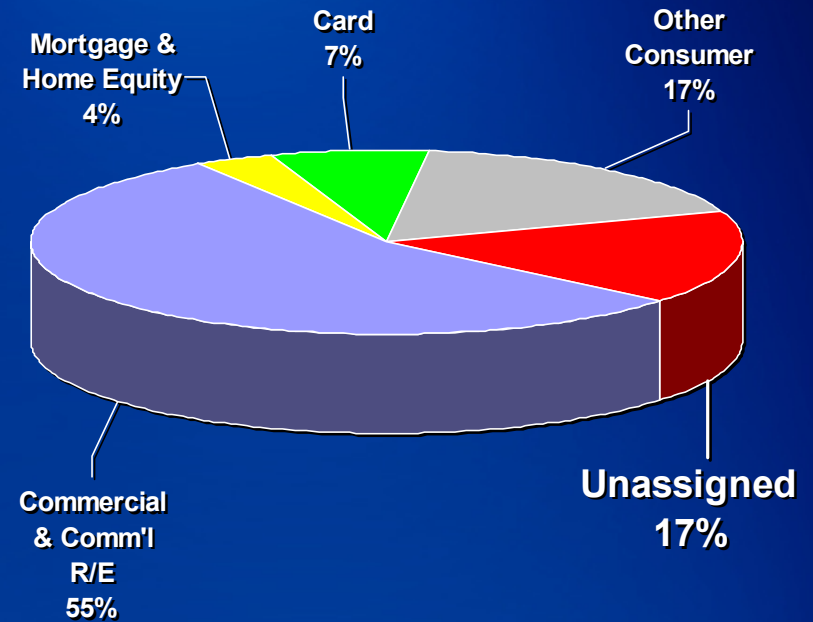


# Appropriate Reserve Levels

Loan Portfolio Breakdown  
\$403 Billion as of 9/30/00

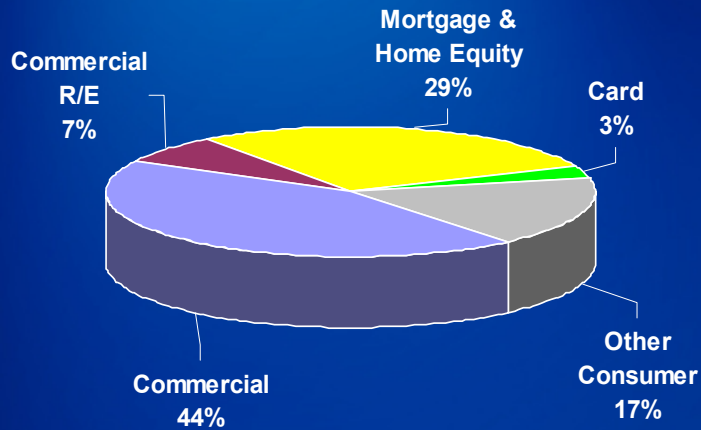


Reserve Allocations  
\$6.7 Billion as of 9/30/00

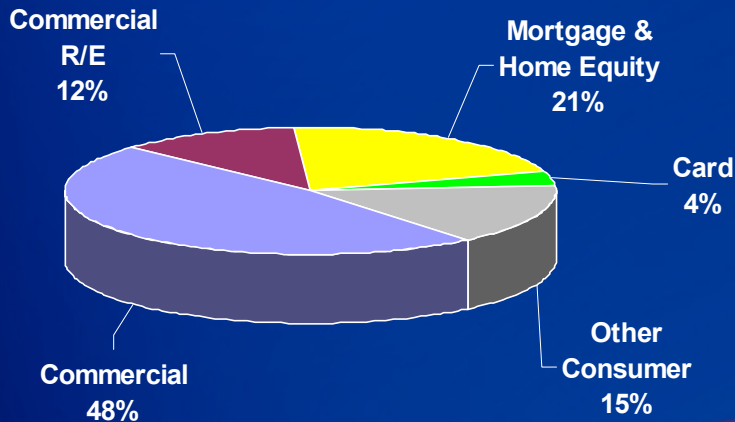


# Comparative Reserve Adequacy

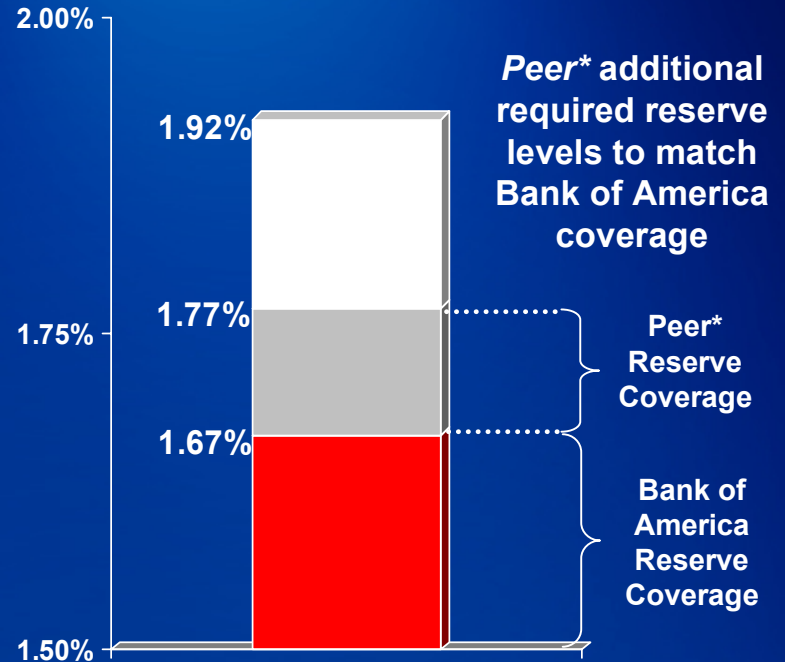
