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BANK ONE CORP  
Form 10-Q  
November 13, 2002

BANK ONE CORPORATION  
INDEX TO FINANCIAL REVIEW

|    |  |
|----|--|
| 1  | Five Quarter Summary of Selected Financial Information |
| 2  | Summary of Results                                     |
| 2  | Balance Sheet Analysis                                 |
| 3  | Business Segment Results                               |
| 23 | Consolidated Results                                   |
| 25 | Risk Management  |
| 26 | Market Risk Management                                 |
| 28 | Credit Portfolio Composition                           |
| 32 | Asset Quality  |
| 36 | Derivative Financial Instruments                       |
| 38 | Loan Securitizations and Off-Balance Sheet Activities  |
| 39 | Capital Management                                     |
| 41 | Forward-Looking Statements                             |
| 42 | Consolidated Financial Statements                      |
| 46 | Notes to Consolidated Financial Statements             |
| 54 | Selected Statistical Information                       |
| 57 | Report of Management                                   |
| 58 | Review Report of Independent Public Accountants        |
| 59 | Form 10-Q  |
| 63 | Management's Certification of Periodic Report          |

FIVE QUARTER SUMMARY OF SELECTED FINANCIAL INFORMATION  
BANK ONE CORPORATION AND SUBSIDIARIES

| (In millions, except per share data,<br>ratios, and headcount) | Three Months Ended       |                     |                      |       |
|--|--------------------------|---------------------|----------------------|-------|
|  | SEPTEMBER 30<br>2002 (5) | June 30<br>2002 (5) | March 31<br>2002 (5) | Decem |

INCOME STATEMENT DATA:

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|   |          |          |          |    |
|---|----------|----------|----------|----|
| Total revenue, net of interest expense    | \$ 4,180 | \$ 4,274 | \$ 4,152 | \$ |
| Net interest income-                      |          |          |          |    |
| fully taxable-equivalent ("FTE") basis(1) | 2,235    | 2,078    | 2,235    |    |
| Noninterest income                        | 1,983    | 2,232    | 1,952    |    |
| Provision for credit losses               | 587      | 607      | 665      |    |
| Noninterest expense                       | 2,415    | 2,438    | 2,345    |    |
| Net income                                | 823      | 843      | 787      |    |

### PER COMMON SHARE DATA:

|                         |         |         |         |    |
|-------------------------|---------|---------|---------|----|
| Net income:             |         |         |         |    |
| Basic                   | \$ 0.71 | \$ 0.72 | \$ 0.67 | \$ |
| Diluted                 | 0.70    | 0.71    | 0.67    |    |
| Cash dividends declared | 0.21    | 0.21    | 0.21    |    |
| Book value              | 18.79   | 18.37   | 17.81   |    |

### BALANCE SHEET DATA - ENDING BALANCES:

|                             |            |            |            |      |
|-----------------------------|------------|------------|------------|------|
| Loans                       | \$ 150,389 | \$ 147,728 | \$ 152,126 | \$ 1 |
| Total assets                | 274,187    | 270,343    | 262,947    | 2    |
| Deposits                    | 164,036    | 157,518    | 158,803    | 1    |
| Long-term debt(2)           | 42,481     | 43,756     | 44,194     |      |
| Common stockholders' equity | 21,925     | 21,563     | 20,913     |      |
| Total stockholders' equity  | 21,925     | 21,563     | 20,913     |      |

### CREDIT QUALITY RATIOS:

|   |       |       |       |
|---|-------|-------|-------|
| Net charge-offs to average loans          | 1.55% | 1.62% | 1.71% |
| Allowance to period end loans             | 3.17  | 3.19  | 3.06  |
| Nonperforming assets to related assets(3) | 2.48  | 2.65  | 2.58  |

### FINANCIAL PERFORMANCE:

|                                 |            |            |            |
|---------------------------------|------------|------------|------------|
| Return on average assets        | 1.24%      | 1.32%      | 1.21%      |
| Return on average common equity | 14.8       | 15.7       | 15.3       |
| Net interest margin             | 3.84       | 3.69       | 3.91       |
| Efficiency ratio                | 57.3       | 56.6       | 56.0       |
| Employees                       | 73,535 (4) | 73,579 (4) | 73,864 (4) |

### CAPITAL RATIOS:

|                     |      |      |      |
|---------------------|------|------|------|
| Risk-based capital: |      |      |      |
| Tier 1              | 9.5% | 9.4% | 9.0% |
| Total               | 13.0 | 13.0 | 12.7 |
| Leverage            | 9.0  | 9.1  | 8.6  |

