

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2000

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934

Commission file number: 1-6523

Exact name of registrant as specified in its charter:

Bank of America Corporation

State of incorporation:

Delaware

IRS Employer Identification Number:

56-0906609

Address of principal executive offices:

Bank of America Corporate Center
Charlotte, North Carolina 28255

Registrant's telephone number, including area code:

(704) 386-5000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

On April 30, 2000, there were 1,657,236,996 shares of Bank of America Corporation Common Stock outstanding.

<TABLE>
<CAPTION>

Bank of America Corporation

March 31, 2000 Form 10-Q

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Part I. Financial Information

Item 1. Financial Statements

Bank of America Corporation and Subsidiaries
Consolidated Statement of Income

Three Months
Ended March 31

(Dollars in millions, except per share information)
2000 1999

| | | |
|--|----------|-----|
| <S> | | <C> |
| <C> | | |
| Interest income | | |
| Interest and fees on loans and leases | | \$ |
| 7,394 | \$ 6,770 | |
| Interest and dividends on securities | | |
| 1,331 | 1,175 | |
| Federal funds sold and securities purchased under agreements to resell | | |
| 575 | 381 | |
| Trading account assets | | |
| 536 | 545 | |
| Other interest income | | |
| 250 | 330 | |

Total interest income
10,086 9,201

| | |
|-----------------------------|-------|
| Interest expense | |
| Deposits | |
| 2,495 | 2,312 |
| Short-term borrowings | |
| 1,802 | 1,355 |
| Trading account liabilities | |
| 181 | 129 |
| Long-term debt | |
| 1,084 | 805 |

Total interest expense
5,562 4,601

Net interest income
4,524 4,600

Provision for credit losses
420 510

Net interest income after provision for credit losses
4,104 4,090

Gains on sales of securities
6 130

Noninterest income
Consumer service charges
618 603
Corporate service charges
489 453

Total service charges
1,107 1,056

Consumer investment and brokerage services
364 311
Corporate investment and brokerage services
121 115

Total investment and brokerage services
485 426

Mortgage servicing income
128 132
Investment banking income
397 233
Equity investment gains
563 155
Card income
484 394
Trading account profits
724 500
Other income
158 327

Total noninterest income
4,046 3,223

Other noninterest expense
Personnel
2,534 2,333
Occupancy
418 396
Equipment
301 358
Marketing
119 147
Professional fees
105 126
Amortization of intangibles
217 222
Data processing
159 190
Telecommunications
131 136
Other general operating
515 420
General administrative and other
124 125

Total other noninterest expense
4,623 4,453

Income before income taxes
3,533 2,990
Income tax expense
1,293 1,076

Net income
2,240 \$1,914

| | | |
|---|-----------|----|
| Net income available to common shareholders | | \$ |
| 2,239 | \$1,912 | |
| ----- | | |
| Per share information | | |
| Earnings per common share | | \$ |
| 1.34 | \$ 1.10 | |
| ----- | | |
| Diluted earnings per common share | | \$ |
| 1.33 | \$ 1.08 | |
| ----- | | |
| Dividends per common share | | \$ |
| .50 | \$.45 | |
| ----- | | |
| Average common shares issued and outstanding (in thousands) | | |
| 1,669,311 | 1,737,562 | |
| ----- | | |

See accompanying notes to consolidated financial statements.

</TABLE>

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<TABLE>
<CAPTION>

Bank of America Corporation and Subsidiaries
Consolidated Balance Sheet

| | December 31 (Dollars in millions) 1999 | March 31 2000 |
|--|--|------------------|
| ----- | | |
| <S> | | |
| <C> | | |
| Assets | | |
| Cash and cash equivalents | \$ 26,989 | \$ 27,259 |
| Time deposits placed and other short-term investments | 4,838 | 3,250 |
| Federal funds sold and securities purchased under agreements to resell | 37,928 | 39,801 |
| Trading account assets | 38,460 | 47,321 |
| Securities: | | |
| Available-for-sale | 81,647 | 82,557 |
| Held-for-investment, at cost (market value - \$1,181 and \$1,270) | 1,422 | 1,294 |
| Total securities | 83,069 | 83,851 |
| Loans and leases | 370,662 | 382,085 |
| Allowance for credit losses | (6,828) | (6,827) |
| Loans and leases, net of allowance for credit losses | 363,834 | 375,258 |
| Premises and equipment, net | 6,713 | 6,607 |
| Customers' acceptance liability | 1,869 | 2,362 |
| Derivative-dealer assets | 16,055 | 17,877 |
| Interest receivable | | 3,870 |

<TABLE>
<CAPTION>

Bank of America Corporation and Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity

| Share- holders' Comprehensive | Preferred Shares | Common Stock | | Retained Earnings | Accumulated Other Comprehensive Income (Loss) (1,2) | Other | Total Equity |
|---|---------------------|--------------|----------|----------------------|--|----------|-----------------|
| | | Shares | Amount | | | | |
| ----- | | | | | | | |
| (Dollars in millions, shares in thousands) | | | | | | | |
| ----- | | | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| <C> | | | | | | | |
| Balance, December 31, 1998 | \$83 | 1,724,484 | \$14,837 | \$30,998 | \$ 152 | \$ (132) | \$45,938 |
| Net income | | | | 1,914 | | | |
| 1,914 | | \$1,914 | | | | | |
| Other comprehensive loss, net of tax | | | | | (732) | | |
| (732) | | (732) | | | | | |
| ----- | | | | | | | |
| Comprehensive income | | | | | | | |
| \$1,182 | | | | | | | |
| ----- | | | | | | | |
| Cash dividends: | | | | | | | |
| Common | | | | (782) | | | |
| (782) | | | | | | | |
| Preferred | | | | (2) | | | |
| (2) | | | | | | | |
| Common stock issued under employee plans | | 16,302 | 842 | | | (494) | |
| 348 | | | | | | | |
| Conversion of preferred stock | (2) | 84 | 2 | | | | |
| Other | | 2 | 147 | | | | |
| 147 | | | | | | | |
| ----- | | | | | | | |
| Balance, March 31, 1999 | \$81 | 1,740,872 | \$15,828 | \$32,128 | \$ (580) | \$ (626) | \$46,831 |
| ----- | | | | | | | |
| Balance, December 31, 1999 | \$77 | 1,677,273 | \$11,671 | \$35,681 | \$ (2,658) | \$ (339) | \$44,432 |
| Net income | | | | 2,240 | | | |
| 2,240 | | \$2,240 | | | | | |
| Other comprehensive income, net of tax | | | | | 166 | | 166 |
| 166 | | | | | | | |
| ----- | | | | | | | |
| Comprehensive income | | | | | | | |
| \$2,406 | | | | | | | |
| ----- | | | | | | | |
| Cash dividends: | | | | | | | |
| Common | | | | (832) | | | |
| (832) | | | | | | | |
| Preferred | | | | (1) | | | |
| (1) | | | | | | | |
| Common stock issued under employee plans | | 530 | (12) | | | 37 | |
| 25 | | | | | | | |
| Common stock repurchased | | (20,050) | (911) | | | | |
| (911) | | | | | | | |
| Other | | 1 | 80 | 1 | | 99 | |
| 180 | | | | | | | |
| ----- | | | | | | | |
| Balance, March 31, 2000 | \$77 | 1,657,754 | \$10,828 | \$37,089 | \$ (2,492) | \$ (203) | \$45,299 |
| ----- | | | | | | | |

(1) Changes in Accumulated Other Comprehensive Income (Loss) include after-tax net unrealized gains (losses) on available-for-sale securities and marketable equity securities of \$166 and \$(703) for the three months ended March 31, 2000 and

1999, respectively;

and after-tax net unrealized losses on foreign currency translation adjustments of \$(29) for the three months ended March 31,

1999. There was no after-tax net unrealized losses on foreign currency translation adjustments for the three months ended March 31, 2000.

(2) Accumulated Other Comprehensive Income (Loss) consists of the after-tax valuation allowance for available-for-sale securities

and marketable equity securities of \$(2,304) and \$(400) and foreign currency translation adjustments of \$(188) and \$(180) at March 31, 2000 and 1999, respectively.

See accompanying notes to consolidated financial statements.

</TABLE>

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<TABLE>
<CAPTION>

| ----- | |
|--|-----------------------------|
| Bank of America Corporation and Subsidiaries | |
| Consolidated Statement of Cash Flows | |
| ----- | |
| | Three Months Ended March |
| 31 | ----- |
| (Dollars in millions) | 2000 |
| 1999 | |
| ----- | |
| <S> | <C> |
| <C> | |
| Operating activities | |
| Net income | \$2,240 |
| \$1,914 | |
| Reconciliation of net income to net cash used in operating activities: | |
| Provision for credit losses | 420 |
| 510 | |
| Gains on sales of securities | (6) |
| (130) | |
| Depreciation and premises improvements amortization | 239 |
| 271 | |
| Amortization of intangibles | 217 |
| 222 | |
| Deferred income tax expense (benefit) | 524 |
| (82) | |
| Net increase in trading instruments | (7,029) |
| (144) | |
| Net (increase) decrease in interest receivable | (93) |
| 114 | |
| Net decrease in interest payable | (176) |
| (108) | |
| Net (increase) decrease in other assets | (1,856) |
| 2,804 | |
| Net decrease in other accrued expenses and other liabilities | (276) |
| (9,806) | |
| Other operating activities, net | 276 |
| 276 | |
| ----- | |
| Net cash used in operating activities | (5,520) |
| (4,159) | |
| ----- | |
| Investing activities | |
| Net decrease in time deposits placed and other short-term investments | 1,588 |
| 1,135 | |
| Net (increase) decrease in federal funds sold and securities purchased | (1,873) |
| under agreements to resell | |
| 395 | |
| Proceeds from sales of available-for-sale securities | 8,801 |
| 14,396 | |
| Proceeds from maturities of available-for-sale securities | 1,443 |
| 3,138 | |
| Purchases of available-for-sale securities | (11,085) |
| (16,595) | |
| Proceeds from maturities of held-for-investment securities | 128 |
| 475 | |

| | |
|--|----------|
| Proceeds from sales and securitizations of loans and leases 2,661 | 5,645 |
| Purchases and net originations of loans and leases (7,727) | (15,595) |
| Purchases and originations of mortgage servicing rights (786) | (126) |
| Net purchases of premises and equipment (111) | (133) |
| Proceeds from sales of foreclosed properties 82 | 46 |
| Acquisitions of business activities, net of cash (1,483) | - |
| ----- | |
| Net cash used in investing activities (4,420) | (11,161) |
| ----- | |
| Financing activities | |
| Net increase (decrease) in deposits (13,943) | 4,353 |
| Net increase in federal funds purchased and securities sold under agreements to repurchase 7,224 | 9,214 |
| Net (decrease) increase in commercial paper and other short-term borrowings 8,254 | (1,619) |
| Proceeds from issuance of long-term debt 6,009 | 10,137 |
| Retirement of long-term debt (929) | (3,718) |
| Proceeds from issuance of common stock 348 | 25 |
| Common stock repurchased - | (911) |
| Cash dividends paid (784) | (833) |
| Other financing activities, net 39 | 328 |
| ----- | |
| Net cash provided by financing activities 6,218 | 16,976 |
| ----- | |
| Effect of exchange rate changes on cash and cash equivalents 9 | (25) |
| ----- | |
| Net increase (decrease) in cash and cash equivalents (2,352) | 270 |
| Cash and cash equivalents at December 31 28,277 | 26,989 |
| ----- | |
| Cash and cash equivalents at March 31 \$25,925 | \$27,259 |
| ----- | |

Loans transferred to foreclosed properties amounted to \$68 and \$74 for the three months ended March 31, 2000 and 1999, respectively.

Loans securitized and retained in the available-for-sale securities portfolio amounted to \$224 and \$248 for the three months ended March 31, 2000 and 1999, respectively.

The fair value of noncash assets acquired and liabilities assumed in acquisitions for the three months ended March 31, 1999 were \$1,557 and \$74, net of cash acquired.

See accompanying notes to consolidated financial statements.

</TABLE>

Note One - Accounting Policies

The consolidated financial statements include the accounts of the Corporation and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

The information contained in the consolidated financial statements is unaudited. In the opinion of management, all normal recurring adjustments necessary for a fair statement of the interim period results have been made. Certain prior period amounts have been reclassified to conform to current period classifications.

Accounting policies followed in the presentation of interim financial results are presented on pages 58 to 63 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1999.

In 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). This standard requires all derivative instruments to be recognized as either assets or liabilities and measured at their fair values. In addition, SFAS 133 provides special hedge accounting for fair value, cash flow and foreign currency hedges, provided certain criteria are met. Pursuant to Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of Effective Date of Financial Accounting Standards Board Statement No. 133", the Corporation is required to adopt the standard on or before January 1, 2001. Upon adoption, all hedging relationships must be designated and documented pursuant to the provisions of the statement. The Corporation is in the process of evaluating the impact of this statement on its risk management strategies and processes, information systems and financial statements.

In 1999, the Federal Financial Institutions Examination Council issued The Uniform Classification and Account Management Policy (the Policy) which updated and expanded the classification of delinquent retail credits. The Policy provides guidance for banks on the treatment of delinquent open-end and close-end loans. The Corporation is required to implement the Policy by December 31, 2000. The Corporation does not expect the adoption of this Policy to have a material impact on its results of operations or financial condition.

Note Two - Merger-Related Activity

At March 31, 2000, the Corporation operated its banking activities primarily under two charters: Bank of America, National Association (Bank of America, N.A.) and Bank of America, N.A. (USA). On March 31, 1999, NationsBank of Delaware, N.A. merged with and into Bank of America, N.A. (USA), a national association headquartered in Phoenix, Arizona (formerly known as Bank of America National Association), which operates the Corporation's credit card business. On April 1, 1999, the mortgage business of BankAmerica transferred to NationsBanc Mortgage Corporation. On December 1, 1999, NationsBanc Mortgage Corporation merged with and into BA Mortgage, LLC, a Delaware limited liability company and a Bank of America, N.A. subsidiary. On April 8, 1999, the Corporation merged Bank of America Texas, N.A. into NationsBank, N.A. On July 5, 1999, NationsBank, N.A. changed its name to

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Bank of America, N.A. On July 23, 1999, Bank of America, N.A. merged into Bank of America National Trust and Savings Association (Bank of America NT&SA), and the surviving entity of that merger changed its name to Bank of America, N.A. On December 1, 1999, Bank of America, FSB, a federal savings bank formerly headquartered in Portland, Oregon, was converted into a national bank and merged into Bank of America, N.A. On September 30, 1998, BankAmerica Corporation (BankAmerica) merged (the Merger) with and into the Corporation, formerly NationsBank Corporation (NationsBank).

In connection with the Merger, the Corporation recorded pre-tax merger-related charges of \$525 million (\$358 million after-tax) in 1999 and \$1,325 million (\$960 million after-tax) in 1998. Of the \$525 million in 1999, \$200 million (\$145 million after-tax) and \$325 million (\$213 million after-tax) were recorded in the second and fourth quarters, respectively. Of the \$1,325 million in 1998, \$725 million (\$519 million after-tax) and \$600 million (\$441 million after-tax) were recorded in the third and fourth quarters, respectively. The total pre-tax charge for 1999 consisted of approximately \$219 million primarily of severance, change in control and other employee-related costs, \$187 million of conversion and related costs including occupancy, equipment and customer communication expenses, \$128 million of exit and related costs and a \$9 million reduction of other merger costs. The total pre-tax charge for 1998 consisted of approximately \$740 million primarily of severance, change in control and other employee-related costs, \$150 million of conversion and related costs including occupancy and equipment expenses (primarily lease exit costs and the elimination of duplicate facilities and other capitalized assets) and customer communication expenses, \$300 million of exit and related costs and \$135 million of other merger costs (including legal, investment banking and filing fees).

Total severance, change in control and other employee-related costs included amounts related to job eliminations of former associates of BankAmerica and NationsBank impacted by the Merger. Through March 31, 2000, approximately 13,800 employees had entered the severance process. Employee-related costs of the Merger were principally in overlapping functions, operations and businesses of the Corporation.

The following table summarizes the activity in the BankAmerica merger-related reserve during the three months ended March 31, 2000:

<TABLE>
<CAPTION>

| (Dollars in millions) | Balance December 31 1999 | Cash Payments Applied to Reserve | Noncash Reductions Applied to Reserve | Balance March 31 2000 |
|--|--------------------------------|--|--|-----------------------------|
| <S> | <C> | <C> | <C> | <C> |
| Severance, change in control and other employee-related costs | \$118 | \$ (80) | \$ - | \$ 38 |
| Conversion and related costs | 135 | (2) | (8) | 125 |
| Exit and related costs | 46 | (11) | - | 35 |
| Other merger costs | 1 | - | - | 1 |
| Total | \$300 | \$ (93) | \$ (8) | \$199 |

</TABLE>

For additional information on the Corporation's merger-related activities, refer to Note Two of the Corporation's 1999 Annual Report on Form 10-K.

Note Three - Trading Activities

Trading-Related Revenue

Trading account profits represent the net amount earned from the Corporation's trading positions, which include trading account assets and liabilities as well as derivative-dealer positions. These transactions include positions to meet customer demand as well as for the Corporation's own trading account. Trading positions are taken in a diverse range of financial instruments and markets. The profitability of these trading positions is largely dependent on the volume and type of transactions, the level of risk assumed, and the volatility of price and rate movements. Trading account profits, as reported in the Corporation's Consolidated Statement of Income, includes neither the net interest recognized on interest-earning and interest-bearing trading positions, nor the related funding charge or benefit. Trading account profits, as well as trading-related net interest income ("trading-related revenue") are presented in the table below as they are both considered in evaluating the overall profitability of the Corporation's trading positions. Trading-related revenue is derived from foreign exchange spot, forward and cross-currency contracts, fixed income and equity securities and derivative contracts in interest rates, equities, credit and commodities.

<TABLE>
<CAPTION>

| (Dollars in millions) | Three Months Ended March 31 | |
|---------------------------------------|--------------------------------|-------|
| | 2000 | 1999 |
| <S> | <C> | <C> |
| Trading account profits - as reported | \$724 | \$500 |
| Net interest income | 217 | 167 |
| Total trading-related revenue | \$941 | \$667 |
| Trading-related revenue by product | | |
| Foreign exchange contracts | \$158 | \$158 |
| Interest rate contracts | 308 | 214 |
| Fixed income | 171 | 191 |
| Equities | 288 | 87 |
| Commodities and other | 16 | 17 |
| Total trading-related revenue | \$941 | \$667 |

</TABLE>

Trading Account Assets and Liabilities

The fair value of the components of trading account assets and liabilities at March 31, 2000 and December 31, 1999 and the average fair value for the three months ended March 31, 2000 were:

<TABLE>
<CAPTION>

| Average Fair Value | Fair Value | |
|---|------------------|---------------------|
| | March 31 2000 | December 31 1999 |
| Three Months Ended (Dollars in millions) March 31, 2000 | | |
| Trading account assets | | |
| U.S. Treasury securities \$7,725 | \$9,111 | \$ 6,793 |
| Securities of other U.S. Government agencies and corporations 3,045 | 3,138 | 3,554 |
| Certificates of deposit, bankers' acceptances and commercial paper 2,381 | 2,318 | 3,039 |
| Corporate debt 2,812 | 3,329 | 2,993 |
| Foreign sovereign debt 8,938 | 9,998 | 9,532 |
| Mortgage-backed securities 6,169 | 5,944 | 6,748 |
| Equity securities 2,974 | 6,276 | 2,856 |
| Other 5,689 | 7,207 | 2,945 |
| Total \$39,733 | \$47,321 | \$38,460 |
| Trading account liabilities | | |
| U.S. Treasury securities \$ 8,770 | \$ 7,513 | \$ 8,414 |
| Corporate debt 1,076 | 2,048 | - |
| Foreign sovereign debt 3,715 | 3,172 | 3,490 |
| Equity securities 7,733 | 8,802 | 7,840 |
| Other 1,719 | 1,472 | 1,214 |
| Total \$23,013 | \$23,007 | \$20,958 |

</TABLE>

See Note Six of the consolidated financial statements on page 12 for additional information on derivative-dealer positions, including credit risk.