Bank of America Loan Mix



Peer\* Loan Mix



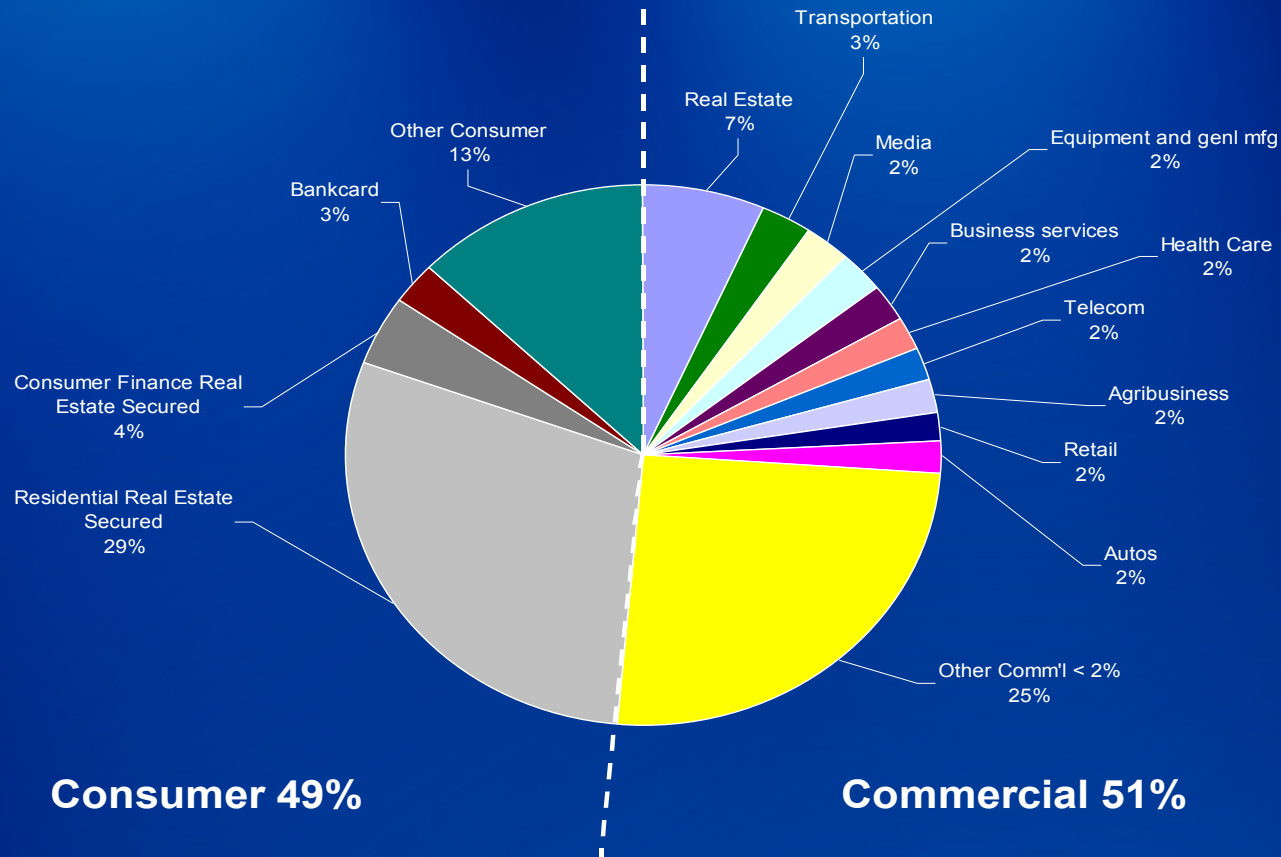
Allowance as a % of Loans



Peer\* group includes 9 large regional banks and Chase Manhattan

# Loan Portfolio Diversity

Total Loans \$403 Billion

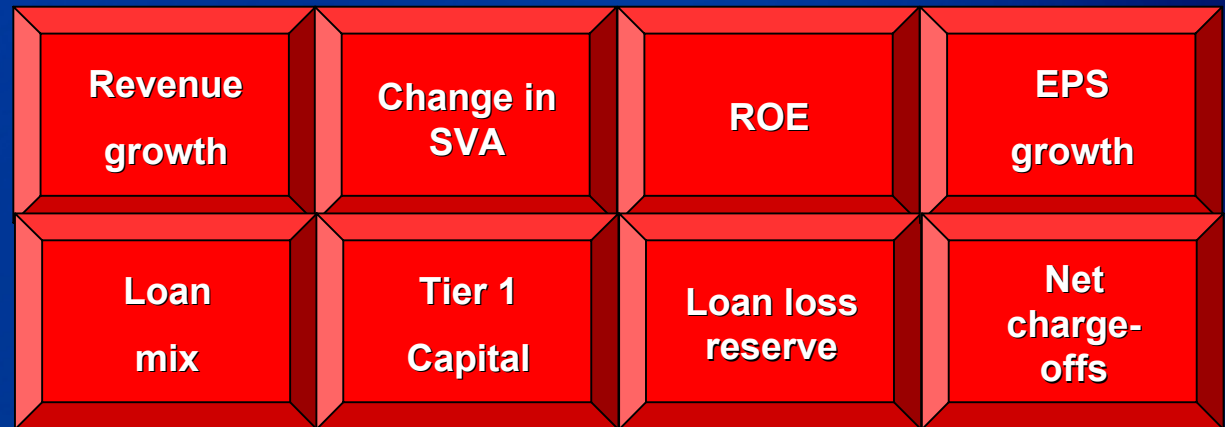


# New Corporate Scorecard

Business Segment  
Financial Measures



Corporate  
Financial Measures



# Balance Sheet Tactics

- **Reduce**
  - Low margin / non-strategic corporate loans
  - Mortgage loans
  - Trading account assets
- **Replace**
  - Maturing securities with off-balance sheet instruments
- **Grow**
  - Credit card loans
  - Other consumer loans
  - Small business / middle market loans