### COMMON STOCK DATA:

|                             |          |          |          |    |
|-----------------------------|----------|----------|----------|----|
| Average shares outstanding: |          |          |          |    |
| Basic                       | 1,162    | 1,174    | 1,170    |    |
| Diluted                     | 1,171    | 1,184    | 1,179    |    |
| Stock price, quarter-end    | \$ 37.40 | \$ 38.48 | \$ 41.78 | \$ |

- (1) Net interest income-FTE includes tax equivalent adjustments of \$38 million, \$36 million, \$35 million, \$38 million and \$30 million for the quarters ended September 30, 2002, June 30, 2002, March 31, 2002, December 31, 2001 and September 30, 2001, respectively.
- (2) Includes trust preferred capital securities.
- (3) Related assets consist of loans outstanding, including loans held for sale, and other real estate owned.
- (4) Includes the addition of employees due to the consolidation of Paymentech, Inc. and Anexsys, LLC.
- (5) Results include the effects of the consolidation of Paymentech, Inc. and Anexsys, LLC.

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### SUMMARY OF RESULTS

Net income for BANK ONE CORPORATION and its subsidiaries ("Bank One" or the "Corporation") for the third quarter of 2002 was \$823 million, or \$0.70 per diluted share. This is compared to net income of \$754 million, or \$0.64 per diluted share. (All comparisons are to the applicable period in the prior year unless otherwise specified.)

For the first nine months of 2002, net income was \$2.5 billion, or \$2.08 per diluted share, including a \$40 million after tax benefit from reversals of prior restructuring charges. This is compared to \$2.1 billion, or \$1.78 per diluted share, including a \$2 million after tax benefit from reversals of prior restructuring charges.

Net interest income of \$2.2 billion in the third quarter 2002 and \$6.4 billion for the nine months ended September 30, 2002 remained relatively unchanged. Decreases resulting from intentional reduction of certain segments of the loan portfolio were offset by increases in Retail core deposits and the benefit of lower interest rates that reduced the Corporation's funding costs.

Noninterest income increased \$130 million in the third quarter primarily due to increases in credit card revenue and gains in the fair value of credit derivatives used to hedge exposure to specific credits in the loan portfolio offset by writedowns in investments. Noninterest income increased \$916 million in the first nine months of 2002 primarily due to the acquisition of the Wachovia credit card business in the third quarter of 2001, the consolidation of Paymentech, Inc. and Anexsys, LLC beginning January 1, 2002, increased annuity and mutual fund sales, increased service charges on deposits, asset-backed finance underwriting fees and multiple other capital markets businesses, and gains recognized on credit derivatives. Noninterest income as a percentage of total revenue increased to 47.4% for the three months ended September 30, 2002 from 46.1% and increased to 48.9% for the nine months ended September 30, 2002 from 45.1%. These increases resulted from lower interest revenue driven by the intentional reduction of certain segments of the loan portfolio and the impact of lower interest rates, an increase in fee based revenue, particularly credit card revenue from the Wachovia credit card business, and offsetting increases and decreases driven by credit derivatives trading gains and other investment writedowns, respectively.

Net investment securities losses were \$29 million for the third quarter of 2002 compared to losses of \$42 million. Net investment gains for the first nine months of 2002 were \$49 million compared with losses of \$69 million. The gain for the first nine months of 2002 included a \$261 million gain on sale of the interest in the GE Monogram joint venture, partially offset by net writedowns in tax-advantaged investments and principal investment portfolios.

Total noninterest expense increased for the quarter and nine months by \$112 million and \$353 million, respectively. These increases were primarily the result of the consolidations of Paymentech and Anexsys, increased marketing expenditures and general costs associated with the Corporation's conversion efforts. For the nine months ended September 30, 2002, total noninterest expense also included expenses for terminating and renegotiating certain vendor contracts and the benefit of restructuring-related reversals of \$40 million after-tax (\$63 million pre-tax) related principally to reduced severance costs associated with staff reductions, primarily in the Retail and Card Services lines of business, changes in real estate closure and consolidation strategies, and adjustments in estimates previously made for all lines of business.

Provision for credit losses was \$587 million for the third quarter of 2002

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compared to \$620 million, a decrease of \$33 million. Since the fourth quarter of 2001, the Corporation as a whole has experienced lower net charge-offs and reductions in nonperforming loans, resulting in a reduction of provision for credit losses in the current quarter. For the first nine months of 2002, provision for credit losses was \$1.9 billion compared to \$1.7 billion in the prior year, a 7% increase. This increase was due primarily to higher net charge-offs in the vehicle and home equity portfolios.