Note Four - Loans and Leases

Loans and leases at March 31, 2000 and December 31, 1999 were:

<TABLE>
<CAPTION>

| (Dollars in millions) | March 31, 2000 | | December 31, 1999 | |
|-----------------------|----------------|---------|-------------------|---------|
| | Amount | Percent | Amount | Percent |

| <S> | <C> | <C> | <C> | <C> |
|-----------------------------------|------------------|----------------|------------------|----------------|
| Commercial - domestic | \$145,615 | 38.1 % | \$143,450 | 38.7 % |
| Commercial - foreign | 27,926 | 7.3 | 27,978 | 7.5 |
| Commercial real estate - domestic | 24,741 | 6.5 | 24,026 | 6.5 |
| Commercial real estate - foreign | 359 | .1 | 325 | .1 |
| Total commercial | 198,641 | 52.0 | 195,779 | 52.8 |
| Residential mortgage | 89,574 | 23.4 | 81,860 | 22.1 |
| Home equity lines | 18,062 | 4.7 | 17,273 | 4.7 |
| Direct/Indirect consumer | 41,398 | 10.8 | 42,161 | 11.4 |
| Consumer finance | 23,585 | 6.2 | 22,326 | 6.0 |
| Bankcard | 8,609 | 2.3 | 9,019 | 2.4 |
| Foreign consumer | 2,216 | .6 | 2,244 | .6 |
| Total consumer | 183,444 | 48.0 | 174,883 | 47.2 |
| Total loans and leases | \$382,085 | 100.0 % | \$370,662 | 100.0 % |

</TABLE>

The table below summarizes the changes in the allowance for credit losses for the three months ended March 31, 2000 and 1999:

<TABLE>
<CAPTION>

| (Dollars in millions) | Three Months Ended March 31 | |
|---|-----------------------------|-----------------|
| | 2000 | 1999 |
| <S> | <C> | <C> |
| Balance, January 1 | \$6,828 | \$ 7,122 |
| Loans and leases charged off | (570) | (666) |
| Recoveries of loans and leases previously charged off | 150 | 147 |
| Net charge-offs | (420) | (519) |
| Provision for credit losses | 420 | 510 |
| Other, net | (1) | 10 |
| Balance, March 31 | \$ 6,827 | \$ 7,123 |

</TABLE>

The following table presents the recorded investment in specific loans that were considered individually impaired at March 31, 2000 and December 31, 1999:

<TABLE>
<CAPTION>

| (Dollars in millions) | March 31 2000 | December 31 1999 |
|-----------------------------------|-----------------|------------------|
| <S> | <C> | <C> |
| Commercial - domestic | \$ 1,286 | \$1,133 |
| Commercial - foreign | 495 | 503 |
| Commercial real estate - domestic | 457 | 449 |
| Total impaired loans | \$ 2,238 | \$2,085 |

</TABLE>

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A loan is considered impaired when, based on current information and events, it is probable that the Corporation will be unable to collect all amounts due, including principal and interest, according to the contractual terms of the agreement. Once a loan has been identified as impaired, management measures impairment in accordance with Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan" (SFAS 114). Impaired loans are measured based on the present value of payments expected to be received, observable market prices, or for loans that are solely dependent on the collateral for repayment, the estimated fair value of the collateral. If the recorded investment in impaired loans exceeds the measure of estimated fair value, a valuation allowance is established as a component of the allowance for credit losses.

At March 31, 2000 and December 31, 1999, nonperforming loans, including

certain loans which were considered impaired, totaled \$3.3 billion and \$3.0 billion, respectively. Foreclosed properties amounted to \$179 million and \$163 million at March 31, 2000 and December 31, 1999, respectively.

Note Five - Short-Term Borrowings and Long-Term Debt

In the first quarter of 2000, Bank of America Corporation issued \$1.5 billion in senior and subordinated long-term debt, domestically and internationally, with maturities ranging from 2002 to 2015. Of the \$1.5 billion issued, \$1.1 billion was converted from fixed rates ranging primarily from 7.50 percent to 8.13 percent to floating rates through interest rate swaps at spreads ranging from nine to 45 basis points over three-month London InterBank Offered Rate (LIBOR). The remaining \$364 million of debt issued bears interest at floating rates ranging from 12 to 78 basis points over three-month LIBOR, 90 to 100 basis points over six-month LIBOR and 22 basis points over one-month LIBOR.

In the first quarter of 2000, Bank of America, N.A. issued \$7.1 billion in senior long-term bank notes, with maturities ranging from 2001 to 2013. Of the \$7.1 billion issued, \$3.8 billion bears interest at floating rates with spreads ranging from zero to 14 basis points above three-month LIBOR. Of the remaining \$3.3 billion, \$1.1 billion bears interest at spreads ranging from 272 to 287 basis points below the prime rate, \$938 million bears interest at spreads ranging from one to 28 basis points above the Fed Funds rate, \$798 million bears interest at fixed rates ranging from 6.50 percent to 6.75 percent, and \$415 million bears interest at spreads ranging from five to six basis points above one-month LIBOR.

At March 31, 2000, Bank of America Corporation had the authority to issue approximately \$18.0 billion of corporate debt and other securities under its existing shelf registration statements.

Bank of America, N.A. maintains a domestic program to offer up to a maximum of \$35.0 billion at any one time outstanding of bank notes from time to time with fixed- or floating-rates and maturities ranging from seven days or more from date of issue. Short-term bank notes outstanding under this program totaled \$11.1 billion at March 31, 2000 compared to \$15.2 billion at December 31, 1999. These short-term bank notes, along with Treasury tax and loan notes and term federal funds purchased are reflected in other short-term borrowings in the Consolidated Balance Sheet. Long-term debt under current and former programs totaled \$15.4 billion at March 31, 2000 compared to \$10.1 billion at December 31, 1999.

Bank of America Corporation and Bank of America, N.A. maintain a joint Euro medium-term note program to offer up to \$15.0 billion of senior, or in the case of Bank of America Corporation, subordinated notes exclusively to non-United States residents. The notes bear interest at fixed- or floating-rates and may be denominated in U.S. dollars or foreign currencies. Bank of America Corporation uses foreign currency contracts to convert certain foreign-denominated debt into U.S. dollars. Bank of America Corporation's notes outstanding under this program totaled \$4.7 billion at March 31, 2000 compared to \$4.5 billion at December 31, 1999. Bank of America, N.A.'s notes outstanding under this program totaled \$1.0 billion at March 31, 2000. Bank of America, N.A. had no notes outstanding under this program at December 31, 1999. Of the \$15.0 billion authority, at March 31, 2000, Bank of America Corporation and Bank of America, N.A. had authority to issue in the aggregate of debt securities under the current program approximately \$5.3 billion and \$4.0 billion, respectively. At March 31, 2000 and December 31, 1999, \$3.2 billion and \$3.3 billion, respectively, were outstanding under the former BankAmerica Euro medium-term note program, which was terminated in connection with the Merger.

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From April 1, 2000 through May 8, 2000, Bank of America Corporation issued \$430 million of long-term senior and subordinated debt, with maturities ranging from 2002 to 2015. During this same time period, Bank of America, N.A. issued \$2.3 billion of bank notes with maturities ranging from 2001 to 2003 and \$130 million of Euro medium-term notes maturing in 2003.

Note Six - Commitments and Contingencies

Credit Extension Commitments

The Corporation enters into commitments to extend credit, standby letters of credit and commercial letters of credit to meet the financing needs of its customers. The commitments shown below have been reduced by amounts collateralized by cash and amounts participated to other financial institutions. The following table summarizes outstanding commitments to extend credit:

<TABLE>
<CAPTION>

| (Dollars in millions) | March 31 2000 | December 31 1999 |
|-------------------------|------------------|---------------------|
| <S> | <C> | <C> |
| Credit card commitments | \$ 66,574 | \$67,394 |
| Other loan commitments | 243,912 | 246,827 |

| | | |
|--|--------|--------|
| Standby letters of credit and financial guarantees | 31,402 | 32,993 |
| Commercial letters of credit | 3,062 | 3,690 |

</TABLE>

Derivatives

Credit Risk Associated with Derivative-Dealer Activities

The table on the following page presents the notional or contract amounts at March 31, 2000 and December 31, 1999 and the credit risk amounts (the net replacement cost of contracts in a gain position) of the Corporation's derivative-dealer positions which are primarily executed in the over-the-counter market for trading purposes. This table should be read in conjunction with the "Market Risk Management" section on pages 42 through 46 and Note Eleven of the Corporation's 1999 Annual Report on Form 10-K. The notional or contract amounts indicate the total volume of transactions and significantly exceed the amount of the Corporation's credit or market risk associated with these instruments. Credit risk associated with derivatives is measured as the net replacement cost should the counterparties with contracts in a gain position to the Corporation completely fail to perform under the terms of those contracts and any collateral underlying the contracts proves to be of no value. The credit risk amounts presented in the following table do not consider the value of any collateral, but generally take into consideration the effects of legally enforceable master netting agreements.

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<TABLE>
<CAPTION>

| ----- | | | | |
|------------------------------------|-----------------------|----------------|-----------------------|------|
| ----- | | | | |
| Derivative-Dealer Positions | | | | |
| ----- | | | | |
| | March 31, 2000 | | December 31, 1999 | |
| | ----- | | | |
| Credit (Dollars in millions) | Contract/ Notional | Credit Risk | Contract/ Notional | Risk |
| ----- | | | | |
| <S> | <C> | <C> | <C> | <C> |
| Interest rate contracts | | | | |
| Swaps | \$3,013,944 | \$4,684 | \$2,597,886 | |
| \$5,691 | | | | |
| Futures and forwards | 819,897 | 107 | 644,795 | |
| 58 | | | | |
| Written options | 439,287 | - | 560,070 | |
| - | | | | |
| Purchased options | 538,098 | 1,472 | 638,517 | |
| 1,747 | | | | |
| Foreign exchange contracts | | | | |
| Swaps | 58,138 | 1,513 | 55,278 | |
| 1,058 | | | | |
| Spot, futures and forwards | 651,277 | 4,201 | 537,719 | |
| 3,298 | | | | |
| Written options | 33,563 | - | 28,450 | |
| - | | | | |
| Purchased options | 32,349 | 577 | 26,820 | |
| 424 | | | | |
| Commodity and other contracts | | | | |
| Swaps | 30,866 | 1,682 | 13,078 | |
| 1,232 | | | | |
| Futures and forwards | 23,177 | 85 | 22,496 | |
| 41 | | | | |
| Written options | 34,162 | - | 28,868 | |
| - | | | | |
| Purchased options | 39,380 | 4,939 | 32,216 | |
| 4,890 | | | | |
| Credit derivatives | 25,966 | 124 | 19,028 | |
| 70 | | | | |
| ----- | | | | |
| Total before cross-product netting | | 19,384 | | |
| 18,509 | | | | |
| Cross-product netting | | 1,507 | | |
| 2,454 | | | | |
| ----- | | | | |
| Net replacement cost | | \$17,877 | | |
| \$16,055 | | | | |

</TABLE>

The table above includes both long and short derivative-dealer positions. The average fair value of derivative-dealer assets for the three months ended March 31, 2000 and for the year ended December 31, 1999 was \$18.9 billion and \$16.0 billion, respectively. The average fair value of derivative-dealer liabilities for the three months ended March 31, 2000 and for the year ended December 31, 1999 was \$17.6 billion and \$16.5 billion, respectively. The fair value of derivative-dealer assets at March 31, 2000 and December 31, 1999 was \$17.9 billion and \$16.1 billion, respectively. The fair value of derivative-dealer liabilities at March 31, 2000 and December 31, 1999 was \$17.8 billion and \$16.2 billion, respectively. See Note Three on page 8 for a discussion of trading-related revenue.

During the three months ended March 31, 2000 and 1999, there were no significant credit losses associated with derivative contracts. At March 31, 2000 and December 31, 1999, there were no nonperforming derivative positions that were material to the Corporation.

In addition to credit risk management activities, the Corporation uses credit derivatives to generate revenue by taking on exposure to underlying credits. The Corporation also provides credit derivatives to sophisticated customers who wish to hedge existing credit exposures or take on additional credit exposure to generate revenue. The Corporation's credit derivative positions at March 31, 2000 and December 31, 1999 consisted of credit default swaps and total return swaps.

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Asset and Liability Management (ALM) Activities

The table below outlines the status of the Corporation's ALM activity at March 31, 2000 and December 31, 1999. It presents the notional amount and fair value of the Corporation's open and closed ALM contracts. This table should be read in conjunction with the "Market Risk Management" section on pages 42 through 46 and Note Eleven of the Corporation's 1999 Annual Report on Form 10-K.

<TABLE>
<CAPTION>

| (Dollars in millions) | March 31, 2000 | | December 31, 1999 | |
|---|-----------------|------------|-------------------|------------|
| | Notional Amount | Fair Value | Notional Amount | Fair Value |
| <S> | <C> | <C> | <C> | <C> |
| Open interest rate contracts | | | | |
| Receive fixed swaps | \$61,295 | \$ (1,905) | \$63,002 | \$ (1,747) |
| Pay fixed swaps | 28,341 | 228 | 25,701 | 115 |
| Net open receive fixed | 32,954 | (1,677) | 37,301 | (1,632) |
| Basis swaps | 7,787 | (2) | 7,971 | (6) |
| Total net swap position | 40,741 | (1,679) | 45,272 | (1,638) |
| Option products | 37,680 | 13 | 35,134 | 5 |
| Futures and forwards | 884 | (3) | 931 | 3 |
| Total open interest rate contracts(1) | | (1,669) | | (1,630) |
| Closed interest rate contracts | | | | |
| Swap positions | | 112 | | 174 |
| Option products | | 72 | | 82 |
| Futures and forwards | | (20) | | (21) |
| Total closed interest rate contracts(2) | | 164 | | 235 |
| Net interest rate contract position | | (1,505) | | (1,395) |
| Open foreign exchange contracts(1) | 5,247 | (67) | 6,231 | (30) |
| Total ALM contracts | | \$ (1,572) | | \$ (1,425) |

(1) Fair value represents the net unrealized losses on open contracts.

(2) Represents the unamortized net realized deferred gains associated with closed contracts.

</TABLE>

When-Issued Securities

At March 31, 2000, the Corporation had commitments to purchase and sell when-issued securities of \$17.4 billion and \$26.6 billion, respectively. At December 31, 1999, the Corporation had commitments to purchase and sell when-issued securities of \$12.0 billion and \$16.8 billion, respectively.

Litigation

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

The Corporation and certain present and former officers and directors have been named as defendants in a number of actions filed in several federal courts that have been consolidated for pretrial purposes before a Missouri federal court. The amended complaint in the consolidated actions alleges, among other things, that the defendants failed to disclose material facts about BankAmerica's losses relating to D.E. Shaw Securities Group, L.P. and related entities until mid-October 1998, in violation of various provisions of federal and state laws. The amended complaint also alleges that the proxy statement-prospectus of August 4, 1998, falsely stated that the Merger would be one of equals and alleges a scheme to have NationsBank gain control over the newly merged entity. The Missouri federal court has certified classes consisting generally of persons who were stockholders of NationsBank or BankAmerica on September 30, 1998, or were entitled to vote on the Merger, or who purchased or acquired securities of the Corporation or its predecessors between August 4, 1998 and October 13, 1998. The amended complaint substantially survived a motion to dismiss, and discovery is underway. Claims

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against certain director-defendants were dismissed with leave to replead. Similar uncertified class actions (including one limited to California residents raising the claim that the proxy statement-prospectus of August 4, 1998, falsely stated that the Merger would be one of equals) were filed in California state court, alleging violations of the California Corporations Code and other state laws. The action on behalf of California residents was certified, but has since been dismissed and an appeal is pending. Of the remaining actions, one has been stayed, and a motion for class certification is pending in the other. The Missouri federal court has recently enjoined prosecution of that action as a class action. Plaintiffs' appeal of that order is pending. The Corporation believes the actions lack merit and will defend them vigorously. The amount of any ultimate exposure cannot be determined with certainty at this time.

Management believes that the actions and proceedings and the losses, if any, resulting from the final outcome thereof, will not be material in the aggregate to the Corporation's financial position or results of operations.

Note Seven - Shareholders' Equity and Earnings Per Common Share

On June 23, 1999, the Corporation's Board of Directors authorized the repurchase of up to 130 million shares of the Corporation's common stock at an aggregate cost of up to \$10.0 billion. Through March 31, 2000, the Corporation had repurchased 98 million shares of its common stock in open market repurchases and under accelerated share repurchase programs at an average per-share price of \$58.81, which reduced shareholders' equity by \$5.8 billion. The remaining buyback authority for common stock under the current program totaled \$4.2 billion or 32 million shares at March 31, 2000.

Earnings per common share is computed by dividing net income available to common shareholders by the weighted average common shares issued and outstanding. For diluted earnings per common share, net income available to common shareholders can be affected by the conversion of the registrant's convertible preferred stock. Where the effect of this conversion would have been dilutive, net income available to common shareholders is adjusted by the associated preferred dividends. This adjusted net income is divided by the weighted average number of common shares issued and outstanding for each period plus amounts representing the dilutive effect of stock options outstanding and the dilution resulting from the conversion of the registrant's convertible preferred stock, if applicable. The effect of convertible preferred stock is excluded from the computation of diluted earnings per common share in periods in which the effect would be antidilutive.

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The calculation of earnings per common share and diluted earnings per common share for the three months ended March 31, 2000 and 1999 is presented

below:
 <TABLE>
 <CAPTION>

| (Shares in thousands; dollars in millions, except per share information) | Three Months Ended March 31 | |
|---|--------------------------------|-----------|
| | 2000 | 1999 |
| <S> | <C> | <C> |
| Earnings per common share | | |
| Net income | \$2,240 | \$1,914 |
| Preferred stock dividends | (1) | (2) |
| Net income available to common shareholders | \$2,239 | \$1,912 |
| Average common shares issued and outstanding | 1,669,311 | 1,737,562 |
| Earnings per common share | \$ 1.34 | \$ 1.10 |
| Diluted earnings per common share | | |
| Net income available to common shareholders | \$2,239 | \$1,912 |
| Preferred stock dividends | 1 | 2 |
| Net income available to common shareholders and assumed conversions | \$2,240 | \$1,914 |
| Average common shares issued and outstanding | 1,669,311 | 1,737,562 |
| Incremental shares from assumed conversions: | | |
| Convertible preferred stock | 3,006 | 3,206 |
| Stock options | 16,001 | 38,940 |
| Dilutive potential common shares | 19,007 | 42,146 |
| Total dilutive average common shares issued and outstanding | 1,688,318 | 1,779,708 |
| Diluted earnings per common share | \$ 1.33 | \$ 1.08 |

</TABLE>

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Note Eight - Business Segment Information

During the first quarter of 2000, the Corporation realigned its business segments to report the results of the Corporation's operations through three business segments: Consumer and Commercial Banking, Asset Management and Global Corporate and Investment Banking. Consumer and Commercial Banking provides a wide array of products and services to individuals and small businesses through multiple delivery channels; and provides commercial lending and treasury management services to middle market companies with annual revenue between \$10 million and \$500 million. Asset Management offers customized asset management and credit, financial advisory, fiduciary and trust services, and banking services; management of equity, fixed income, cash and alternative investments to individuals, corporations and a wide array of institutional clients; and full service and discount brokerage services. Global Corporate and Investment Banking provides a broad array of financial products such as investment banking, trade finance, treasury management, capital markets, leasing and financial advisory services to domestic and international corporations, financial institutions and government entities.