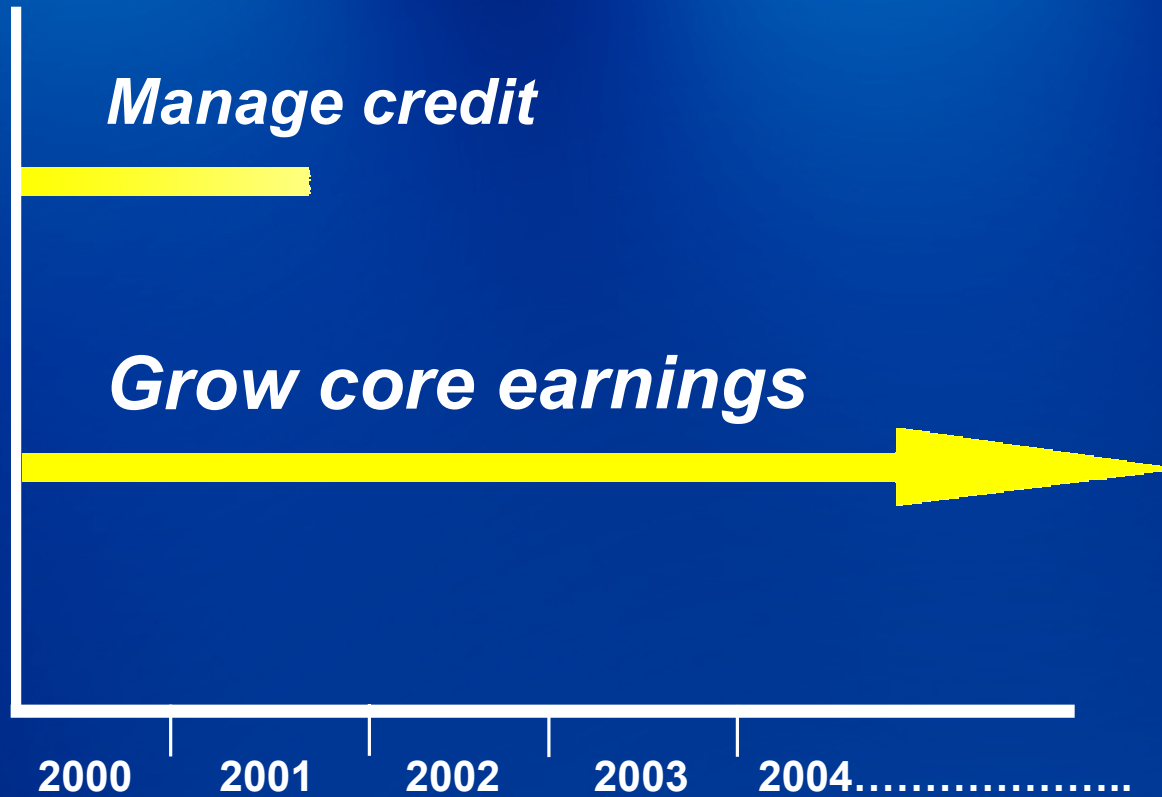


# Capital Management

- **Substantial earnings and capital generation**
  - Cash flow of approximately \$12 billion
- **Refinement of capital allocations**
- **Limited increase in risk-weighted assets**
- **Excess capital after funding growth businesses**
  - Dividend increase averaged 13% over the past 20 years
  - Share repurchases
    - Repurchased 128 million shares in 15 months
    - New 100 million share program approved in July 2000



# Long and Short Term Challenges



# Fourth Quarter Issues

Continued momentum in core businesses dampened by two issues:

- **Credit quality**
  - FFIEC
  - Exposure to large credit
  - Additional deterioration
- **Capital markets volatility**
  - Syndications
  - Underwriting
  - Trading
  - Equity investments



# 2001 Outlook

- **Soft landing scenario**
- **Continued progress in majority of core businesses**
- **Higher credit costs**
- **Lackluster capital markets environment**



# Positioned for Future Growth

## Growth Franchise:

- #1 in top 4 growth states
- #1 or 2 in 16 of 21 franchise states
- Franchise population growth nearly 3 times remainder of U.S.
- Online customer growth 69% since 9/30/99
- Opening 250,000 checking accounts monthly

## Customer Base:

- 1 out of every 4 households
- 2 million businesses
- 2.8 million online customers
- Banking relationships with 85% of Fortune 500
- Serve customers in 190 countries

## Delivery Superiority:

- 4,500 banking centers
- 14,000 ATMs
- 600 in-store branches
- 1.5 million telephone banking calls per day
- 145,000 associates
- 8.5 million monthly visits to BankofAmerica.com
- Touch customers 7 million times daily

## Product Depth:

- |                          |                              |
|--------------------------|------------------------------|
| • Consumer               | • Corporate                  |
| • Asset management       | • Debt & equity underwriting |
| • Card products          | • Foreign exchange           |
| • Consumer finance       | • M & A advisory             |
| • Mortgage               | • Real estate finance        |
| • Small business lending | • Syndicated lending         |
|                          | • Treasury services          |



# Bank of America