### BALANCE SHEET ANALYSIS

The Corporation's loan portfolio was \$150.4 billion at September 30, 2002 compared with \$156.7 billion at December 31, 2001, a decrease of \$6.3 billion, or 4%. Retail loans totaled \$67.7 billion at September 30, 2002 compared with \$69.6 billion at December 31, 2001, a decrease of \$1.9 billion, due to the intentional reduction of the auto lease and discontinued brokered home equity portfolios. Commercial Banking loans totaled \$63.0 billion at September 30, 2002 compared to \$72.5 billion at December 31, 2001, a decrease of \$9.5 billion, or 13%. Reductions of \$7.9 billion and \$1.5 billion in commercial and industrial and commercial real estate loans, respectively, reflected the conscious management of credit risk in the current economic environment. Card Services loans totaled \$11.9 billion at September 30, 2002 compared to \$6.8 billion at December 31, 2001, an increase of \$5.1 billion, or 75%, reflecting

2

renewed organic growth in the portfolio. During the quarter, 1.4 million credit card accounts were opened, an increase of 11% compared to second quarter 2002.

At September 30, 2002, investment securities totaled \$66.1 billion compared with \$60.9 billion at December 31, 2001. This increase of \$5.2 billion, or 9%, was driven by a \$3.6 billion, or 14%, increase in U.S. government agencies, an increase of \$1.1 billion, or 26%, in other debt securities, primarily asset-backed securities, and an increase of \$172 million, or 6%, in equity securities. Partially offsetting these increases were the previously mentioned writedowns of tax-advantaged investment securities and principal investment portfolios.

Total deposits at September 30, 2002 were \$164.0 billion compared to \$167.5 billion at December 31, 2001, a decrease of \$3.5 billion, or 2%. Demand deposits totaled \$30.9 billion at September 30, 2002 compared to \$32.2 billion at December 31, 2001, a decrease of \$1.3 billion, or 4%. Time deposits totaled \$32.3 billion at September 30, 2002 compared to \$38.2 billion at December 31, 2001, a decrease of \$5.9 billion, or 15%, primarily due to a decrease in certificates of deposit, as rates on them have declined. These decreases were partially offset by an increase of \$4.6 billion, or 6%, in savings deposits.

### BUSINESS SEGMENT RESULTS

The Corporation is managed on a line of business basis. The business segments' financial results presented reflects the current organization of the Corporation. For a detailed discussion of the various business activities of Bank One's business segments, see pages 27-40 of the Corporation's 2001 Annual Report.

The following table summarizes net income (loss) by line of business for the periods indicated:

Three Months Ended September 30

Nine Mo

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| (In millions)   | 2002 |       | 2001 |       |
|---|------|-------|------|-------|
| Retail  | \$   | 354   | \$   | 304   |
| Commercial Banking  |      | 179   |      | 205   |
| Card Services   |      | 298   |      | 279   |
| Investment Management   |      | 100   |      | 101   |
| Corporate   |      | (108) |      | (135) |
| Income before cumulative effect of change in accounting principle           |      | 823   |      | 754   |
| Cumulative effect of change in accounting principle, net of taxes of (\$25) |      | -     |      | -     |
| Net Income  | \$   | 823   | \$   | 754   |

The information provided in the line of business tables beginning with the caption entitled "Financial Performance" is included herein for analytical purposes only and is based on management information systems, assumptions and methodologies that are under continual review.

3

RETAIL

Retail provides a broad range of financial products and services, including deposits, investments, loans, insurance, and interactive banking to consumers and small business customers.

| (Dollars in millions)                         | Three Months Ended September 30 |              |             |            | Nine Months  |              |
|---|---------------------------------|--------------|-------------|------------|--------------|--------------|
|   | 2002                            | 2001         | Change      |            | 2002         | 2001         |
|   |                                 |              | Amount      | Percent    |              |              |
| <b>INCOME STATEMENT DATA:</b>                 |                                 |              |             |            |              |              |
| Net interest income-FTE(1) (2)                | \$ 1,209                        | \$ 1,222     | \$ (13)     | (1)%       | \$ 3,667     | \$ 3,667     |
| Banking fees and commissions(3)               | 102                             | 112          | (10)        | (9)        | 333          | 333          |
| Credit card revenue(4)                        | 45                              | 43           | 2           | 5          | 129          | 129          |
| Service charges on deposits(5)                | 213                             | 202          | 11          | 5          | 610          | 610          |
| Trading(6)                                    | 6                               | -            | 6           | -          | 1            | 1            |
| Other income (loss)                           | (30)                            | 1            | (31)        | N/M        | (19)         | (19)         |
| <b>Total noninterest income</b>               | <b>336</b>                      | <b>358</b>   | <b>(22)</b> | <b>(6)</b> | <b>1,054</b> | <b>1,054</b> |
| <b>Total revenue, net of interest expense</b> | <b>1,545</b>                    | <b>1,580</b> | <b>(35)</b> | <b>(2)</b> | <b>4,721</b> | <b>4,721</b> |
| Provision for credit losses                   | 199                             | 247          | (48)        | (19)       | 681          | 681          |
| Salaries and employee benefits                | 358                             | 372          | (14)        | (4)        | 1,080        | 1,080        |
| Other expense                                 | 445                             | 494          | (49)        | (10)       | 1,352        | 1,352        |