The following table includes revenue and net income for the three months ended March 31, 2000 and 1999, and total assets at March 31, 2000 and 1999 for each business segment:

<TABLE>
 <CAPTION>

| (Dollars in millions) | Consumer and Commercial Banking (2) | | Asset Management (2) | |
|-------------------------|--|----------|----------------------|--------|
| | 2000 | 1999 | 2000 | 1999 |
| <S> | <C> | <C> | <C> | <C> |
| Net interest income (1) | \$ 3,385 | \$ 3,453 | \$ 155 | \$ 135 |
| Noninterest income | 1,633 | 1,576 | 410 | 429 |

| | | | | |
|------------------------------|-----------|-----------|----------|----------|
| Total revenue | 5,018 | 5,029 | 565 | 564 |
| Provision for credit losses | 380 | 352 | 11 | 19 |
| Gains on sales of securities | - | 1 | - | - |
| Amortization of intangibles | 169 | 173 | 6 | 6 |
| Depreciation expense | 172 | 192 | 14 | 17 |
| Other noninterest expense | 2,554 | 2,593 | 284 | 280 |
| ----- | | | | |
| Income before income taxes | 1,743 | 1,720 | 250 | 242 |
| Income tax expense | 683 | 650 | 96 | 91 |
| ----- | | | | |
| Net income | \$ 1,060 | \$ 1,070 | \$ 154 | \$ 151 |
| ----- | | | | |
| Period-end total assets | \$306,862 | \$281,235 | \$22,949 | \$20,325 |
| ----- | | | | |

| (Dollars in millions) | Global Corporate and Investment Banking (2) | | Corporate Other | |
|------------------------------|--|-----------|-----------------|----------|
| | 2000 | 1999 | 2000 | 1999 |
| Net interest income (1) | \$ 975 | \$ 956 | \$ 80 | \$101 |
| Noninterest income | 1,925 | 1,218 | 78 | - |
| ----- | | | | |
| Total revenue | 2,900 | 2,174 | 158 | 101 |
| Provision for credit losses | 29 | 139 | - | - |
| Gains on sales of securities | 3 | - | 3 | 129 |
| Amortization of intangibles | 42 | 43 | - | - |
| Depreciation expense | 53 | 61 | - | - |
| Other noninterest expense | 1,272 | 1,090 | 57 | (2) |
| ----- | | | | |
| Income before income taxes | 1,507 | 841 | 104 | 232 |
| Income tax expense | 547 | 295 | 38 | 85 |
| ----- | | | | |
| Net income | \$ 960 | \$ 546 | \$ 66 | \$ 147 |
| ----- | | | | |
| Period-end total assets | \$234,899 | \$219,279 | \$91,403 | \$93,406 |
| ----- | | | | |

(1) Net interest income is presented on a taxable-equivalent basis.

(2) There were no material intersegment revenues among the three business segments.

</TABLE>

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A reconciliation of the segments' net income to consolidated net income follows:

<TABLE>
<CAPTION>

| (Dollars in millions) | Three Months Ended March 31 | |
|---|--------------------------------|----------------|
| | 2000 | 1999 |
| Segments' net income | <C> \$2,174 | <C> \$1,767 |
| Adjustments, net of taxes: | | |
| Earnings associated with unassigned capital | 49 | 65 |
| Gains on sales of securities | 2 | 82 |
| Other | 15 | - |
| ----- | | |
| Consolidated net income | \$2,240 | \$1,914 |
| ----- | | |

</TABLE>

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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND
FINANCIAL CONDITION

This report on Form 10-Q contains certain forward-looking statements that are subject to risks and uncertainties and include information about possible or assumed future results of operations. Many possible events or factors could affect the future financial results and performance of the Corporation. This could cause results or performance to differ materially from those expressed in our forward-looking statements. Words such as "expects", "anticipates", "believes", "estimates", variations of such words and other similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in, or implied by, such forward-looking statements. Readers of the Corporation's Form 10-Q should not rely solely on the forward-looking statements and should consider all uncertainties and risks discussed throughout this report, as well as those discussed in the Corporation's 1999 Annual Report on Form 10-K. These statements are representative only on the date hereof, and the Corporation undertakes no obligation to update any forward-looking statements made.

The possible events or factors include the following: the Corporation's loan growth is dependent on economic conditions, as well as various discretionary factors, such as decisions to securitize, sell, or purchase certain loans or loan portfolios; syndications or participations of loans; retention of residential mortgage loans; and the management of borrower, industry, product and geographic concentrations and the mix of the loan portfolio. The rate of charge-offs and provision expense can be affected by local, regional and international economic and market conditions, concentrations of borrowers, industries, products and geographic locations, the mix of the loan portfolio and management's judgments regarding the collectibility of loans. Liquidity requirements may change as a result of fluctuations in assets and liabilities and off-balance sheet exposures, which will impact the capital and debt financing needs of the Corporation and the mix of funding sources. Decisions to purchase, hold or sell securities are also dependent on liquidity requirements and market volatility, as well as on- and off-balance sheet positions. Factors that may impact interest rate risk include local, regional and international economic conditions, levels, mix, maturities, yields or rates of assets and liabilities, utilization and effectiveness of interest rate contracts and the wholesale and retail funding sources of the Corporation. The Corporation is also exposed to the potential of losses arising from adverse changes in market rates and prices which can adversely impact the value of financial products, including securities, loans, deposits, debt and derivative financial instruments, such as futures, forwards, swaps, options and other financial instruments with similar characteristics.

In addition, the banking industry in general is subject to various monetary and fiscal policies and regulations, which include those determined by the Federal Reserve Board, the Office of the Comptroller of Currency, the Federal Deposit Insurance Corporation, state regulators and the Office of Thrift Supervision, whose policies and regulations could affect the Corporation's results. Other factors that may cause actual results to differ from the forward-looking statements include the following: competition with other local, regional and international banks, thrifts, credit unions and other nonbank financial institutions, such as investment banking firms, investment advisory firms, brokerage firms, investment companies and insurance companies, as well as other entities which offer financial services, located both within and outside the United States and through alternative delivery channels such as the World Wide Web; interest rate, market and monetary fluctuations; inflation; market volatility; general economic conditions and economic conditions in the geographic regions and industries in which the Corporation operates; introduction and acceptance of new banking-related products, services and enhancements; fee pricing strategies, mergers and acquisitions and their integration into the Corporation and management's ability to manage these and other risks.

Overview

The Corporation is a bank holding company and a financial holding company, headquartered in Charlotte, North Carolina. The Corporation provides a diversified range of banking and nonbanking financial services and products both domestically and internationally through three major business segments: Consumer and Commercial Banking, Asset Management and Global Corporate and Investment Banking. At March 31, 2000, the Corporation had \$656 billion in assets and approximately 153,000 full-time equivalent employees.

Significant changes in the Corporation's results of operations and

financial position are described in the following sections.

Refer to Table One for selected financial data for the three months ended March 31, 2000 and 1999.

Key performance highlights for the three months ended March 31, 2000 were:

- o Net income totaled \$2.2 billion, or \$1.33 per common share (diluted) for the three months ended March 31, 2000, an increase of \$326 million, or \$0.25 per common share (diluted) from the same period in 1999. Total revenue for the three months ended March 31, 2000 was \$8.64 billion, an increase of \$773 million from the comparable 1999 period.
 - o The return on average common shareholders' equity was 19.59 percent for the three months ended March 31, 2000, an increase of 281 basis points compared to the same period in 1999.
 - o Cash basis ratios measure performance excluding goodwill and other intangible assets and their related amortization expense. Cash basis diluted earnings per common share were \$1.46 for the three months ended March 31, 2000, an increase of \$0.26 per share compared to the same period in 1999. Return on average tangible common shareholders' equity was 30.83 percent for the three months ended March 31, 2000, an increase of 339 basis points from the same period in 1999. The cash basis efficiency ratio was 50.98 percent for the three months ended March 31, 2000, an improvement of 278 basis points from the comparable 1999 period, due to a 26 percent increase in noninterest income combined with a slight increase in noninterest expense of four percent.
 - o Net interest income on a taxable-equivalent basis was \$4.6 billion for the three months ended March 31, 2000, a one percent decrease from a year earlier, but one percent above the three months ended December 31, 1999. Loan growth and higher levels of core deposits and equity were offset by the impact of asset securitizations and loan sales during 1999, spread compression and share repurchases. Average managed loans and leases were \$406 billion, a nine percent increase from the respective 1999 period, primarily due to a 19 percent increase in consumer loans and leases. Average domestic deposits grew to \$295 billion, a \$5.8 billion increase from the same period in 1999. The net interest yield was 3.27 percent for the three months ended March 31, 2000, a 31 basis point decline from the comparable 1999 period. The decrease was primarily due to a higher level of lower yielding trading-related assets and investment securities combined with spread compression and the cost of share repurchases.
 - o The provision for credit losses for the three months ended March 31, 2000 was \$420 million, a \$90 million decrease from the same 1999 period. Net charge-offs decreased to \$420 million or 0.45 percent of average loans and leases, for the three months ended March 31, 2000, a decrease of \$99 million or 13 basis points from the comparable 1999 period, mainly reflecting lower bankcard net charge-offs. Nonperforming assets were \$3.5 billion or 0.91 percent of loans, leases and foreclosed properties at March 31, 2000, a \$361 million or five basis point increase from March 31, 1999. The allowance for credit losses totaled \$6.8 billion at March 31, 2000, a decrease of \$296 million from March 31, 1999.
 - o Securities gains were \$6 million for the three months ended March 31, 2000, compared to \$130 million in the respective 1999 period.
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- o Noninterest income was \$4.0 billion for the three months ended March 31, 2000, an \$823 million increase from the comparable 1999 period, primarily due to the Corporation's strategy to expand customer relationships through both traditional banking and other financial service products. Trading profits were \$724 million, a \$224 million increase from the comparable 1999 period. Investment banking income increased to \$397 million, a \$164 million increase from the comparable 1999 period, primarily due to higher levels of securities underwriting fees. Equity investment gains increased to \$563 million for the three months ended March 31, 2000, an increase of \$408 million from the same 1999 period.
 - o Noninterest expense was \$4.6 billion for the three months ended March 31, 2000, a \$170 million increase from the respective 1999 period, reflecting higher revenue-related incentive compensation as well as spending on projects to improve sales and service, which was partially offset by cost reductions resulting from recent mergers. The efficiency ratio improved to 53.49 percent for the three months ended March 31, 2000, a 310 basis point improvement from the same period in 1999.

The remainder of management's discussion and analysis of the Corporation's results of operations and financial condition should be read in conjunction with the consolidated financial statements and related notes presented on pages 2 through 18.

Table One
Selected Financial Data

| (Dollars in millions, except per share information) | Three Months Ended March 31 | |
|---|--------------------------------|-----------|
| | 2000 | 1999 |
| <S> | <C> | <C> |
| Income statement | | |
| Interest income | \$ 10,086 | \$ 9,201 |
| Interest expense | 5,562 | 4,601 |
| Net interest income | 4,524 | 4,600 |
| Net interest income (taxable-equivalent basis) | 4,595 | 4,645 |
| Provision for credit losses | 420 | 510 |
| Gains on sales of securities | 6 | 130 |
| Noninterest income | 4,046 | 3,223 |
| Other noninterest expense | 4,623 | 4,453 |
| Income before income taxes | 3,533 | 2,990 |
| Income tax expense | 1,293 | 1,076 |
| Net income | 2,240 | 1,914 |
| Net income available to common shareholders | 2,239 | 1,912 |
| Average common shares issued and outstanding (in thousands) | 1,669,311 | 1,737,562 |
| Performance ratios | | |
| Return on average assets | 1.38 % | 1.27 % |
| Return on average common shareholders' equity | 19.59 | 16.78 |
| Total equity to total assets (period-end) | 6.90 | 7.62 |
| Total average equity to total average assets | 7.07 | 7.59 |
| Efficiency ratio | 53.49 | 56.59 |
| Dividend payout ratio | 37.16 | 40.90 |
| Per common share data | | |
| Earnings | \$ 1.34 | \$ 1.10 |
| Diluted earnings | 1.33 | 1.08 |
| Cash dividends paid | .50 | .45 |
| Book value | 27.28 | 26.86 |
| Cash basis financial data (1) | | |
| Earnings per common share | 1.47 | 1.23 |
| Diluted earnings per common share | 1.46 | 1.20 |
| Return on average tangible assets | 1.55 % | 1.46 % |
| Return on average tangible common shareholders' equity | 30.83 | 27.44 |
| Efficiency ratio | 50.98 | 53.76 |
| Ending tangible equity to tangible assets | 4.90 | 5.38 |
| Balance sheet (period-end) | | |
| Total loans and leases | \$382,085 | \$363,102 |
| Total assets | 656,113 | 614,245 |
| Total deposits | 351,626 | 343,317 |
| Long-term debt | 62,059 | 50,899 |
| Trust preferred securities | 4,955 | 4,954 |
| Common shareholders' equity | 45,222 | 46,761 |
| Total shareholders' equity | 45,299 | 46,831 |
| Risk-based capital ratios (period-end) | | |
| Tier 1 capital | 7.42 % | 7.40 % |
| Total capital | 11.00 | 11.17 |
| Leverage ratio | 6.17 | 6.47 |
| Market price per share of common stock | | |
| Closing | \$52 7/16 | \$70 5/8 |
| High | 55 3/16 | 74 1/2 |
| Low | 42 5/16 | 59 1/2 |

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

Business Segment Operations

The Corporation provides a diversified range of banking and nonbanking financial services and products through its various subsidiaries. During the first quarter of 2000, the Corporation realigned its business segments to report the results of the Corporation's operations through three business segments: Consumer and Commercial Banking, Asset Management, and Global Corporate and Investment Banking.

The business segments summarized in Table Two are primarily managed with a focus on various performance objectives including total revenue, net income, return on average equity and efficiency. These performance objectives are also presented on a cash basis, which excludes the impact of goodwill and other intangible assets and their related amortization expense. Total revenue includes net interest income on a taxable-equivalent basis and noninterest income. The net interest yield of the business segments reflects the results of a funds transfer pricing process which derives net interest income by matching assets and liabilities with similar interest rate sensitivity and maturity characteristics. Equity capital is allocated to each business segment based on

an assessment of its inherent risk.

See Note Eight of the consolidated financial statements on page 17 for additional business segment information and reconciliations to consolidated amounts.

<TABLE>
<CAPTION>

Table Two
Business Segment Summary

| For the Three Months Ended March 31 Corporate and Banking | Consumer and Commercial Banking | | | | Asset Management | | Global Investment |
|---|------------------------------------|-----------|-----------|----------|------------------|------|----------------------|
| | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 |
| (Dollars in millions) 1999 | | | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| Total revenue \$ 2,174 | \$ 5,018 | \$ 5,029 | \$ 565 | \$ 564 | \$ 2,900 | | |
| Net income 546 | 1,060 | 1,070 | 154 | 151 | 960 | | |
| Cash basis earnings 589 | 1,228 | 1,243 | 160 | 158 | 1,002 | | |
| Net interest yield 2.09 % | 5.02 % | 5.35 % | 2.89 % | 2.95 % | 2.00 % | | |
| Average equity to average assets 6.47 | 8.01 | 8.14 | 7.83 | 8.78 | 6.25 | | |
| Return on average equity 15.4 | 17.8 | 18.6 | 35.6 | 36.1 | 26.0 | | |
| Return on tangible equity 18.5 | 25.9 | 27.5 | 41.2 | 42.3 | 30.0 | | |
| Efficiency ratio 54.9 | 57.7 | 58.8 | 53.8 | 53.6 | 47.1 | | |
| Cash basis efficiency ratio 52.9 | 54.4 | 55.4 | 52.7 | 52.5 | 45.7 | | |
| Average: | | | | | | | |
| Total loans and leases \$113,800 | \$248,480 | \$229,958 | \$ 20,724 | \$17,744 | \$107,507 | | |
| Total deposits 65,858 | 253,061 | 250,631 | 10,967 | 12,343 | 66,463 | | |
| Total assets 222,657 | 299,360 | 287,207 | 22,264 | 19,390 | 237,567 | | |
| Period-end: | | | | | | | |
| Total loans and leases 111,854 | 254,363 | 233,758 | 21,172 | 18,298 | 106,577 | | |
| Total deposits 65,389 | 260,439 | 252,356 | 11,757 | 12,487 | 65,974 | | |
| Total assets 219,279 | 306,862 | 281,235 | 22,949 | 20,325 | 234,899 | | |

</TABLE>
Consumer and Commercial Banking

The major components of this segment are the Banking Regions, Consumer Products and Commercial Banking.

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<TABLE>
<CAPTION>

| For the Three Months Ended March 31 | Consumer and Commercial Banking | |
|-------------------------------------|------------------------------------|---------|
| (Dollars in millions) | 2000 | 1999 |
| <S> | <C> | <C> |
| Total revenue | \$5,018 | \$5,029 |
| Cash basis earnings | 1,228 | 1,243 |
| Cash basis efficiency ratio | 54.4 % | 55.4 % |

</TABLE>

- o Total revenue declined \$11 million driven by lower taxable-equivalent net interest income, partially offset by higher noninterest income.
- o Taxable-equivalent net interest income declined due to margin

- o compression, loan sales and securitizations.
- o Noninterest income rose led by higher credit card income.
- o Cash basis earnings decreased due to lower total revenue and higher provision expense, partially offset by lower noninterest expense.
- o Provision expense increased \$28 million primarily driven by loan growth.
- o Noninterest expense decreased \$59 million as further merger-related savings resulted in decreases across most expense categories.

Banking Regions

Banking Regions serve approximately 30 million consumer households in 21 states and the District of Columbia and overseas through its extensive network of over 4,500 banking centers, 14,000 ATM's, telephone and Internet channels. Banking Regions provides a wide array of products and services, including deposit products such as checking, money market savings accounts, time deposits and IRA's; and credit products such as home equity, personal auto and student loans and auto leasing. Banking Regions also includes small business banking providing treasury management, credit services, community investment, card, e-commerce and brokerage services to over 2 million small business relationships across the franchise.

<TABLE>
<CAPTION>

For the Three Months Ended March 31

| (Dollars in millions) | Banking Regions | |
|-----------------------------|-----------------|---------|
| | 2000 | 1999 |
| <S> | <C> | <C> |
| Total revenue | \$2,904 | \$2,854 |
| Cash basis earnings | 683 | 659 |
| Cash basis efficiency ratio | 61.3 % | 63.5 % |

</TABLE>

- o Total revenue rose 2% as an increase in noninterest income was partially offset by a decrease in taxable-equivalent net interest income.
 - o Taxable-equivalent net interest income decreased \$18 million due to compression in the net interest margin and loan sales throughout 1999.
 - o Noninterest income increased \$68 million primarily reflecting higher debit card income.
- o Cash basis earnings increased 4%, primarily due to the increase in revenue and a decrease in noninterest expense of \$32 million driven by merger-related savings.

Consumer Products

Consumer Products provides specialized services such as the origination and servicing of residential mortgage loans, issuance and servicing of credit and debit cards, direct banking via telephone and Internet, student lending and certain insurance services. Consumer Products also provides consumer home equity and auto loans, retail finance programs to dealerships and lease financing of new and used cars.

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<TABLE>
<CAPTION>

For the Three Months Ended March 31

| (Dollars in millions) | Consumer Products | |
|-----------------------------|-------------------|---------|
| | 2000 | 1999 |
| <S> | <C> | <C> |
| Total revenue | \$1,328 | \$1,452 |
| Cash basis earnings | 325 | 372 |
| Cash basis efficiency ratio | 44.8 % | 44.3 % |

</TABLE>

- o Total revenue fell 9% due to a \$69 million decrease in taxable-equivalent net interest income, resulting primarily from a shift in the loan portfolio mix to lower spread products as a result of loan sales and securitizations in 1999.
 - o Noninterest income decreased \$55 million primarily due to securitization gains in the first quarter of 1999.
- o Cash basis earnings declined 13%, primarily due to the decrease in total revenue, partially offset by a decrease in noninterest expense related to lower marketing expense, reflecting timing differences in marketing efforts across the Corporation, and lower equipment expense.

Commercial Banking

Commercial Banking provides commercial lending and treasury management services to middle market companies with annual revenue between \$10 million and \$500 million. These services are available through relationship manager teams as well as through alternative channels such as the telephone via the commercial service center and the Internet by accessing Bank of America Direct.

<TABLE>
<CAPTION>

For the Three Months Ended March 31

| (Dollars in millions) | Commercial Banking | |
|-----------------------------|--------------------|--------|
| | 2000 | 1999 |
| <S> | <C> | <C> |
| Total revenue | \$786 | \$723 |
| Cash basis earnings | 220 | 212 |
| Cash basis efficiency ratio | 45.0 % | 45.8 % |

</TABLE>

- o Total revenue increased 9% primarily due to an increase of \$44 million in noninterest income reflecting higher investment banking income.
 - o As a result of loan growth, taxable-equivalent net interest income increased \$19 million.
- o Cash basis earnings rose slightly because the increase in revenue was partially offset by an increase in provision for loan losses of \$25 million and a \$21 million increase in noninterest expense as a result of higher investment banking expense.

Asset Management

Asset Management includes the Private Bank, Banc of America Capital Management and Banc of America Investment Services, Inc. The Private Bank offers financial solutions to high-net-worth clients and foundations in the U.S. and internationally by providing customized asset management and credit, financial advisory, fiduciary and trust services, and banking services. Banc of America Capital Management, offering management of equity, fixed income, cash, and alternative investments, manages the assets of individuals, corporations, municipalities, foundations and universities, and public and private institutions as well as provides advisory services to the Corporation's affiliated family of mutual funds. Banc of America Investment Services, Inc. provides both full-service and discount brokerage services through investment professionals located throughout the franchise and a brokerage web site that provides

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customers a wide array of market analyses, investment research and self-help tools, as well as account information and transaction capabilities.

<TABLE>
<CAPTION>

For the Three Months Ended March 31

| (Dollars in millions) | Asset Management | |
|-----------------------------|------------------|--------|
| | 2000 | 1999 |
| <S> | <C> | <C> |
| Total revenue | \$565 | \$564 |
| Cash basis earnings | 160 | 158 |
| Cash basis efficiency ratio | 52.7 % | 52.5 % |

</TABLE>

- o Total revenue remained essentially flat at \$565 million, due to higher taxable-equivalent net interest income fully offset by lower noninterest income.
 - o Taxable-equivalent net interest income increased \$20 million reflecting strong loan growth in commercial and residential mortgage loans.
 - o Noninterest income decreased as 1999 results included gains on the disposition of certain businesses, partially offset by significantly increased investment and brokerage services income which was driven by market growth.

Global Corporate and Investment Banking

Global Corporate and Investment Banking provides a broad array of financial products such as investment banking, trade finance, treasury management, capital markets, leasing and financial advisory services to domestic and international corporations, financial institutions and government entities. Clients are supported through offices in 37 countries in four distinct geographic regions: U.S. and Canada; Asia; Europe, Middle East and Africa; and Latin America. Products and services provided include loan origination, debt and equity underwriting and trading, cash management, derivatives, foreign exchange, leasing, leveraged finance, project finance, real estate finance, senior bank debt, structured finance and trade services.

<TABLE>
<CAPTION>

| For the Three Months Ended March 31 (Dollars in millions) | Global Corporate and Investment Banking | |
|--|--|---------|
| | 2000 | 1999 |
| Total revenue | \$2,900 | \$2,174 |
| Cash basis earnings | 1,002 | 589 |
| Cash basis efficiency ratio | 45.7 % | 52.9 % |

</TABLE>

- o Total revenue rose 33% over 1999 led by higher noninterest income.
 - o Noninterest income rose 58% as a result of strong trading results driven by customer flow and market volatility, equity investment gains driven by appreciation of \$189 million and gains on sales, and investment banking activities.
- o Cash basis earnings were up 70% over first quarter 1999 due to an increase in noninterest income and a decrease in the provision for credit losses which was partially offset by a 15% increase in noninterest expense.
 - o Provision expense improved \$110 million due primarily to reduction in the size and risk of the international portfolio.
 - o Noninterest expense increased reflecting higher revenue-related incentive compensation.

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Global Corporate and Investment Banking offers clients a comprehensive range of global capabilities through five components: Global Credit Products, Global Capital Raising, Global Markets, Global Treasury Services and Principal Investing.

Global Credit Products

Global Credit Products provides credit and lending services and includes the corporate industry-focused portfolio, real estate, leasing and project finance.

<TABLE>
<CAPTION>

| For the Three Months Ended March 31 (Dollars in millions) | Global Credit Products | |
|--|------------------------|--------|
| | 2000 | 1999 |
| Total revenue | \$726 | \$737 |
| Cash basis earnings | 291 | 279 |
| Cash basis efficiency ratio | 23.2 % | 25.3 % |

</TABLE>

- o Total revenue declined 1% primarily as a result of a \$20 million decrease in taxable-equivalent net interest income due to strategic reductions in foreign and commercial loan portfolios.
- o Cash basis earnings increased 4% due to a decrease in noninterest expense as a result of merger-related savings.

Global Capital Raising

Global Capital Raising houses the Corporation's investment banking activities. Through a separate subsidiary, Banc of America Securities LLC, formerly NationsBanc Montgomery Securities LLC, Global Capital Raising underwrites and makes markets in equity securities, high-grade and high-yield corporate debt securities, commercial paper, mortgage-backed and asset-backed securities. Banc of America Securities LLC also provides correspondent clearing services for other securities broker/dealers, offers traditional brokerage service to high-net-worth individuals, provides prime-brokerage services and makes markets in equity derivatives. Debt and equity securities research, loan syndications, mergers and acquisitions advisory services, private placements and equity derivatives are also provided through Banc of America Securities LLC.

<TABLE>
<CAPTION>

For the Three Months Ended March 31

| (Dollars in millions) | Global Capital Raising | |
|-----------------------------|------------------------|--------|
| | 2000 | 1999 |
| <S> | <C> | <C> |
| Total revenue | \$803 | \$474 |
| Cash basis earnings | 189 | 29 |
| Cash basis efficiency ratio | 71.8 % | 90.9 % |

</TABLE>

- o Total revenue rose 69% as a result of a 57% rise in noninterest income led by investment banking income due to growth in syndications, equity underwriting and advisory services. In addition, volatility in the equities markets drove trading account profits higher in both equity securities and derivatives.
- o The growth in revenue was partially offset by increases in revenue-related incentive compensation yet producing \$160 million return over the prior period in cash basis earnings.

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Global Markets

Global Markets provides business solutions for a global customer base using interest rate derivatives, foreign exchange products, commodity derivatives and mortgage-related products. In support of these activities the businesses will take positions in these products and capitalize on market-making activities. The Global Markets business also takes an active role in the trading of fixed income securities in all of the regions in which Global Corporate and Investment Banking transacts business and is a primary dealer in the U.S. as well as in several international locations.

<TABLE>
<CAPTION>

For the Three Months Ended March 31

| (Dollars in millions) | Global Markets | |
|-----------------------------|----------------|--------|
| | 2000 | 1999 |
| <S> | <C> | <C> |
| Total revenue | \$594 | \$522 |
| Cash basis earnings | 191 | 182 |
| Cash basis efficiency ratio | 50.2 % | 47.8 % |

</TABLE>

- o Total revenue increased 14% driven primarily by increases in trading account profits due to strong customer activity in both the interest rate and foreign currency markets.
- o Cash basis earnings increased 5% as noninterest expense increased 20% driven primarily by revenue-related incentive compensation.

Global Treasury Services

Global Treasury Services provides the technology, strategies and integrated solutions to help public and private companies of all sizes, financial institutions and government agencies manage their operations and cash flows on a local, regional, national and global level.

<TABLE>
<CAPTION>

For the Three Months Ended March 31

| (Dollars in millions) | Global Treasury Services | |
|-----------------------------|--------------------------|--------|
| | 2000 | 1999 |
| <S> | <C> | <C> |
| Total revenue | \$334 | \$328 |
| Cash basis earnings | 77 | 44 |
| Cash basis efficiency ratio | 76.6 % | 80.0 % |

</TABLE>

- o Total revenue rose 2% due to an increase in noninterest income of \$12

- million primarily attributable to corporate service charges.
- o Cash basis earnings increased 75% as credit upgrades in the international portfolio resulted in a decrease in the provision for credit losses.

Principal Investing

Principal Investing invests in both direct and indirect equity investments in a wide variety of transactions. Domestic activities include investments from early-stage seed capital to mezzanine financing, late-stage and buyout investments. International investing focuses on established businesses in Asia, Europe and Latin America delivering strategic and financial guidance, broad business experience and access to our global resources.

<TABLE>
<CAPTION>

For the Three Months Ended March 31

| (Dollars in millions) | Principal Investing | |
|-----------------------------|---------------------|--------|
| | 2000 | 1999 |
| <S> | <C> | <C> |
| Total revenue | \$443 | \$113 |
| Cash basis earnings | 254 | 55 |
| Cash basis efficiency ratio | 5.6 % | 19.5 % |

</TABLE>

- o Total revenue and cash basis earnings increased due to higher equity investment gains, which were driven by appreciation of \$189 million, with the remainder attributable to gains on sales.

Results of Operations

Net Interest Income

An analysis of the Corporation's net interest income on a taxable-equivalent basis and average balance sheet for the most recent five quarters is presented in Table Three.

As reported, net interest income on a taxable-equivalent basis was \$4.6 billion for the three months ended March 31, 2000, a decrease of \$50 million compared to the same period in 1999. Management also reviews "core net interest income", which adjusts reported net interest income for the impact of trading-related activities, securitizations, asset sales and divestitures. For purposes of internal analysis, management combines trading-related net interest income with trading revenue, as discussed in the "Noninterest Income" section below, as trading strategies are typically evaluated on total revenue. The determination of core net interest income also requires adjustment for the impact of securitizations (primarily home equity and credit card), asset sales (primarily residential and commercial real estate loans) and divestitures. Net interest income associated with assets that have been securitized is predominantly offset in noninterest income, as the Corporation takes on the role of servicer and records servicing income and gains on securitizations, where appropriate.

The table below provides a reconciliation between net interest income on a taxable-equivalent basis presented in Table Three and core net interest income for the three months ended March 31, 2000 and 1999:

<TABLE>
<CAPTION>

| Increase/ (Decrease) | Three Months Ended | |
|-------------------------|--------------------|------|
| | March 31 | |
| (Dollars in millions) | 2000 | 1999 |
| <S> | <C> | <C> |

| | | |
|--|------------|-----------|
| <C> | | |
| Net interest income | | |
| As reported (1) | \$ 4,595 | \$ 4,645 |
| (1.08)% | | |
| Less: Trading-related net interest income | (217) | (167) |
| Add: Impact of securitizations, asset sales and divestitures | 103 | 4 |
| ----- | | |
| Core net interest income | \$ 4,481 | \$ 4,482 |
| (0.02)% | | |
| ----- | | |
| Average earning assets | | |
| As reported | \$ 563,170 | \$523,682 |
| 7.54 % | | |
| Less: Trading-related earning assets | (112,376) | (81,592) |
| Add: Earning assets securitized, sold and divested | 13,345 | 273 |
| ----- | | |
| Core average earning assets | \$ 464,139 | \$442,363 |
| 4.92 % | | |
| ----- | | |
| ----- | | |
| Net yield on earning assets (1,2) | | |
| As reported | 3.27 % | 3.58 % |
| (31)bp | | |
| Add: Impact of trading-related activities | 0.60 | 0.51 |
| 9 | | |
| Impact of securitizations, asset sales and divestitures | - | - |
| ----- | | |
| Core net interest yield on earning assets | 3.87 % | 4.09 % |
| (22)bp | | |
| ----- | | |

(1) Net interest income is presented on a taxable-equivalent basis.
(2) bp denotes basis points; 100 bp equals 1%.

</TABLE>

Core net interest income on a taxable-equivalent basis remained essentially unchanged at \$4.5 billion for the three months ended March 31, 2000 compared to the respective 1999 period. Managed loan growth, particularly in consumer products, and higher levels of core deposits and equity did not fully offset changing rates and spread compression and share repurchases.

Core average earning assets increased \$21.8 billion to \$464.1 billion for the three months ended March 31, 2000 compared to the same period in 1999, primarily reflecting managed loan growth of nine percent and higher levels of investment securities. Managed consumer loans increased 19 percent, led by growth in residential first mortgages and real-estate secured loans of 31 percent and 35 percent, respectively. Loan growth is dependent on economic conditions, as well as various discretionary factors, such as decisions to securitize certain loan portfolios and the management of borrower, industry, product and geographic concentrations.

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The core net interest yield decreased 22 basis points to 3.87 percent for the three months ended March 31, 2000 from the respective 1999 period, mainly due to a higher level of lower yielding investment securities combined with spread compression and the cost of share repurchases.

Provision for Credit Losses

The provision for credit losses totaled \$420 million for the three months ended March 31, 2000, compared to \$510 million for the same period in 1999. The decrease in the provision for credit losses was primarily due to a reduction in the inherent risk and size of the Corporation's emerging markets portfolio and a change in the composition of the loan portfolio from commercial real estate - domestic, commercial - foreign and credit card to more consumer residential mortgage loans. Total net charge-offs were \$420 million for the three months ended March 31, 2000. For additional information on the allowance for credit losses, certain credit quality ratios and credit quality information on specific loan categories, see the "Credit Risk Management and Credit Portfolio Review" section beginning on page 41.

Gains on Sales of Securities

Gains on sales of securities were \$6 million for the three months ended March 31, 2000, compared to \$130 million for the corresponding period in 1999. The decrease was the result of continued unfavorable market conditions for certain debt securities.

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<TABLE>
<CAPTION>

| Table Three | | | | | | |
|--|--------------------|--------------------------------|----------------|---------------------|--------------------------------|-------|
| Quarterly Average Balances and Interest Rates - Taxable-Equivalent Basis | | | | | | |
| Yield/ (Dollars in millions) | First Quarter 2000 | | | Fourth Quarter 1999 | | |
| | Average Balance | Interest Income/ Expense | Yield/ Rate | Average Balance | Interest Income/ Expense | Rate |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Earning assets | | | | | | |
| Time deposits placed and other short-term investments | \$4,504 | \$ 75 | 6.65 % | \$4,512 | \$ 73 | 6.33 |
| % | | | | | | |
| Federal funds sold and securities purchased under agreements to resell | 45,459 | 575 | 5.07 | 39,700 | 458 | 4.60 |
| Trading account assets | 39,733 | 542 | 5.47 | 38,453 | 544 | 5.63 |
| Securities: | | | | | | |
| Available-for-sale (1) | 86,878 | 1,332 | 6.15 | 85,009 | 1,301 | 6.10 |
| Held-for-investment | 1,333 | 24 | 7.19 | 1,433 | 25 | 7.25 |
| Total securities | 88,211 | 1,356 | 6.16 | 86,442 | 1,326 | 6.12 |
| Loans and leases (2): | | | | | | |
| Commercial - domestic | 145,362 | 2,824 | 7.81 | 140,674 | 2,707 | 7.64 |
| Commercial - foreign | 27,927 | 486 | 6.99 | 27,430 | 453 | 6.56 |
| Commercial real estate - domestic | 24,664 | 517 | 8.43 | 24,345 | 506 | 8.23 |
| Commercial real estate - foreign | 344 | 8 | 9.29 | 306 | 6 | 8.96 |
| Total commercial | 198,297 | 3,835 | 7.78 | 192,755 | 3,672 | 7.56 |
| Residential mortgage | 85,427 | 1,566 | 7.34 | 79,783 | 1,450 | 7.26 |
| Home equity lines | 17,573 | 377 | 8.62 | 16,882 | 345 | 8.12 |
| Direct/Indirect consumer | 41,858 | 887 | 8.52 | 42,442 | 888 | 8.30 |
| Consumer finance | 22,798 | 486 | 8.53 | 21,340 | 440 | 8.18 |
| Bankcard | 8,404 | 234 | 11.22 | 8,578 | 245 | 11.32 |
| Foreign consumer | 2,227 | 50 | 9.00 | 2,430 | 54 | 8.77 |
| Total consumer | 178,287 | 3,600 | 8.10 | 171,455 | 3,422 | 7.94 |
| Total loans and leases | 376,584 | 7,435 | 7.93 | 364,210 | 7,094 | 7.74 |
| Other earning assets | 8,679 | 174 | 8.11 | 10,247 | 193 | 7.51 |
| Total earning assets (3) | 563,170 | 10,157 | 7.24 | 543,564 | 9,688 | 7.09 |
| Cash and cash equivalents | 25,830 | | | 25,467 | | |
| Other assets, less allowance for credit losses | 62,019 | | | 61,712 | | |
| Total assets | \$651,019 | | | \$630,743 | | |
| Interest-bearing liabilities | | | | | | |
| Domestic interest-bearing deposits: | | | | | | |
| Savings | \$24,237 | 78 | 1.29 | \$25,082 | 80 | 1.27 |
| NOW and money market deposit accounts | 98,424 | 679 | 2.78 | 97,481 | 639 | 2.60 |
| Consumer CDs and IRAs | 76,074 | 983 | 5.20 | 74,653 | 932 | 4.95 |

| | | | | | | |
|---|-----------|---------|--------|-----------|---------|--------|
| Negotiated CDs, public funds and other time deposits | 6,966 | 103 | 5.93 | 6,825 | 98 | 5.73 |
| ----- | | | | | | |
| Total domestic interest-bearing deposits | 205,701 | 1,843 | 3.60 | 204,041 | 1,749 | 3.40 |
| ----- | | | | | | |
| Foreign interest-bearing deposits (4): | | | | | | |
| Banks located in foreign countries | 14,180 | 188 | 5.33 | 14,305 | 178 | 4.93 |
| Governments and official institutions | 8,745 | 124 | 5.72 | 7,121 | 99 | 5.53 |
| Time, savings and other | 26,382 | 340 | 5.17 | 24,993 | 298 | 4.72 |
| ----- | | | | | | |
| Total foreign interest-bearing deposits | 49,307 | 652 | 5.31 | 46,419 | 575 | 4.91 |
| ----- | | | | | | |
| Total interest-bearing deposits | 255,008 | 2,495 | 3.93 | 250,460 | 2,324 | 3.68 |
| ----- | | | | | | |
| Federal funds purchased, securities sold under agreements to repurchase and other short-term borrowings | 131,517 | 1,802 | 5.51 | 120,858 | 1,638 | 5.38 |
| Trading account liabilities | 23,013 | 181 | 3.16 | 19,223 | 190 | 3.92 |
| Long-term debt (5) | 64,256 | 1,084 | 6.75 | 59,972 | 995 | 6.63 |
| ----- | | | | | | |
| Total interest-bearing liabilities (6) | 473,794 | 5,562 | 4.72 | 450,513 | 5,147 | 4.54 |
| ----- | | | | | | |
| Noninterest-bearing sources: | | | | | | |
| Noninterest-bearing deposits | 90,366 | | | 91,453 | | |
| Other liabilities | 40,829 | | | 41,985 | | |
| Shareholders' equity | 46,030 | | | 46,792 | | |
| ----- | | | | | | |
| Total liabilities and shareholders' equity | \$651,019 | | | \$630,743 | | |
| ----- | | | | | | |
| Net interest spread | | | 2.52 | | | 2.55 |
| Impact of noninterest-bearing sources | | | .75 | | | .77 |
| ----- | | | | | | |
| Net interest income/yield on earning assets | | \$4,595 | 3.27 % | | \$4,541 | 3.32 % |

- (1) The average balance and yield on available-for-sale securities are based on the average of historical amortized cost balances.
- (2) Nonperforming loans are included in the average loan balances. Income on such nonperforming loans is recognized on a cash basis.
- (3) Interest income includes taxable-equivalent basis adjustments of \$71 in the first quarter of 2000 and \$66, \$53, \$51 and \$45 in the fourth, third, second and first quarters of 1999, respectively. Interest income also includes the impact of risk management interest rate contracts, which increased interest income on the underlying assets \$7 in the first quarter of 2000 and \$57, \$103, \$83 and \$63 in the fourth, third, second and first quarters of 1999, respectively.
- (4) Primarily consists of time deposits in denominations of \$100,000 or more.
- (5) Long-term debt includes trust preferred securities.
- (6) Interest expense includes the impact of risk management interest rate contracts, which (increased) decreased interest expense on the underlying liabilities \$(8) in the first quarter of 2000 and \$(2), \$6, \$52 and \$60 in the fourth, third, second and first quarters of 1999, respectively.