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|   |          |          |         |      |          |       |
|---|----------|----------|---------|------|----------|-------|
| Total noninterest expense before merger and restructuring-related reversals | 803      | 866      | (63)    | (7)  | 2,432    | 2,    |
| Restructuring-related reversals(7)  | -        | -        | -       | -    | (18)     |       |
| Total noninterest expense   | 803      | 866      | (63)    | (7)  | 2,414    | 2,    |
| Income before income taxes  | 543      | 467      | 76      | 16   | 1,626    | 1,    |
| Applicable income taxes   | 189      | 163      | 26      | 16   | 570      |       |
| Net income  | \$ 354   | \$ 304   | \$ 50   | 16   | \$ 1,056 | \$    |
| Memo-Revenue by source:   |          |          |         |      |          |       |
| Core businesses   | \$ 1,460 | \$ 1,448 | \$ 12   | 1%   | \$ 4,436 | \$ 4, |
| Home equity discontinued/vehicle leases                                     | 85       | 132      | (47)    | (36) | 285      |       |
| FINANCIAL PERFORMANCE:  |          |          |         |      |          |       |
| Return on equity  | 23%      | 19%      | 4%      |      | 23%      |       |
| Efficiency ratio  | 52       | 55       | (3)     |      | 51       |       |
| Headcount-full-time   | 32,098   | 34,001   | (1,903) | (6)  |          |       |

4

RETAIL - CONTINUED

|   | Three Months Ended September 30 |         |          |         | Nine Month |      |
|---|---------------------------------|---------|----------|---------|------------|------|
|   | 2002                            | 2001    | Change   |         | 2002       | 2001 |
|   |                                 |         | Amount   | Percent |            |      |
| ENDING BALANCES (in billions):          |                                 |         |          |         |            |      |
| Small business commercial               | \$ 9.9                          | \$ 10.0 | \$ (0.1) | (1)%    |            |      |
| Home equity                             | 26.8                            | 24.7    | 2.1      | 9       |            |      |
| Vehicle                                 | 14.3                            | 13.5    | 0.8      | 6       |            |      |
| Other personal                          | 8.9                             | 9.9     | (1.0)    | (10)    |            |      |
| Core businesses                         | 59.9                            | 58.1    | 1.8      | 3       |            |      |
| Brokered home equity discontinued       | 3.6                             | 6.0     | (2.4)    | (40)    |            |      |
| Vehicle leases                          | 4.2                             | 6.9     | (2.7)    | (39)    |            |      |
| Home equity discontinued/vehicle leases | 7.8                             | 12.9    | (5.1)    | (40)    |            |      |
| Total loans (8)                         | 67.7                            | 71.0    | (3.3)    | (5)     |            |      |
| Assets                                  | 71.0                            | 75.0    | (4.0)    | (5)     |            |      |
| Demand deposits                         | 26.6                            | 24.4    | 2.2      | 9       |            |      |
| Savings                                 | 38.1                            | 34.7    | 3.4      | 10      |            |      |
| Time                                    | 23.0                            | 28.1    | (5.1)    | (18)    |            |      |
| Total deposits                          | 87.7                            | 87.2    | 0.5      | 1       |            |      |