</TABLE>

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<TABLE>
<CAPTION>

| Third Quarter 1999 | | | Second Quarter 1999 | | | First Quarter 1999 | | |
|--------------------|-------------------------|------------|---------------------|-------------------------|------------|--------------------|-------------------------|------------|
| Average Balance | Interest Income/Expense | Yield/Rate | Average Balance | Interest Income/Expense | Yield/Rate | Average Balance | Interest Income/Expense | Yield/Rate |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| \$5,018 | \$ 69 | 5.50 % | \$ 5,159 | \$ 65 | 5.03 % | \$ 6,408 | \$ 88 | 5.58 % |
| 33,074 | 440 | 5.30 | 29,521 | 387 | 5.25 | 26,561 | 381 | 5.80 |
| 37,453 | 483 | 5.14 | 39,837 | 528 | 5.31 | 41,129 | 547 | 5.36 |

| | | | | | | | | |
|-----------|---------|--------|-----------|---------|--------|-----------|---------|--------|
| 78,779 | 1,208 | 6.12 | 76,373 | 1,139 | 5.97 | 73,925 | 1,161 | 6.31 |
| 1,482 | 26 | 7.02 | 1,482 | 28 | 7.61 | 1,905 | 33 | 6.84 |
| 80,261 | 1,234 | 6.13 | 77,855 | 1,167 | 6.00 | 75,830 | 1,194 | 6.33 |
| 136,149 | 2,488 | 7.25 | 138,257 | 2,473 | 7.17 | 138,272 | 2,444 | 7.16 |
| 28,348 | 494 | 6.93 | 30,209 | 456 | 6.05 | 31,568 | 494 | 6.35 |
| 25,056 | 517 | 8.19 | 25,938 | 533 | 8.25 | 26,827 | 559 | 8.45 |
| 295 | 7 | 8.80 | 289 | 6 | 8.48 | 286 | 6 | 8.79 |
| 189,848 | 3,506 | 7.33 | 194,693 | 3,468 | 7.14 | 196,953 | 3,503 | 7.21 |
| 80,015 | 1,431 | 7.14 | 80,151 | 1,430 | 7.14 | 75,789 | 1,356 | 7.18 |
| 16,316 | 321 | 7.79 | 15,857 | 304 | 7.68 | 15,537 | 298 | 7.79 |
| 42,740 | 875 | 8.13 | 42,240 | 859 | 8.15 | 41,652 | 847 | 8.24 |
| 19,923 | 433 | 8.62 | 17,794 | 424 | 9.56 | 15,880 | 373 | 9.53 |
| 8,923 | 256 | 11.38 | 10,365 | 306 | 11.83 | 11,287 | 327 | 11.76 |
| 3,635 | 86 | 9.36 | 3,653 | 87 | 9.55 | 3,648 | 89 | 9.90 |
| 171,552 | 3,402 | 7.89 | 170,060 | 3,410 | 8.03 | 163,793 | 3,290 | 8.11 |
| 361,400 | 6,908 | 7.59 | 364,753 | 6,878 | 7.56 | 360,746 | 6,793 | 7.62 |
| 11,358 | 213 | 7.40 | 12,924 | 232 | 7.23 | 13,008 | 243 | 7.53 |
| 528,564 | 9,347 | 7.03 | 530,049 | 9,257 | 7.00 | 523,682 | 9,246 | 7.13 |
| 25,905 | | | 25,868 | | | 25,826 | | |
| 56,979 | | | 59,447 | | | 60,116 | | |
| \$611,448 | | | \$615,364 | | | \$609,624 | | |
| \$26,037 | 82 | 1.25 | \$21,799 | 67 | 1.24 | \$21,637 | 71 | 1.33 |
| 96,402 | 579 | 2.38 | 100,897 | 581 | 2.31 | 99,864 | 575 | 2.33 |
| 73,429 | 898 | 4.85 | 73,601 | 847 | 4.61 | 74,362 | 857 | 4.68 |
| 6,609 | 94 | 5.66 | 6,238 | 80 | 5.14 | 6,914 | 89 | 5.20 |
| 202,477 | 1,653 | 3.24 | 202,535 | 1,575 | 3.12 | 202,777 | 1,592 | 3.18 |
| 13,668 | 160 | 4.65 | 16,947 | 196 | 4.62 | 20,379 | 268 | 5.34 |
| 7,185 | 90 | 4.99 | 8,089 | 98 | 4.81 | 9,172 | 113 | 5.02 |
| 25,500 | 295 | 4.57 | 26,354 | 299 | 4.56 | 26,980 | 339 | 5.10 |
| 46,353 | 545 | 4.66 | 51,390 | 593 | 4.62 | 56,531 | 720 | 5.17 |
| 248,830 | 2,198 | 3.50 | 253,925 | 2,168 | 3.42 | 259,308 | 2,312 | 3.62 |
| 114,934 | 1,437 | 4.96 | 116,339 | 1,396 | 4.82 | 112,384 | 1,355 | 4.88 |
| 15,677 | 189 | 4.78 | 14,178 | 150 | 4.25 | 12,679 | 129 | 4.13 |
| 59,283 | 920 | 6.21 | 58,302 | 880 | 6.03 | 52,642 | 805 | 6.12 |
| 438,724 | 4,744 | 4.30 | 442,744 | 4,594 | 4.16 | 437,013 | 4,601 | 4.26 |
| 88,168 | | | 88,324 | | | 86,623 | | |
| 38,117 | | | 37,405 | | | 39,709 | | |
| 46,439 | | | 46,891 | | | 46,279 | | |
| \$611,448 | | | \$615,364 | | | \$609,624 | | |
| | | 2.73 | | | 2.84 | | | 2.87 |
| | | .73 | | | .69 | | | .71 |
| | \$4,603 | 3.46 % | | \$4,663 | 3.53 % | | \$4,645 | 3.58 % |

</TABLE>

Noninterest Income

As presented in Table Four, noninterest income increased \$823 million to \$4.0 billion for the three months ended March 31, 2000 over the comparable 1999 period, primarily reflecting higher levels of equity investment gains, trading account profits, investment banking income and card income, partially offset by a decline in other income.

<TABLE>

<CAPTION>

Noninterest Income

| (Dollars in millions) | Three Months Ended March 31 | | Increase/ (Decrease) | |
|--|-----------------------------|----------------|----------------------|---------------|
| | 2000 | 1999 | Amount | Percent |
| <S> | <C> | <C> | <C> | <C> |
| Consumer service charges | \$ 618 | \$ 603 | \$15 | 2.5 % |
| Corporate service charges | 489 | 453 | 36 | 7.9 |
| Total service charges | 1,107 | 1,056 | 51 | 4.8 |
| Consumer investment and brokerage services | 364 | 311 | 53 | 17.0 |
| Corporate investment and brokerage services | 121 | 115 | 6 | 5.2 |
| Total investment and brokerage services | 485 | 426 | 59 | 13.8 |
| Mortgage servicing income | 128 | 132 | (4) | (3.0) |
| Investment banking income | 397 | 233 | 164 | 70.4 |
| Equity investment gains | 563 | 155 | 408 | n/m |
| Card income | 484 | 394 | 90 | 22.8 |
| Trading account profits | 724 | 500 | 224 | 44.8 |
| Other income | 158 | 327 | (169) | (51.7) |
| Total | \$4,046 | \$3,223 | \$ 823 | 25.5 % |

n/m = not meaningful

</TABLE>

- o Service charges include deposit account service charges, non-deposit service charges and fees, bankers' acceptances and letters of credit fees and fees on factored accounts receivable. Service charges increased \$51 million to \$1.1 billion for the three months ended March 31, 2000 compared to the same period in 1999, primarily due to higher levels of corporate service charges which increased \$36 million to \$489 million compared to the same 1999 period. The increase in corporate service charges mainly reflected higher revenue from service charge fees on commercial deposit accounts and treasury management fees. Consumer service charges increased \$15 million to \$618 million as lower growth levels compared to corporate service charges reflected the Corporation's efforts to strengthen relationships with and reward valued customers by reducing or waiving certain fees.
- o Investment and brokerage services include personal and institutional asset management fees, and consumer and corporate brokerage fees. Income from investment and brokerage services was \$485 million for the three months ended March 31, 2000, an increase of \$59 million over the same period in 1999, primarily attributable to higher revenue from consumer investment and brokerage services. Revenue from consumer investment and brokerage services totaled \$364 million for the three months ended March 31, 2000, an increase of \$53 million compared to the respective 1999 period, primarily reflecting new business and market growth. Income from corporate investment and brokerage services increased \$6 million to \$121 million for the three months ended March 31, 2000 over the comparable 1999 period.
- o Mortgage servicing income decreased \$4 million to \$128 million for the three months ended March 31, 2000 over the respective 1999 period, primarily reflecting the effect of lower origination activity which was partially offset by higher mortgage servicing fees and slower prepayment speeds. The average managed portfolio of loans serviced increased \$51.4 billion to \$320.9 billion for the three months ended March 31, 2000 over the comparable period in 1999. First mortgage loans originated through the Corporation decreased \$8.9 billion to \$13.4 billion for the three months ended March 31, 2000 compared to the respective period in 1999, reflecting a slowdown in refinancings as a result of a

general increase in levels of interest rates. Origination volume for the three months ended March 31, 2000 was composed of approximately \$5.0 billion of retail loans and \$8.4 billion of correspondent and wholesale loans.

In conducting its mortgage production activities, the Corporation is exposed to interest rate risk for the period between the loan commitment date and the loan funding date. To manage this risk, the Corporation enters into various financial instruments including forward delivery and option contracts. The notional amount of such contracts was \$2.9 billion at March 31, 2000 with associated net unrealized losses of \$12 million. At December 31, 1999, the notional amount of such contracts was \$2.7 billion with associated net unrealized gains of \$18 million. These contracts have an average expected maturity of less than 90 days. To manage risk associated with changes in prepayment rates and the impact on mortgage servicing rights, the Corporation uses various financial instruments including options and certain swap contracts. At March 31, 2000, deferred net gains from mortgage servicing rights hedging activity were \$32 million, comprised of unamortized realized deferred gains of \$239 million and unrealized losses of \$207 million on closed and open positions, respectively. At December 31, 1999, deferred net losses from mortgage servicing rights hedging activity were \$20 million, comprised of unamortized realized deferred gains of \$313 million and unrealized losses of \$333 million on closed and open positions, respectively. Notional amounts of hedge instruments used for mortgage servicing rights hedging activities were \$44.7 billion and \$43.4 billion at March 31, 2000 and December 31, 1999, respectively.

- o Investment banking income was \$397 million for the three months ended March 31, 2000, an increase of \$164 million over the same 1999 period reflecting the Corporation's continued growth and market share gains in this business. Securities underwriting fees increased \$107 million to \$179 million for the three months ended March 31, 2000, mainly due to strong growth in equity underwriting which more than offset the slowdown in the fixed income markets. Syndication fees increased \$61 million to \$131 million for the three months ended March 31, 2000 compared to the respective 1999 period, reflecting the Corporation's continued strong position as lead arranger on syndications. Advisory services fees increased \$30 million to \$72 million for the three months ended March 31, 2000 from the comparable 1999 period, primarily attributable to strong revenue from a higher volume of large merger and acquisition deals.

Investment banking income by major activity follows:

<TABLE>
<CAPTION>

| (Dollars in millions) | Three Months Ended March 31 | |
|---------------------------|--------------------------------|-------|
| | 2000 | 1999 |
| <S> | <C> | <C> |
| Investment banking income | | |
| Securities underwriting | \$179 | \$72 |
| Syndications | 131 | 70 |
| Advisory services | 72 | 42 |
| Other | 15 | 49 |
| Total | \$397 | \$233 |

</TABLE>

- o Equity investment gains include investments in both principal investing and strategic technology areas. Equity investment gains were \$563 million for the three months ended March 31, 2000, an increase of \$408 million over the respective 1999 period, reflecting realized returns on equity investments of \$374 million and appreciation in fair value of \$189 million. The realized returns on equity investments included \$295 million primarily from principal investing and a \$79 million realized gain from an equity investment in the strategic technology area.
- o Card income includes merchant discount, ATM, checkcard and interchange fees. Card income increased \$90 million to \$484 million for the three months ended March 31, 2000 over the same 1999 period, primarily due to higher levels of activity in debit cards, interchange fees and merchant discounts. Card income included revenue of \$39 million and \$37 million from the securitized portfolio for the three months ended March 31, 2000 and 1999, respectively.
- o Trading account profits represent the net amount earned from the Corporation's trading positions, which include trading account assets and liabilities as well as derivative-dealer positions. These transactions include positions to meet customer demand as well as for the Corporation's own trading account. Trading positions are taken in a diverse range of financial instruments and markets. The profitability of these trading positions is largely dependent on the volume and type of transactions, the level of risk assumed, and the volatility of price and rate movements.

Trading account profits, as reported in the Corporation's Consolidated Statement of Income, includes neither the net interest recognized on interest-earning and interest-bearing trading positions, nor the related funding charge or benefit. Trading account profits, as well as trading-related net interest income ("trading-related revenue") are presented in the table below as they are both considered in evaluating the overall profitability of the Corporation's trading positions. Trading-related revenue is derived from foreign exchange spot, forward and cross-currency contracts, fixed income and equity securities and derivative contracts in interest rates, equities, credit and commodities.

Trading-related revenue was \$941 million for the three months ended March 31, 2000, an increase of \$274 million over the comparable period in 1999, primarily due to higher revenues from interest rate contracts and equities, partially offset by a decrease in fixed income. Income from interest rate contracts increased \$94 million to \$308 million over the same 1999 period, primarily attributable to market volatility driven by interest rate uncertainty, coupled with stronger client activity in domestic and European markets. Revenue from equities totaled \$288 million, an increase of \$201 million for the three months ended March 31, 2000 over the respective 1999 period, reflecting continued growth of this business through enhanced client deal activity and volatility in equity markets. Fixed income decreased \$20 million to \$171 million for the three months ended March 31, 2000 from the same period in 1999, primarily attributable to the negative impact of spread widening on real estate trading.

<TABLE>
<CAPTION>

| (Dollars in millions) | Three Months Ended March 31 | |
|---------------------------------------|--------------------------------|--------------|
| | 2000 | 1999 |
| Trading account profits - as reported | \$724 | \$500 |
| Net interest income | 217 | 167 |
| Total trading-related revenue | \$941 | \$667 |
| Trading-related revenue by product | | |
| Foreign exchange contracts | \$158 | \$158 |
| Interest rate contracts | 308 | 214 |
| Fixed income | 171 | 191 |
| Equities | 288 | 87 |
| Commodities and other | 16 | 17 |
| Total trading-related revenue | \$941 | \$667 |

</TABLE>

- o Other income was \$158 million for the three months ended March 31, 2000, a decrease of \$169 million from the comparable 1999 period, reflecting no significant items. Other income for the three months ended March 31, 1999 included securitizations gains, lower insurance commissions and gains on the disposition of certain businesses compared to the same period in 2000.

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Other Noninterest Expense

As presented in Table Five, the Corporation's other noninterest expense increased \$170 million to \$4.6 billion for the three months ended March 31, 2000 from the comparable 1999 period. This increase was attributable to higher levels of personnel and other general operating expense, partially offset by declines in equipment, data processing, marketing and professional fees expense.

<TABLE>
<CAPTION>

Table Five
Other Noninterest Expense

| (Dollars in millions) | Three Months Ended March 31 | | Increase/ (Decrease) | |
|-----------------------|--------------------------------|---------|-------------------------|---------|
| | 2000 | 1999 | Amount | Percent |
| Personnel | \$2,534 | \$2,333 | \$201 | 8.6 % |
| Occupancy | 418 | 396 | 22 | 5.6 |
| Equipment | 301 | 358 | (57) | (15.9) |
| Marketing | 119 | 147 | (28) | (19.0) |

| | | | | |
|----------------------------------|---------|---------|-------|--------|
| Professional fees | 105 | 126 | (21) | (16.7) |
| Amortization of intangibles | 217 | 222 | (5) | (2.3) |
| Data processing | 159 | 190 | (31) | (16.3) |
| Telecommunications | 131 | 136 | (5) | (3.7) |
| Other general operating | 515 | 420 | 95 | 22.6 |
| General administrative and other | 124 | 125 | (1) | (.8) |
| ----- | | | | |
| Total | \$4,623 | \$4,453 | \$170 | 3.8 % |
| ----- | | | | |

</TABLE>

- o Personnel expense increased \$201 million to \$2.5 billion for the three months ended March 31, 2000 compared to the same period in 1999, primarily attributable to higher revenue-related incentive compensation.
- o Equipment expense was \$301 million for the three months ended March 31, 2000, a decrease of \$57 million from the respective 1999 period, reflecting declines in repairs and maintenance expense and purchases of non-capitalized equipment.
- o Marketing expense decreased \$28 million to \$119 million for the three months ended March 31, 2000 compared to the respective 1999 period, due to timing differences related to the underlying marketing efforts across the Corporation.
- o Professional fees declined \$21 million to \$105 million for the three months ended March 31, 2000 from the comparable period in 1999, primarily reflecting lower consulting fees.
- o Data processing expense was \$159 million for the three months ended March 31, 2000, a decrease of \$31 million from the same 1999 period, mainly reflecting a decline in expense due to the completion of Year 2000 and certain transition projects and a decrease in item processing and check clearing expense.
- o Other general operating expense increased \$95 million to \$515 million for the three months ended March 31, 2000 over the same period in 1999, mainly a result of litigation costs related to pre-merger lawsuits and increased credit card processing expense.

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Income Taxes

The Corporation's income tax expense for the three months ended March 31, 2000 was \$1.3 billion for an effective tax rate of 36.6 percent compared to \$1.1 billion for an effective tax rate of 36.0 percent for the same period in 1999.

Balance Sheet Review and Liquidity Risk Management

The Corporation utilizes an integrated approach in managing its balance sheet, which includes management of interest rate sensitivity, credit risk, liquidity risk and its capital position. With the exception of average managed loans, the average balances discussed below can be derived from Table Three.

Average levels of customer-based funds increased \$6.7 billion to \$296.1 billion for the three months ended March 31, 2000, compared to \$289.4 billion for the three months ended March 31, 1999, primarily due to an increase in demand and savings deposits. As a percentage of total sources, average levels of customer-based funds decreased to 45 percent for the three months ended March 31, 2000 from 47 percent for the three months ended March 31, 1999.

Average levels of market-based funds increased \$22.2 billion for the three months ended March 31, 2000 to \$203.8 billion compared to \$181.6 billion for the three months ended March 31, 1999. In addition, average levels of long-term debt increased \$11.6 billion to \$64.3 billion for the three months ended March 31, 2000 over the same period in 1999, mainly the result of borrowings to fund earning asset growth, business development opportunities and share repurchases, and to build liquidity and repay maturing debt.

The average securities portfolio for the three months ended March 31, 2000 increased \$12.4 billion over the same period in 1999, representing 14 percent of total uses of funds for the three months ended March 31, 2000, compared to 12 percent for the same period in 1999. See the following "Securities" section for additional information on the securities portfolio.

Average loans and leases, the Corporation's primary use of funds, increased \$15.8 billion to \$376.6 billion for the three months ended March 31, 2000 compared to \$360.7 billion for the same period in 1999. Average managed loans and leases during the same periods increased \$34.2 billion to \$405.5 billion in 2000. This increase in average managed loans and leases primarily reflects growth and retention of residential mortgages and growth in consumer finance loans due to the impact of the portfolio purchase program currently in place.

Average other assets and cash and cash equivalents increased \$1.9 billion to \$87.8 billion for the three months ended March 31, 2000 compared to \$85.9 billion for the same period in 1999, due largely to increases in the average balances of derivative-dealer assets and mortgage servicing rights. These increases were partially offset by a decrease in secured accounts receivable.

At March 31, 2000, cash and cash equivalents were \$27.3 billion, an increase of \$270 million from December 31, 1999. During the three months ended March 31, 2000, net cash used in operating activities was \$5.5 billion, net cash used in investing activities was \$11.2 billion and net cash provided by financing activities was \$17.0 billion. For further information on cash flows, see the Consolidated Statement of Cash Flows on page 5 of the consolidated financial statements.

Liquidity is a measure of the Corporation's ability to fulfill its cash requirements and is managed by the Corporation through its asset and liability management process. The Corporation monitors its assets and liabilities and modifies these positions as liquidity requirements change. This process, coupled with the Corporation's ability to raise capital and debt financing, is designed to cover the liquidity needs of the Corporation. The Corporation also takes into consideration the ability of its subsidiary banks to pay dividends to the Bank of America Corporation. For additional information on the dividend capabilities of subsidiary banks, see Note Twelve on page 82 of the Corporation's 1999 Annual Report on Form 10-K.

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Management believes that the Corporation's sources of liquidity are more than adequate to meet its cash requirements.

Securities

The securities portfolio at March 31, 2000 consisted of available-for-sale securities totaling \$82.6 billion and held-for-investment securities totaling \$1.3 billion compared to \$81.7 billion and \$1.4 billion, respectively, at December 31, 1999.

The valuation allowance for available-for-sale securities and marketable equity securities included in shareholders' equity at March 31, 2000, reflects unrealized losses of \$2.3 billion, net of related income taxes of \$1.3 billion, primarily reflecting market valuation adjustments of \$4.0 billion pre-tax net unrealized losses on available-for-sale securities and \$355 million pre-tax net unrealized gains on marketable equity securities. The valuation allowance included in shareholders' equity at December 31, 1999, reflects unrealized losses of \$2.5 billion, net of related income taxes of \$1.1 billion, primarily reflecting market valuation adjustments of \$3.8 billion pre-tax net unrealized losses on available-for-sale securities and \$248 million pre-tax net unrealized gains on marketable equity securities. The change in the valuation allowance was primarily attributable to improvement in the equity markets during the first three months of 2000. Unrealized losses on available-for-sale securities were virtually unchanged as decreases in the long end of the U.S. Treasury yield curve were offset by increases in short-term rates.

At March 31, 2000 and December 31, 1999, the market value of the Corporation's held-for-investment securities reflected pre-tax net unrealized losses of \$113 million and \$152 million, respectively.

The estimated average duration of the available-for-sale securities portfolio was 4.06 years at March 31, 2000 compared to 4.05 years at December 31, 1999.

Capital Resources and Capital Management

Shareholders' equity at March 31, 2000 was \$45.3 billion compared to \$44.4 billion at December 31, 1999, an increase of \$867 million. The increase was primarily due to net earnings (net income less dividends) of \$1.4 billion combined with the recognition of \$166 million after-tax net unrealized gains on available-for-sale securities and marketable equity securities. The increase was partially offset by the repurchase of 20 million shares of common stock for approximately \$911 million.

Presented below are the regulatory risk-based capital ratios and capital amounts for the Corporation and Bank of America, N.A. at March 31, 2000 and December 31, 1999. The Corporation and Bank of America, N.A. were considered "well-capitalized" at March 31, 2000.

<TABLE>
<CAPTION>

| (Dollars in millions) | March 31, 2000 | | December 31, 1999 | |
|-----------------------|----------------|--------|-------------------|--------|
| | Ratio | Amount | Ratio | Amount |

| <S> | <C> | <C> | <C> | <C> |
|-----------------------------|--------|----------|--------|----------|
| Tier 1 Capital | | | | |
| Bank of America Corporation | 7.42 % | \$39,355 | 7.35 % | \$38,651 |
| Bank of America, N.A. | 7.95 | 39,687 | 7.78 | 38,616 |
| Total Capital | | | | |
| Bank of America Corporation | 11.00 | 58,376 | 10.88 | 57,192 |
| Bank of America, N.A. | 11.06 | 55,223 | 10.91 | 54,132 |
| Leverage | | | | |
| Bank of America Corporation | 6.17 | 39,355 | 6.26 | 38,651 |
| Bank of America, N.A. | 7.00 | 39,687 | 6.74 | 38,616 |

</TABLE>

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The regulatory capital guidelines measure capital in relation to the credit and market risks of both on- and off-balance sheet items using various risk weights. Under the regulatory capital guidelines, Total Capital consists of three tiers of capital. Tier 1 Capital includes common shareholders' equity and qualifying preferred stock, less goodwill and other adjustments. Tier 2 Capital consists of preferred stock not qualifying as Tier 1 Capital, mandatory convertible debt, limited amounts of subordinated debt, other qualifying term debt and the allowance for credit losses up to 1.25 percent of risk-weighted assets. Tier 3 Capital includes subordinated debt that is unsecured, fully paid, has an original maturity of at least two years, is not redeemable before maturity without prior approval by the Federal Reserve Board and includes a lock-in clause precluding payment of either interest or principal if the payment would cause the issuing bank's risk-based capital ratio to fall or remain below the required minimum. The sum of Tier 1 and Tier 2 Capital less investments in unconsolidated banking and finance subsidiaries represents qualifying total capital, at least 50 percent of which must consist of Tier 1 Capital. Risk-based capital ratios are calculated by dividing Tier 1 and Total Capital by risk-weighted assets. In calculating risk-weighted assets, assets and off-balance sheet exposures are assigned to one of four categories of risk-weights, based primarily on relative credit risk. At March 31, 2000, the Corporation had no subordinated debt that qualified as Tier 3 Capital.

At March 31, 2000, the regulatory risk-based capital ratios of the Corporation and Bank of America, N.A. exceeded the regulatory minimums of four percent for Tier 1 risk-based capital ratio, eight percent for total risk-based capital ratio and the leverage guidelines of 100 to 200 basis points above the minimum ratio of three percent.

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Credit Risk Management and Credit Portfolio Review

The following section discusses credit risk in the loan portfolio. The Corporation's primary credit exposure is focused in its loans and leases portfolio, which totaled \$382.1 billion and \$370.7 billion at March 31, 2000 and December 31, 1999, respectively. In an effort to minimize the adverse impact of any single event or set of occurrences, the Corporation strives to maintain a diverse credit portfolio. Table Six presents the distribution of loans and leases by category. Additional information on the Corporation's real estate, industry and foreign exposures can be found in the "Concentrations of Credit Risk" section beginning on page 47.

<TABLE>

<CAPTION>

Table Six
Distribution of Loans and Leases

| (Dollars in millions) | March 31, 2000 | | December 31, 1999 | |
|-----------------------------------|----------------|---------|-------------------|---------|
| | Amount | Percent | Amount | Percent |
| <S> | <C> | <C> | <C> | <C> |
| Commercial - domestic | \$145,615 | 38.1 % | \$143,450 | 38.7 % |
| Commercial - foreign | 27,926 | 7.3 | 27,978 | 7.5 |
| Commercial real estate - domestic | 24,741 | 6.5 | 24,026 | 6.5 |
| Commercial real estate - foreign | 359 | .1 | 325 | .1 |
| Total commercial | 198,641 | 52.0 | 195,779 | 52.8 |
| Residential mortgage | 89,574 | 23.4 | 81,860 | 22.1 |
| Home equity lines | 18,062 | 4.7 | 17,273 | 4.7 |
| Direct/Indirect consumer | 41,398 | 10.8 | 42,161 | 11.4 |
| Consumer finance | 23,585 | 6.2 | 22,326 | 6.0 |
| Bankcard | 8,609 | 2.3 | 9,019 | 2.4 |
| Foreign consumer | 2,216 | .6 | 2,244 | .6 |
| Total consumer | 183,444 | 48.0 | 174,883 | 47.2 |
| Total loans and leases | \$382,085 | 100.0 % | \$370,662 | 100.0 % |

Commercial Portfolio

Commercial - domestic loans outstanding totaled \$145.6 billion and \$143.5 billion at March 31, 2000 and December 31, 1999, respectively, or 38 percent and 39 percent of total loans and leases, respectively. The Corporation had commercial - domestic loan net charge-offs of \$172 million, or 0.47 percent of average commercial - domestic loans for the three months ended March 31, 2000, compared to \$181 million, or 0.53 percent of average commercial - domestic loans for the three months ended March 31, 1999. Nonperforming commercial - domestic loans were \$1.3 billion, or 0.89 percent of commercial - domestic loans at March 31, 2000, compared to \$1.2 billion, or 0.81 percent of commercial - domestic loans at December 31, 1999. Commercial - domestic loans past due 90 days or more and still accruing interest were \$136 million at March 31, 2000, compared to \$135 million at December 31, 1999, or 0.09 percent of commercial - domestic loans for both periods. Table Eleven presents aggregate commercial loan and lease exposures by certain significant industries.

Commercial - foreign loans outstanding totaled \$27.9 billion and \$28.0 billion at March 31, 2000 and December 31, 1999, respectively, or seven percent and eight percent of total loans and leases, respectively. The Corporation had commercial - foreign loan net charge-offs for the three months ended March 31, 2000 of \$5 million, or 0.08 percent of average commercial - foreign loans, compared to \$29 million, or 0.37 percent of average commercial - foreign loans for the three months ended March 31, 1999. Nonperforming commercial foreign loans were \$500 million, or 1.79 percent of commercial - foreign loans at March 31, 2000, compared to \$486 million, or 1.74 percent at December 31, 1999. Commercial - foreign loans past due 90 days or more and still accruing interest were \$35 million, or 0.13 percent of commercial - foreign loans at March 31, 2000, compared to \$58 million, or 0.21

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percent of commercial - foreign loans at December 31, 1999. For additional information see the Regional Foreign Exposure discussion beginning on page 48.

Commercial real estate - domestic loans totaled \$24.7 billion and \$24.0 billion at March 31, 2000 and December 31, 1999, respectively, or seven percent of total loans and leases for both period ends. At March 31, 2000, commercial real estate - domestic loans past due 90 days or more and still accruing interest were \$7 million, or 0.03 percent of total commercial real estate - domestic loans, compared to \$6 million, or 0.02 percent at December 31, 1999. Table Ten displays commercial real estate loans by geographic region and property type, including the portion of such loans which are nonperforming, and other real estate credit exposures.

Consumer Portfolio

At March 31, 2000 and December 31, 1999, total domestic consumer loans outstanding totaled \$181.2 billion and \$172.6 billion, respectively, or 47 percent of total loans and leases for both period ends. Additional information on the Corporation's consumer loan portfolio can be found in the average earning asset discussion within the "Net Interest Income" section on page 30 and "Balance Sheet Review and Liquidity Risk Management" section on page 38.

Residential mortgage loans increased to \$89.6 billion at March 31, 2000, compared to \$81.9 billion at December 31, 1999. Net charge-offs on residential mortgage loans remained negligible at \$4 million, or 0.02 percent of average residential mortgage loans for the three months ended March 31, 2000. Nonperforming residential mortgage loans were \$483 million at March 31, 2000, down \$46 million from December 31, 1999.

Bankcard receivables decreased to \$8.6 billion at March 31, 2000, compared to \$9.0 billion at December 31, 1999. Net charge-offs on bankcard receivables for the three months ended March 31, 2000 declined \$74 million from the same period in 1999 to \$81 million, or 3.86 percent of average bankcard receivables. The decline resulted from portfolio sales in 1999 and continued declines in delinquency levels and bankruptcy filing rates resulting in lower charge-offs. Bankcard loans past due 90 days and still accruing interest were \$131 million, or 1.53 percent of bankcard receivables at March 31, 2000, compared to \$138 million, or 1.53 percent at December 31, 1999.

Consumer finance loans outstanding totaled \$23.6 billion and \$22.3 billion at March 31, 2000 and December 31, 1999, respectively, or six percent of total loans and leases for both period ends. The Corporation had consumer finance net charge-offs of \$57 million or 1.01 percent of average consumer finance loans for the three months ended March 31, 2000, compared to \$48 million, or 1.22 percent for the three months ended March 31, 1999. Consumer finance nonperforming loans increased to \$737 million at March 31, 2000 from \$598 million at December 31, 1999 reflecting continued growth and seasoning in this portfolio.

Other domestic consumer loans, which include direct and indirect consumer loans and home equity lines of credit increased to \$59.5 billion at March 31,

2000, compared to \$59.4 billion at December 31, 1999.

Total consumer loans past due 90 days or more and still accruing interest were \$283 million, or 0.15 percent of total consumer loans at March 31, 2000, compared to \$322 million, or 0.18 percent at December 31, 1999.

Nonperforming Assets

As presented in Table Seven, nonperforming assets increased to \$3.5 billion, or 0.91 percent of loans, leases and foreclosed properties at March 31, 2000 from \$3.2 billion, or 0.86 percent at December 31, 1999. Nonperforming loans increased to \$3.3 billion at March 31, 2000 from \$3.0 billion at December 31, 1999, primarily due to several large commercial - domestic loans and higher consumer finance non-performers due to growth and seasoning in that portfolio. The allowance coverage of nonperforming loans was 207 percent at March 31, 2000 compared to 224 percent at December 31, 1999.

In order to respond when deterioration of a credit occurs, internal loan workout units are devoted to providing specialized expertise and full-time management and/or collection of certain nonperforming assets as well as certain performing loans. Management believes concerted collection strategies and a proactive approach to managing overall problem assets have expedited the disposition, collection and renegotiation of nonperforming and other lower-quality assets. As part of this process, management routinely evaluates all reasonable alternatives, including the sale of assets individually or in groups, and selects the optimal strategy.

At March 31, 2000 and December 31, 1999, residential mortgage loans comprised 15 percent and 17 percent, respectively, of total nonperforming assets. Due to the nature of the collateral securing residential mortgage loans and a history of low losses, the Corporation considers these loans to be low risk nonperforming assets.

Foreclosed properties increased to \$179 million at March 31, 2000 compared to \$163 million at December 31, 1999.

Note Four of the consolidated financial statements on page 10 provides the reported investment in specific loans considered to be impaired at March 31, 2000 and December 31, 1999. The Corporation's investment in specific loans that were considered to be impaired at March 31, 2000 were \$2.2 billion, compared to \$2.1 billion at December 31, 1999. Commercial - domestic impaired loans increased \$153 million to \$1.3 billion at March 31, 2000, compared to December 31, 1999, due to several large commercial - domestic loans. Both commercial - foreign and commercial real estate - domestic impaired loans remained essentially unchanged at \$0.5 billion at March 31, 2000 and December 31, 1999.

<TABLE>
<CAPTION>

Table Seven
Nonperforming Assets

| | March 31 2000 | December 31 1999 | September 30 1999 | June 30 1999 | March |
|--|------------------|---------------------|----------------------|-----------------|-------|
| 31 (Dollars in millions) 1999 | | | | | |
| <S> | <C> | <C> | <C> | <C> | |
| <C> | | | | | |
| Commercial - domestic \$1,085 | \$1,301 | \$1,163 | \$1,026 | \$1,085 | |
| Commercial - foreign 434 | 500 | 486 | 477 | 492 | |
| Commercial real estate - domestic 272 | 208 | 191 | 174 | 203 | |
| Commercial real estate - foreign 3 | 3 | 3 | 3 | 3 | |
| Total commercial 1,794 | 2,012 | 1,843 | 1,680 | 1,783 | |
| Residential mortgage 634 | 483 | 529 | 542 | 565 | |
| Home equity lines 41 | 45 | 46 | 44 | 44 | |
| Direct/Indirect consumer 20 | 18 | 19 | 16 | 17 | |

| | | | | |
|--|---------|---------|---------|---------|
| Consumer finance 332 | 737 | 598 | 519 | 382 |
| Foreign consumer 17 | 7 | 7 | 9 | 21 |
| ----- | | | | |
| Total consumer 1,044 | 1,290 | 1,199 | 1,130 | 1,029 |
| ----- | | | | |
| Total nonperforming loans 2,838 | 3,302 | 3,042 | 2,810 | 2,812 |
| ----- | | | | |
| Foreclosed properties 282 | 179 | 163 | 228 | 258 |
| ----- | | | | |
| Total nonperforming assets \$3,120 | \$3,481 | \$3,205 | \$3,038 | \$3,070 |
| ----- | | | | |
| Nonperforming assets as a percentage of: | | | | |
| Total assets .51 % | .53 % | .51 % | .49 % | .50 % |
| Loans, leases and foreclosed properties .86 | .91 | .86 | .84 | .84 |
| ----- | | | | |
| Loans past due 90 days or more and not classified as nonperforming \$571 | \$ 461 | \$521 | \$466 | \$631 |
| ----- | | | | |

</TABLE>

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Net Charge-offs - Net charge-offs by loan category are presented in Table Eight.

<TABLE>
<CAPTION>

Table Eight
Net Charge-offs in Dollars and as a Percentage of Average Loans and Leases Outstanding (1)

| (Dollars in millions) | Three Months Ended March 31 | | | |
|---|--------------------------------|--------|-------|--------|
| | 2000 | | 1999 | |
| ----- | | | | |
| <S> | <C> | <C> | <C> | |
| Commercial - domestic % | \$172 | .47 % | \$181 | .53 |
| Commercial - foreign | 5 | .08 | 29 | .37 |
| Commercial real estate - domestic | 6 | .10 | (2) | n/m |
| Commercial real estate - foreign | (2) | n/m | - | - |
| ----- | | | | |
| Total commercial | 181 | .37 | 208 | .43 |
| ----- | | | | |
| Residential mortgage | 4 | .02 | 5 | .03 |
| Home equity lines | 3 | .07 | 4 | .10 |
| Direct/Indirect consumer | 91 | .88 | 95 | .93 |
| Consumer finance | 57 | 1.01 | 48 | 1.22 |
| Bankcard | 81 | 3.86 | 155 | 5.63 |
| Other consumer - domestic | 2 | - | - | - |
| Foreign consumer | 1 | .12 | 4 | .43 |
| ----- | | | | |
| Total consumer | 239 | .54 | 311 | .77 |
| ----- | | | | |
| Total net charge-offs | \$420 | .45 % | \$519 | .58 % |
| ----- | | | | |
| Managed bankcard net charge-offs and ratios (2) | \$257 | 5.43 % | \$294 | 6.01 % |
| ----- | | | | |

n/m = not meaningful

(1) Percentage amounts are calculated as net charge-offs divided by average outstanding loans and leases for each loan category.

(2) Includes both on-balance sheet and securitized loans.

</TABLE>

Allowance for Credit Losses

The Corporation performs periodic and systematic detailed reviews of its loan and lease portfolios to identify risks inherent in and to assess the overall collectibility of those portfolios. Certain homogeneous loan portfolios are evaluated collectively based on individual loan type, while remaining portfolios are reviewed on an individual loan basis. These detailed reviews, combined with historical loss experience and other factors, result in the identification and quantification of specific allowances for credit losses and loss factors which are used in determining the amount of the allowance and related provision for credit losses. The actual amount of incurred credit losses that may be confirmed may vary from the estimate of incurred losses due to changing economic conditions or changes in industry or geographic concentrations. The Corporation has procedures in place to monitor differences between estimated and actual incurred credit losses, which include detailed periodic assessments by senior management of both individual loans and credit portfolios and the models used to estimate incurred credit losses in those portfolios.

Portions of the allowance for credit losses are assigned to cover the estimated probable incurred losses in each loan and lease category based on the results of the Corporation's detailed review process as described above. Further assignments are made based on general and specific economic conditions, as well as performance trends within specific portfolio segments and individual concentrations of credit, including geographic and industry concentrations. The assigned portion of the allowance for credit losses continues to be weighted toward the commercial loan portfolio, reflecting a higher level of nonperforming loans and the potential for higher individual losses. The remaining unassigned portion of the allowance for credit losses, determined separately from the procedures outlined above, addresses certain industry and geographic concentrations, including global economic conditions, thereby minimizing the risk related to the margin of imprecision inherent in the estimation of the assigned allowance for credit losses. Due to the subjectivity involved in the determination of the unassigned portion of the allowance for credit losses, the relationship of the unassigned component to the total allowance for credit losses may fluctuate from period to period. Management evaluates the adequacy of the allowance for credit losses based on the combined total of the assigned and unassigned components and believes that the allowance for credit losses reflects management's best estimate of incurred credit losses as of the balance sheet date.

The nature of the process by which the Corporation determines the appropriate allowance for credit losses requires the exercise of considerable judgment. After review of all relevant matters affecting loan collectibility, management believes that the allowance for credit losses is appropriate given

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its analysis of estimated incurred credit losses at March 31, 2000. Table Nine provides the changes in the allowance for credit losses for the three months ended March 31, 2000.

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<TABLE>
<CAPTION>

Table Nine
Allowance For Credit Losses

| (Dollars in millions) | Three Months Ended March 31 | |
|------------------------------|--------------------------------|----------|
| | 2000 | 1999 |
| <S> | <C> | <C> |
| Balance, January 1 | \$ 6,828 | \$ 7,122 |
| Loans and leases charged off | | |

| | | |
|---|-----------|-----------|
| Commercial - domestic | (202) | (206) |
| Commercial - foreign | (12) | (30) |
| Commercial real estate - domestic | (8) | (2) |
| ----- | | |
| Total commercial | (222) | (238) |
| ----- | | |
| Residential mortgage | (7) | (7) |
| Home equity lines | (5) | (6) |
| Direct/Indirect consumer | (146) | (140) |
| Consumer finance | (93) | (98) |
| Bankcard | (94) | (172) |
| Other consumer domestic | (2) | - |
| Foreign consumer | (1) | (5) |
| ----- | | |
| Total consumer | (348) | (428) |
| ----- | | |
| Total loans and leases charged off | (570) | (666) |
| ----- | | |
| Recoveries of loans and leases previously charged off | | |
| Commercial - domestic | 30 | 25 |
| Commercial - foreign | 7 | 1 |
| Commercial real estate - domestic | 2 | 4 |
| Commercial real estate - foreign | 2 | - |
| ----- | | |
| Total commercial | 41 | 30 |
| ----- | | |
| Residential mortgage | 3 | 2 |
| Home equity lines | 2 | 2 |
| Direct/Indirect consumer | 55 | 45 |
| Consumer finance | 36 | 50 |
| Bankcard | 13 | 17 |
| Foreign consumer | - | 1 |
| ----- | | |
| Total consumer | 109 | 117 |
| ----- | | |
| Total recoveries of loans and leases previously charged off | 150 | 147 |
| ----- | | |
| Net charge-offs | (420) | (519) |
| ----- | | |
| Provision for credit losses | 420 | 510 |
| Other, net | (1) | 10 |
| ----- | | |
| Balance, March 31 | \$ 6,827 | \$ 7,123 |
| ----- | | |
| Loans and leases outstanding at March 31 | \$382,085 | \$363,102 |
| Allowance for credit losses as a percentage of loans and leases outstanding at March 31 | 1.79 % | 1.96 % |
| Average loans and leases outstanding during the period | \$376,584 | \$360,746 |
| Annualized net charge-offs as a percentage of average loans and leases outstanding during the period | .45 % | .58 % |
| Allowance for credit losses as a percentage of nonperforming loans at end of period | 206.79 | 250.99 |
| ----- | | |

</TABLE>

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Concentrations of Credit Risk

In an effort to minimize the adverse impact of any single event or set of occurrences, the Corporation strives to maintain a diverse credit portfolio as outlined in Tables Ten, Eleven and Twelve.

The exposures presented in Table Ten represent credit extensions for real estate-related purposes to borrowers or counterparties who are primarily in the real estate development or investment business and for which the ultimate repayment of the credit is dependent on the sale, lease, rental or refinancing of the real estate. The exposures included in the table do not include credit extensions which were made on the general creditworthiness of the borrower for which real estate was obtained as security and for which the ultimate repayment of the credit is not dependent on the sale, lease, rental or refinancing of the real estate. Accordingly, the exposures presented do not include commercial loans secured by owner-occupied real estate, except where the borrower is a real estate developer.

<TABLE>
<CAPTION>

Table Ten
Commercial Real Estate Loans, Foreclosed Properties
and Other Real Estate Credit Exposures

March 31, 2000

| | | |
|-------|-------|------------|
| Other | Loans | Foreclosed |
|-------|-------|------------|

Credit

| (Dollars in millions) Exposures (2) | Outstanding | Nonperforming | Properties (1) | |
|--|-------------|---------------|----------------|----|
| <S> | <C> | <C> | <C> | |
| <C> | | | | |
| By Geographic Region (3) | | | | |
| California | \$5,515 | \$ 8 | \$13 | |
| \$641 | | | | |
| Southwest | 3,783 | 25 | 2 | |
| 476 | | | | |
| Northwest | 2,763 | 2 | 1 | |
| 102 | | | | |
| Florida | 2,446 | 25 | 3 | |
| 347 | | | | |
| Midwest | 2,239 | 60 | 31 | |
| 314 | | | | |
| Mid-Atlantic | 1,617 | 28 | 1 | |
| 276 | | | | |
| Carolinas | 1,273 | 9 | 3 | |
| 33 | | | | |
| Midsouth | 1,190 | 3 | 2 | |
| 118 | | | | |
| Northeast | 640 | 17 | - | |
| 256 | | | | |
| Other states | 897 | 31 | 10 | |
| 93 | | | | |
| Non-US | 370 | 3 | - | |
| - | | | | |
| Geographically diversified | 2,367 | - | - | |
| - | | | | |
| Total | \$25,100 | \$211 | \$66 | |
| \$2,656 | | | | |
| By Property Type | | | | |
| Apartments | \$4,857 | \$46 | \$1 | \$ |
| 748 | | | | |
| Office buildings | 4,792 | 25 | 3 | |
| 208 | | | | |
| Shopping centers/retail | 3,185 | 27 | 25 | |
| 414 | | | | |
| Residential | 3,106 | 27 | 3 | |
| 248 | | | | |
| Industrial/warehouse | 2,110 | 17 | 6 | |
| 57 | | | | |
| Land and land development | 1,254 | 11 | 11 | |
| 148 | | | | |
| Hotels/motels | 1,229 | 17 | - | |
| 131 | | | | |
| Unsecured | 734 | 1 | 2 | |
| 3 | | | | |
| Miscellaneous commercial | 711 | 4 | 12 | |
| 24 | | | | |
| Multiple use | 664 | 2 | - | |
| 44 | | | | |
| Non-US | 370 | - | - | |
| - | | | | |
| Other | 2,088 | 34 | 3 | |
| 631 | | | | |
| Total | \$25,100 | \$211 | \$66 | |
| \$2,656 | | | | |

(1) Foreclosed properties include commercial real estate loans only.

(2) Other credit exposures include letters of credit and loans held for sale.

(3) Distribution based on geographic location of collateral.

</TABLE>

Table Eleven below presents aggregate commercial loan and lease exposures by certain significant industries at March 31, 2000.

<TABLE>

<CAPTION>

Table Eleven
Significant Industry Loans and Leases (1)

| March 31, 2000 (Dollars in millions) | Outstanding |
|---|-------------|
| <S> | <C> |
| Transportation | \$11,486 |
| Media | 9,098 |
| Equipment and general manufacturing | 8,555 |
| Healthcare | 8,467 |
| Business services | 8,401 |
| Agribusiness | 8,079 |
| Retail | 7,119 |
| Autos | 6,655 |
| Oil and gas | 6,249 |
| Telecommunications | 5,232 |

(1) Includes only non-real estate commercial loans and leases.

</TABLE>

Regional Foreign Exposure

Through its credit and market risk management activities, the Corporation has been devoting particular attention to those countries that have been negatively impacted by global economic pressure, including particular attention to those Asian countries that have experienced currency and other economic problems, as well as countries within Latin America and Eastern Europe which have also recently experienced problems.

In connection with its efforts to maintain a diversified portfolio, the Corporation limits its exposure to any one geographic region or country and monitors this exposure on a continuous basis. Table Twelve sets forth selected regional foreign exposure at March 31, 2000. At March 31, 2000, the Corporation's total exposure to these select countries was \$27.5 billion, a decrease of \$272 million from December 31, 1999.

Table Twelve presents the Corporation's selected regional foreign exposure at March 31, 2000. The following table is based on the Federal Financial Institutions Examination Council's instructions for periodic reporting of foreign exposures. The table has been expanded to include "Gross Local Country Claims" as defined in the table below and may not be consistent with disclosures by other financial institutions.

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<TABLE>
<CAPTION>

Table Twelve
Regional Foreign Exposure

| Increase (Decrease) from December 31, 1998 | Total Cross- Border Loans | Gross Local Country Claims (1) | Other Cross- Border Claims (2) | Total Exposure March 31, 2000 | Increase (Decrease) from December 31, 1999 |
|--|------------------------------------|---|---|--|--|
| | | | | | |

| <S> <C> Region/Country | <C> | <C> | <C> | <C> | <C> |
|------------------------------|-------|-------|--------|--------|--------|
| Asia | | | | | |
| China | \$ 84 | \$ 96 | \$ 335 | \$ 515 | \$ 159 |
| \$ 66 | | | | | |
| Hong Kong (779) | 57 | 4,060 | 292 | 4,409 | 90 |
| India (467) | 579 | 1,238 | 234 | 2,051 | 67 |
| Indonesia (251) | 319 | 88 | 65 | 472 | (50) |
| Japan (1,673) | 168 | 1,108 | 2,112 | 3,388 | (413) |
| Korea (South) 411 | 326 | 925 | 1,039 | 2,290 | 152 |
| Malaysia (110) | - | 571 | 47 | 618 | 28 |
| Pakistan (25) | 12 | 294 | 21 | 327 | 4 |
| Philippines | 185 | 149 | 115 | 449 | (54) |

| | | | | | |
|----------------------------|---------|----------|---------|----------|---------|
| (134) | | | | | |
| Singapore | 88 | 1,084 | 306 | 1,478 | 186 |
| (528) | | | | | |
| Taiwan | 233 | 628 | 137 | 998 | 37 |
| (1,292) | | | | | |
| Thailand | 63 | 482 | 85 | 630 | 22 |
| (320) | | | | | |
| Other | 3 | 116 | 11 | 130 | (20) |
| (23) | | | | | |
| ----- | | | | | |
| Total | 2,117 | 10,839 | 4,799 | 17,755 | 208 |
| (5,125) | | | | | |
| ----- | | | | | |
| ----- | | | | | |
| Central and Eastern Europe | | | | | |
| Russian Federation | 7 | - | 4 | 11 | (7) |
| (49) | | | | | |
| Turkey | 144 | - | 103 | 247 | 29 |
| (218) | | | | | |
| Other | 82 | 46 | 101 | 229 | (6) |
| (10) | | | | | |
| ----- | | | | | |
| Total | 233 | 46 | 208 | 487 | 16 |
| (277) | | | | | |
| ----- | | | | | |
| ----- | | | | | |
| Latin America | | | | | |
| Argentina | 557 | 258 | 153 | 968 | (170) |
| (299) | | | | | |
| Brazil | 985 | 725 | 765 | 2,475 | (33) |
| (943) | | | | | |
| Chile | 751 | 220 | 91 | 1,062 | 63 |
| (589) | | | | | |
| Colombia | 333 | 33 | 90 | 456 | (36) |
| (342) | | | | | |
| Mexico | 1,437 | 200 | 1,906 | 3,543 | (332) |
| (1,395) | | | | | |
| Venezuela | 136 | 18 | 258 | 412 | (1) |
| (145) | | | | | |
| Other | 190 | - | 170 | 360 | 13 |
| (70) | | | | | |
| ----- | | | | | |
| Total | 4,389 | 1,454 | 3,433 | 9,276 | (496) |
| (3,783) | | | | | |
| ----- | | | | | |
| ----- | | | | | |
| Total | \$6,739 | \$12,339 | \$8,440 | \$27,518 | \$(272) |
| \$(9,185) | | | | | |
| ----- | | | | | |

(1) Includes the following claims by the Corporation's foreign offices on local country residents regardless of the currency: loans,

accrued interest receivable, acceptances, time deposits placed, trading account assets, other interest-earning investments,

other short-term monetary assets, unused commitments, standby letters of credit, commercial letters of credit, formal

guarantees, and available-for-sale (at fair value) and held-for-investment (at cost) securities.

(2) All instruments in (1) that are cross-border claims excluding loans but including derivative-dealer assets (at fair value) and

available-for-sale (at fair value) and held-for-investment (at cost) securities that are collateralized by U.S. Treasury

securities as follows: Mexico - \$1,149, Venezuela - \$174, Philippines - \$22 and Latin America Other - \$77. Held-for-investment

securities (at cost) amounted to \$772 with a fair value of \$648.

</TABLE>

International Developments

During 1997, 1998 and part of 1999, a number of countries in Asia, Latin America and Central and Eastern Europe experienced economic difficulties due to a combination of structural problems and negative market reaction that resulted from increased awareness of these problems. While each country's situation is unique, many share common factors such as: (1) government actions which restrain normal functioning of free markets in physical goods, capital and/or currencies; (2) perceived weaknesses of the banking systems; and (3) perceived overvaluation of local currencies and/or pegged exchange rate systems. These factors resulted in capital movement out of these countries or in reduced capital inflows, and, as a result, many of these countries experienced liquidity problems in addition to the structural problems.

Since 1999 and into the first quarter of 2000, many of the Asian economies have been showing signs of recovery from prior troubles and are slowly implementing structural reforms. However, there can be no assurance that this will continue and setbacks could be expected. Since early 1999, several Latin American economies have replaced their pegged exchange rate systems with free-floating currencies. While sustained recovery is not assured, much of Latin America is showing signs of recovery.

Where appropriate, the Corporation has adjusted its activities (including its borrower selection) in light of the risks and opportunities discussed above. Throughout 1999, the Corporation continued to reduce its exposure in Asia, Latin America and Central and Eastern Europe, adjusting to the changing economic conditions. During the first quarter of 2000, exposure in Latin America continued to decrease while exposure in Asia and Central and Eastern Europe increased slightly. The increases in exposure in Asia were mostly in the countries experiencing a stronger economic recovery. The Corporation will continue to monitor and adjust its foreign activities on a country-by-country basis depending on management's judgment of the likely developments in each country and will take action as deemed appropriate.

Market Risk Management

In the normal course of conducting its business activities, the Corporation is exposed to market risks including price and liquidity risk. Market risk is the potential of loss arising from adverse changes in market rates and prices, such as interest rates (interest rate risk), foreign currency exchange rates (foreign exchange risk), commodity prices (commodity risk) and prices of equity securities (equity risk). Financial products that expose the Corporation to market risk include securities, loans, deposits, debt and derivative financial instruments such as futures, forwards, swaps, options and other financial instruments with similar characteristics. Liquidity risk arises from the possibility that the Corporation may not be able to satisfy current or future financial commitments or that the Corporation may be more reliant on alternative funding sources such as long-term debt.

Market risk is managed by the Corporation's Finance Committee, which formulates policy based on desirable levels of market risk. In setting desirable levels of market risk, the Finance Committee considers the impact on both earnings and capital of the current outlook in market rates, potential changes in market rates, world and regional economies, liquidity, business strategies and other factors.

Trading Portfolio

The table below sets forth the calculated value-at-risk (VAR) amounts for the twelve months ended March 31, 2000 and March 31, 1999. The amounts are calculated on a pre-tax basis. The Corporation performs the VAR calculation for each major trading portfolio segment on a daily basis. It then calculates the combined VAR across these portfolio segments using two different sets of assumptions. The first calculation assumes that each portfolio segment experiences adverse price movements at the same time (i.e., the price movements are perfectly correlated). The second calculation assumes that these adverse price movements within the major portfolio segments do not occur at the same time (i.e., they are uncorrelated). Interest rate and foreign exchange risks were generally lower for the twelve months ended March 31, 2000 than for the twelve months ended March 31, 1999 due to the decreased emphasis on proprietary risk-taking and the establishment of the Euro as a currency. Equity risk was generally higher for the twelve months ended March 31, 2000 than for the twelve months ended March 31, 1999 due to growth in the equity business. For additional discussion of market risk associated with the trading portfolio, the VAR model and how the Corporation manages its exposure to market risk, see pages 42 and 43 of the Corporation's 1999 Annual Report on Form 10-K. The composition of the trading portfolio and the related fair value are included in Note Three of the consolidated financial statements on page 8.

<TABLE>
<CAPTION>

Trading Activities Market Risk

| | Twelve Months Ended March 31, 2000 | | | Twelve Months Ended | |
|---------------------------------------|------------------------------------|-------------|-------------|---------------------|--------------|
| March 31, 1999 | | | | | |
| (U.S. dollar equivalents in millions) | Average VAR | High VAR(1) | Low VAR (1) | Average VAR | High VAR (1) |
| Low VAR (1) | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> |
| <C> | | | | | |
| Based on perfect positive correlation | | | | | |

| | | | | | |
|---------------------------|--------|--------|--------|---------|---------|
| Interest rate | \$77.6 | \$93.6 | \$66.9 | \$120.3 | \$163.8 |
| \$91.5 | | | | | |
| Foreign currency | 13.8 | 23.5 | 8.5 | 24.0 | 45.9 |
| 7.9 | | | | | |
| Commodities | 2.0 | 6.4 | 0.6 | 3.3 | 6.9 |
| 0.9 | | | | | |
| Equity | 18.6 | 36.2 | 7.6 | 4.9 | 10.9 |
| 1.0 | | | | | |
| Based on zero correlation | | | | | |
| Interest rate | 23.7 | 27.8 | 18.6 | 37.1 | 49.9 |
| 24.8 | | | | | |
| Foreign currency | 11.5 | 21.7 | 6.9 | 20.4 | 40.0 |
| 6.1 | | | | | |
| Commodities | 1.6 | 5.8 | 0.5 | 2.5 | 5.3 |
| 0.6 | | | | | |
| Equity | 17.6 | 35.1 | 6.7 | 3.9 | 9.5 |
| 1.0 | | | | | |

(1) The high and low for the entire trading account may not equal the sum of the individual components as the highs or lows of the components

</TABLE>

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Asset and Liability Management Activities

Non-Trading Portfolio

The Corporation's Asset and Liability Management (ALM) process is used to manage interest rate risk through the structuring of balance sheet and off-balance sheet portfolios and identifying and linking such off-balance sheet positions to specific assets and liabilities. Interest rate risk represents the only material market risk exposure to the Corporation's non-trading on-balance sheet financial instruments.

Available-for-sale securities had an unrealized loss of \$4.0 billion at March 31, 2000, compared to an unrealized loss of \$3.8 billion at December 31, 1999. The expected maturities, unrealized gains and losses and weighted average effective yield and rate associated with the Corporation's other significant non-trading on-balance sheet financial instruments at March 31, 2000 were not significantly different from those at December 31, 1999. For a discussion of non-trading on-balance sheet financial instruments, see page 43 and Table Eighteen on page 44 of the "Market Risk Management" section of the Corporation's 1999 Annual Report on Form 10-K.

Interest Rate and Foreign Exchange Contracts

Risk management interest rate contracts and foreign exchange contracts are utilized in the ALM process. Interest rate contracts, which are generally non-leveraged generic interest rate and basis swaps, options, futures and forwards, allow the Corporation to effectively manage its interest rate risk position. In addition, the Corporation uses foreign currency contracts to manage the foreign exchange risk associated with foreign-denominated assets and liabilities, as well as the Corporation's equity investments in foreign subsidiaries. As reflected in Table Thirteen, the notional amount of the Corporation's receive fixed and pay fixed interest rate swaps at March 31, 2000 was \$61.3 billion and \$28.3 billion, respectively. The receive fixed interest rate swaps are primarily converting variable-rate commercial loans to fixed-rate. The net receive fixed position at March 31, 2000 was \$33.0 billion notional compared to \$37.3 billion notional at December 31, 1999. The Corporation had \$7.8 billion notional and \$8.0 billion notional of basis swaps at March 31, 2000 and December 31, 1999, respectively, linked primarily to loans and long-term debt. The Corporation had \$37.7 billion notional and \$35.1 billion notional of option products at March 31, 2000 and December 31, 1999, respectively. In addition, open foreign exchange contracts at March 31, 2000 had a notional amount of \$5.2 billion compared to \$6.2 billion at December 31, 1999.

Table Thirteen also summarizes the estimated duration, weighted average receive and pay rates and the net unrealized gains and losses at March 31, 2000 and December 31, 1999 of the Corporation's open ALM interest rate swaps, as well as the average estimated duration and net unrealized gains and losses at March 31, 2000 and December 31, 1999 of the Corporation's ALM basis swaps, options, futures and forward rate and foreign exchange contracts. Unrealized gains and losses are based on the last repricing and will change in the future primarily based on movements in one-, three- and six-month LIBOR rates. The ALM swap portfolio had a net unrealized loss of \$1.7 billion and \$1.6 billion at March 31, 2000 and December 31, 1999, respectively. The change was primarily attributable to an increase in interest rates. The ALM option products had a net unrealized gain of \$13 million and \$5 million at March 31, 2000 and December 31, 1999, respectively. At March 31, 2000 and December 31, 1999, open foreign

exchange contracts had a net unrealized loss of \$67 million and \$30 million, respectively.

The amount of unamortized net realized deferred gains associated with closed ALM swaps was \$112 million and \$174 million at March 31, 2000 and December 31, 1999, respectively. The amount of unamortized net realized deferred gains associated with closed ALM options was \$72 million and \$82 million at March 31, 2000 and December 31, 1999, respectively. The amount of unamortized net realized deferred losses associated with closed ALM futures and forward contracts was \$20 million and \$21 million at March 31, 2000 and December 31, 1999, respectively. There were no unamortized net realized deferred gains or losses associated with closed foreign exchange contracts at March 31, 2000 and December 31, 1999.

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Management believes the fair value of the ALM interest rate and foreign exchange portfolios should be viewed in the context of the overall balance sheet, and the value of any single component of the balance sheet or off-balance sheet positions should not be viewed in isolation.

For a discussion of the Corporation's management of risk associated with mortgage production and servicing activities, see the "Noninterest Income" section on page 34. See Note Six of the consolidated financial statements on page 12 for information on the Corporation's ALM contracts.

<TABLE>
<CAPTION>

| March 31, 2000 | | Expected Maturity | | | | | |
|--|------------|-------------------|---------|----------|---------|----------|----------|
| Average | Fair | | | | | | |
| (Dollars in millions, average After Estimated estimated duration in years) 2004 Duration | Value | Total | 2000 | 2001 | 2002 | 2003 | 2004 |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| <C> | <C> | | | | | | |
| Open interest rate contracts | | | | | | | |
| Total receive fixed swaps | \$ (1,905) | | | | | | |
| 2.93 | | | | | | | |
| Notional value | | \$61,295 | \$7,846 | \$11,632 | \$1,916 | \$12,944 | \$ 7,086 |
| \$19,871 | | | | | | | |
| Weighted average receive rate | | 6.25 % | 6.21 % | 6.43 % | 6.95 % | 5.60 % | 6.28 % |
| 6.47 % | | | | | | | |
| Total pay fixed swaps | 228 | | | | | | |
| 1.97 | | | | | | | |
| Notional value | | \$28,341 | \$4,910 | \$9,743 | \$5,925 | \$2,514 | \$718 |
| \$4,531 | | | | | | | |
| Weighted average pay rate | | 6.76 % | 6.71 % | 6.60 % | 6.91 % | 7.10 % | 7.46 % |
| 6.67 % | | | | | | | |
| Basis swaps | (2) | | | | | | |
| Notional value | | \$7,787 | \$463 | \$ 595 | \$1,669 | \$4,913 | \$ - |
| \$ 147 | | | | | | | |
| Total swaps | (1,679) | | | | | | |
| Option products | 13 | | | | | | |
| Notional amount | | \$37,680 | \$635 | \$2,087 | \$ 868 | \$1,950 | \$15,661 |
| \$16,479 | | | | | | | |
| Futures and forward rate contracts | (3) | | | | | | |
| Notional amount | | \$ 884 | \$884 | \$ - | \$ - | \$ - | \$ - |
| \$ - | | | | | | | |
| Total open interest rate contracts | (1,669) | | | | | | |
| Closed interest rate contracts(1) | 164 | | | | | | |
| Net interest rate contract position | (1,505) | | | | | | |
| Open foreign exchange contracts | (67) | | | | | | |
| Notional amount | | \$5,247 | \$244 | \$1,499 | \$1,464 | \$ 112 | \$ 616 |
| \$1,312 | | | | | | | |
| Total ALM contracts | \$ (1,572) | | | | | | |

December 31, 1999

| Average | Fair Value | Expected Maturity | | | | | |
|--|------------|-------------------|----------|----------|---------|----------|----------|
| | | Total | 2000 | 2001 | 2002 | 2003 | 2004 |
| (Dollars in millions, average After Estimated duration in years) 2004 Duration | | | | | | | |
| Open interest rate contracts | | | | | | | |
| Total receive fixed swaps | \$ (1,747) | | | | | | |
| 2.75 | | | | | | | |
| Notional amount | | \$63,002 | \$13,539 | \$11,493 | \$1,637 | \$12,894 | \$7,104 |
| \$16,335 | | | | | | | |
| Weighted average receive rate | | 6.15 % | 5.98 % | 6.43 % | 6.88 % | 5.60 % | 6.57 % |
| 6.28 % | | | | | | | |
| Total pay fixed swaps | 115 | | | | | | |
| 2.11 | | | | | | | |
| Notional amount | | \$25,701 | \$6,893 | \$8,232 | \$3,175 | \$2,475 | \$ 719 |
| \$4,207 | | | | | | | |
| Weighted average pay rate | | 6.68 % | 6.84 % | 6.57 % | 6.23 % | 7.10 % | 7.46 % |
| 6.61 % | | | | | | | |
| Basis swaps | (6) | | | | | | |
| Notional amount | | \$7,971 | \$ 743 | \$ 601 | \$1,669 | \$4,958 | \$ - |
| \$ - | | | | | | | |
| Total swaps | (1,638) | | | | | | |
| Option products | 5 | | | | | | |
| Notional amount | | \$35,134 | \$ 505 | \$2,088 | \$ 868 | \$1,950 | \$15,661 |
| \$14,062 | | | | | | | |
| Futures and forward rate contracts | 3 | | | | | | |
| Notional amount | | \$ 931 | \$ 931 | \$ - | \$ - | \$ - | \$ - |
| \$ - | | | | | | | |
| Total open interest rate contracts | (1,630) | | | | | | |
| Closed interest rate contracts(1) | 235 | | | | | | |
| Net interest rate contract position | (1,395) | | | | | | |
| Open foreign exchange contracts | (30) | | | | | | |
| Notional amount | | \$6,231 | \$ 273 | \$1,499 | \$2,552 | \$ 112 | \$ 623 |
| \$1,172 | | | | | | | |
| Total ALM contracts | \$ (1,425) | | | | | | |

(1) Represents the unamortized net realized deferred gains associated with closed contracts. As a result, no notional amount is reflected for expected maturity.

</TABLE>

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See "Management's Discussion and Analysis of Results of Operations and Financial Condition - Market Risk Management" on page 51 and the sections referenced therein for Quantitative and Qualitative Disclosures about Market Risk.

Part II. Other Information

Item 1. Legal Proceedings

Litigation

In the ordinary course of business, the Corporation and its subsidiaries are routinely defendants in or parties to a number of pending and threatened legal actions and proceedings, including actions brought on behalf of various classes of claimants. In certain of these actions and proceedings, substantial money damages are asserted

against the Corporation and its subsidiaries and certain of these actions and proceedings are based on alleged violations of consumer protection, securities, environmental, banking and other laws.

The Corporation and certain present and former officers and directors have been named as defendants in a number of actions filed in several federal courts that have been consolidated for pretrial purposes before a Missouri federal court. The amended complaint in the consolidated actions alleges, among other things, that the defendants failed to disclose material facts about BankAmerica's losses relating to D.E. Shaw Securities Group, L.P. and related entities until mid-October 1998, in violation of various provisions of federal and state laws. The amended complaint also alleges that the proxy statement-prospectus of August 4, 1998, falsely stated that the Merger would be one of equals and alleges a scheme to have NationsBank gain control over the newly merged entity. The Missouri federal court has certified classes consisting generally of persons who were stockholders of NationsBank or BankAmerica on September 30, 1998, or were entitled to vote on the Merger, or who purchased or acquired securities of the Corporation or its predecessors between August 4, 1998 and October 13, 1998. The amended complaint substantially survived a motion to dismiss, and discovery is underway. Claims against certain director-defendants were dismissed with leave to replead. Similar uncertified class actions (including one limited to California residents raising the claim that the proxy statement-prospectus of August 4, 1998, falsely stated that the Merger would be one of equals) were filed in California state court, alleging violations of the California Corporations Code and other state laws. The action on behalf of California residents was certified, but has since been dismissed and an appeal is pending. Of the remaining actions, one has been stayed, and a motion for class certification is pending in the other. The Missouri federal court has recently enjoined prosecution of that action as a class action. Plaintiffs' appeal of that order is pending. The Corporation believes the actions lack merit and will defend them vigorously. The amount of any ultimate exposure cannot be determined with certainty at this time.

Management believes that the actions and proceedings and the losses, if any, resulting from the final outcome thereof, will not be material in the aggregate to the Corporation's financial position or results of operations.

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Item 2. Changes in Securities and Use Of Proceeds

As part of its share repurchase program, during the first quarter of 2000, the Corporation sold put options to purchase an aggregate of two million shares of Common Stock. These put options were sold to two independent third parties for an aggregate purchase price of \$14.1 million. The put option exercise prices range from \$45.22 to \$50.37 per share and expire in January 2001. The put option contracts allow the Corporation to determine the method of settlement (cash or stock). Each of these transactions was exempt from registration under Section 4(2) of the Securities Act of 1933, as amended.

Item 6. Exhibits and Reports on Form 8-K

- a) Exhibits
 - Exhibit 11- Earnings per share computation - included in Note 7 of the consolidated financial statements
 - Exhibit 12(a) - Ratio of Earnings to Fixed Charges
 - Exhibit 12(b) - Ratio of Earnings to Fixed Charges and Preferred Dividends
 - Exhibit 27- Financial Data Schedule
- b) Reports on Form 8-K

The following reports on Form 8-K were filed by the Corporation during the quarter ended March 31, 2000:

Current Report on Form 8-K dated January 18, 2000 and filed January 20, 2000, Items 5 and 7.

Current Report on Form 8-K dated January 25, 2000 and filed February 10, 2000, Items 5 and 7.

Current Report on Form 8-K dated February 8, 2000 and filed February 14, 2000, Items 5 and 7.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Bank of America Corporation

Registrant

Date: May 15, 2000

/s/ Marc D. Oken

MARC D. OKEN
Executive Vice President and
Principal Financial Executive
(Duly Authorized Officer and
Chief Accounting Officer)

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Bank of America Corporation
Form 10-Q
Index to Exhibits

| Exhibit ----- | Description ----- |
|------------------|--|
| 11 | Earnings per share computation - included in Note 7 of the consolidated financial statements |
| 12(a) | Ratio of Earnings to Fixed Charges |
| 12(b) | Ratio of Earnings to Fixed Charges and Preferred Dividends |
| 27 | Financial Data Schedule |

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<TABLE>
<CAPTION>

Bank of America Corporation and Subsidiaries
Exhibit 12(b)
Ratio of Earnings to Fixed Charges and Preferred Dividends

| 31 (Dollars in millions) 1996 1995 | | Three Months | | Year Ended December | | |
|--|----------|-------------------------|----------|---------------------|----------|------|
| | | Ended March 31, 2000 | | 1999 | 1998 | 1997 |
| ----- | | | | | | |
| <S> | | <C> | | <C> | <C> | <C> |
| <C> | | <C> | | <C> | <C> | <C> |
| Excluding Interest on Deposits | | | | | | |
| Income before income taxes | | \$3,533 | \$12,215 | \$ 8,048 | \$10,556 | \$ |
| 9,311 | \$ 8,377 | | | | | |
| Less: Equity in undistributed earnings of unconsolidated subsidiaries | | (7) | (167) | 162 | (49) | |
| (7) | (19) | | | | | |
| Fixed charges: | | | | | | |
| Interest expense (including capitalized interest) | | 3,067 | 10,084 | 9,479 | 8,219 | |
| 7,082 | 6,354 | | | | | |
| 1/3 of net rent expense | | 91 | 342 | 335 | 302 | |
| 282 | 275 | | | | | |
| ----- | | ----- | | ----- | | |
| Total fixed charges | | 3,158 | 10,426 | 9,814 | 8,521 | |
| 7,364 | 6,629 | | | | | |
| Preferred dividend requirements | | 2 | 10 | 40 | 183 | |
| 332 | 426 | | | | | |
| ----- | | ----- | | ----- | | |
| Earnings (excluding capitalized interest) | | \$6,684 | \$22,474 | \$18,024 | \$19,028 | |
| \$16,668 | \$14,987 | | | | | |
| ----- | | ----- | | ----- | | |
| Fixed charges and preferred dividends | | \$3,160 | \$10,436 | \$9,854 | \$8,704 | |
| \$7,696 | \$7,055 | | | | | |
| ----- | | ----- | | ----- | | |
| Ratio of earnings to fixed charges and preferred dividends | | 2.12 | 2.15 | 1.83 | 2.19 | |
| 2.17 | 2.12 | | | | | |
| ----- | | ----- | | ----- | | |

| (Dollars in millions) 1996 1995 | | Three Months | | Year Ended December 31 | | |
|--|----------|-------------------------|----------|------------------------|----------|------|
| | | Ended March 31, 2000 | | 1999 | 1998 | 1997 |
| ----- | | | | | | |
| Including Interest on Deposits | | | | | | |
| Income before income taxes | | \$3,533 | \$12,215 | \$ 8,048 | \$10,556 | \$ |
| 9,311 | \$ 8,377 | | | | | |
| Less: Equity in undistributed earnings of unconsolidated subsidiaries | | (7) | (167) | 162 | (49) | |
| (7) | (19) | | | | | |
| Fixed charges: | | | | | | |
| Interest expense (including capitalized interest) | | 5,562 | 19,086 | 20,290 | 18,903 | |
| 16,682 | 16,369 | | | | | |
| 1/3 of net rent expense | | 91 | 342 | 335 | 302 | |
| 282 | 275 | | | | | |
| ----- | | ----- | | ----- | | |

| | | | | | |
|--|----------|---------|----------|----------|----------|
| Total fixed charges | | 5,653 | 19,428 | 20,625 | 19,205 |
| 16,964 | 16,644 | | | | |
| Preferred dividend requirements | | 2 | 10 | 40 | 183 |
| 332 | 426 | | | | |
| ----- | | | | | |
| Earnings (excluding capitalized interest) | | \$9,179 | \$31,476 | \$28,835 | \$29,712 |
| \$26,268 | \$25,002 | | | | |
| ----- | | | | | |
| Fixed charges and preferred dividends | | \$5,655 | \$19,438 | \$20,665 | \$19,388 |
| \$17,296 | \$17,070 | | | | |
| ----- | | | | | |
| Ratio of earnings to fixed charges and preferred dividends | | 1.62 | 1.62 | 1.40 | 1.53 |
| 1.52 | 1.46 | | | | |
| ----- | | | | | |
| ----- | | | | | |

</TABLE>

<TABLE>
<CAPTION>

Bank of America Corporation and Subsidiaries
Exhibit 12(b)
Ratio of Earnings to Fixed Charges and Preferred Dividends

| 31 (Dollars in millions) 1996 1995 | | Three Months | | Year Ended December | | |
|--|----------|-------------------------|----------|---------------------|----------|------|
| | | Ended March 31, 2000 | | 1999 | 1998 | 1997 |
| ----- | | | | | | |
| <S> | | | | | | |
| <C> | | | | | | |
| Excluding Interest on Deposits | | | | | | |
| Income before income taxes | | \$3,533 | \$12,215 | \$ 8,048 | \$10,556 | \$ |
| 9,311 | \$ 8,377 | | | | | |
| Less: Equity in undistributed earnings of unconsolidated subsidiaries | | (7) | (167) | 162 | (49) | |
| (7) | (19) | | | | | |
| Fixed charges: | | | | | | |
| Interest expense (including capitalized interest) | | 3,067 | 10,084 | 9,479 | 8,219 | |
| 7,082 | 6,354 | | | | | |
| 1/3 of net rent expense | | 91 | 342 | 335 | 302 | |
| 282 | 275 | | | | | |
| ----- | | | | | | |
| Total fixed charges | | 3,158 | 10,426 | 9,814 | 8,521 | |
| 7,364 | 6,629 | | | | | |
| Preferred dividend requirements | | 2 | 10 | 40 | 183 | |
| 332 | 426 | | | | | |
| ----- | | | | | | |
| Earnings (excluding capitalized interest) | | \$6,684 | \$22,474 | \$18,024 | \$19,028 | |
| \$16,668 | \$14,987 | | | | | |
| ----- | | | | | | |
| Fixed charges and preferred dividends | | \$3,160 | \$10,436 | \$9,854 | \$8,704 | |
| \$7,696 | \$7,055 | | | | | |
| ----- | | | | | | |
| Ratio of earnings to fixed charges and preferred dividends | | 2.12 | 2.15 | 1.83 | 2.19 | |
| 2.17 | 2.12 | | | | | |
| ----- | | | | | | |

| (Dollars in millions) 1996 1995 | | Three Months | | Year Ended December 31 | | |
|--|----------|-------------------------|----------|------------------------|----------|------|
| | | Ended March 31, 2000 | | 1999 | 1998 | 1997 |
| ----- | | | | | | |
| Including Interest on Deposits | | | | | | |
| Income before income taxes | | \$3,533 | \$12,215 | \$ 8,048 | \$10,556 | \$ |
| 9,311 | \$ 8,377 | | | | | |
| Less: Equity in undistributed earnings of unconsolidated subsidiaries | | (7) | (167) | 162 | (49) | |
| (7) | (19) | | | | | |
| Fixed charges: | | | | | | |
| Interest expense (including capitalized interest) | | 5,562 | 19,086 | 20,290 | 18,903 | |
| 16,682 | 16,369 | | | | | |
| 1/3 of net rent expense | | 91 | 342 | 335 | 302 | |
| 282 | 275 | | | | | |
| ----- | | | | | | |

| | | | | | |
|--|----------|---------|----------|----------|----------|
| Total fixed charges | | 5,653 | 19,428 | 20,625 | 19,205 |
| 16,964 | 16,644 | | | | |
| Preferred dividend requirements | | 2 | 10 | 40 | 183 |
| 332 | 426 | | | | |
| ----- | | | | | |
| Earnings (excluding capitalized interest) | | \$9,179 | \$31,476 | \$28,835 | \$29,712 |
| \$26,268 | \$25,002 | | | | |
| ----- | | | | | |
| Fixed charges and preferred dividends | | \$5,655 | \$19,438 | \$20,665 | \$19,388 |
| \$17,296 | \$17,070 | | | | |
| ----- | | | | | |
| Ratio of earnings to fixed charges and preferred dividends | | 1.62 | 1.62 | 1.40 | 1.53 |
| 1.52 | 1.46 | | | | |
| ----- | | | | | |
| ----- | | | | | |

</TABLE>

<TABLE> <S> <C>

<ARTICLE>

9

<LEGEND>

This schedule contains summary information extracted from the March 31, 2000 Form 10-Q for Bank of America Corporation and is qualified in its entirety by reference to such financial statements.

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