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|   |         |        |        |      |         |    |
|---|---------|--------|--------|------|---------|----|
| Equity                                  | 6.2     | 6.2    | -      | -    |         |    |
| AVERAGE BALANCES (in billions):         |         |        |        |      |         |    |
| Small business commercial               | \$ 10.0 | \$ 9.9 | \$ 0.1 | 1    | \$ 10.0 | \$ |
| Home equity                             | 26.1    | 24.5   | 1.6    | 7    | 25.6    |    |
| Vehicle                                 | 13.8    | 14.0   | (0.2)  | (1)  | 13.6    |    |
| Other personal                          | 8.6     | 10.0   | (1.4)  | (14) | 9.0     |    |
| -----                                   |         |        |        |      |         |    |
| Core businesses                         | 58.5    | 58.4   | 0.1    | -    | 58.2    |    |
| Brokered home equity discontinued       | 3.9     | 6.3    | (2.4)  | (38) | 4.4     |    |
| Vehicle leases                          | 4.4     | 7.0    | (2.6)  | (37) | 5.0     |    |
| -----                                   |         |        |        |      |         |    |
| Home equity discontinued/vehicle leases | 8.3     | 13.3   | (5.0)  | (38) | 9.4     |    |
| -----                                   |         |        |        |      |         |    |
| Total loans                             | 66.8    | 71.7   | (4.9)  | (7)  | 67.6    |    |
| -----                                   |         |        |        |      |         |    |
| Assets                                  | 70.2    | 75.7   | (5.5)  | (7)  | 71.1    |    |
| -----                                   |         |        |        |      |         |    |
| Demand deposits                         | 26.1    | 23.8   | 2.3    | 10   | 25.7    |    |
| Savings                                 | 38.1    | 34.4   | 3.7    | 11   | 37.7    |    |
| Time                                    | 23.7    | 28.8   | (5.1)  | (18) | 24.6    |    |
| -----                                   |         |        |        |      |         |    |
| Total deposits                          | 87.9    | 87.0   | 0.9    | 1    | 88.0    |    |
| -----                                   |         |        |        |      |         |    |
| Equity                                  | 6.2     | 6.2    | -      | -    | 6.2     |    |
| -----                                   |         |        |        |      |         |    |

5

RETAIL - CONTINUED

|   | Three Months Ended September 30 |       |        |         | Nine Months |    |
|---|---------------------------------|-------|--------|---------|-------------|----|
|   | 2002                            | 2001  | Change |         | 2002        |    |
|   |                                 |       | Amount | Percent |             |    |
| CREDIT QUALITY (in millions):           |                                 |       |        |         |             |    |
| Net charge-offs:                        |                                 |       |        |         |             |    |
| Small business commercial               | \$ 15                           | \$ 20 | \$ (5) | (25)%   | \$ 52       | \$ |
| Home equity                             | 58                              | 45    | 13     | 29      | 198         |    |
| Vehicle                                 | 53                              | 45    | 8      | 18      | 159         |    |
| Other personal                          | 26                              | 35    | (9)    | (26)    | 86          |    |
| -----                                   |                                 |       |        |         |             |    |
| Core businesses                         | 152                             | 145   | 7      | 5       | 495         |    |
| Brokered home equity discontinued       | 34                              | 39    | (5)    | (13)    | 126         |    |
| Vehicle leases                          | 16                              | 25    | (9)    | (36)    | 61          |    |
| -----                                   |                                 |       |        |         |             |    |
| Home equity discontinued/vehicle leases | 50                              | 64    | (14)   | (22)    | 187         |    |
| -----                                   |                                 |       |        |         |             |    |
| Total consumer                          | 187                             | 189   | (2)    | (1)     | 630         |    |
| -----                                   |                                 |       |        |         |             |    |
| Total net charge-offs                   | 202                             | 209   | (7)    | (3)     | 682         |    |
| -----                                   |                                 |       |        |         |             |    |

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|   |        |        |         |       |
|---|--------|--------|---------|-------|
| Net charge-off ratios:                  |        |        |         |       |
| Small business commercial               | 0.60%  | 0.81%  | (0.21)% | 0.69% |
| Home equity                             | 0.89   | 0.73   | 0.16    | 1.03  |
| Vehicle                                 | 1.54   | 1.29   | 0.25    | 1.56  |
| Other personal                          | 1.21   | 1.40   | (0.19)  | 1.27  |
| Core businesses                         | 1.04   | 0.99   | 0.05    | 1.13  |
| Brokered home equity discontinued       | 3.49   | 2.48   | 1.01    | 3.82  |
| Vehicle leases                          | 1.45   | 1.41   | 0.04    | 1.63  |
| Home equity discontinued/vehicle leases | 2.41   | 1.91   | 0.50    | 2.65  |
| Total consumer                          | 1.32   | 1.22   | 0.10    | 1.46  |
| Total net charge-offs                   | 1.21   | 1.17   | 0.04    | 1.35  |
| Nonperforming assets:                   |        |        |         |       |
| Commercial                              | \$ 324 | \$ 241 | \$ 83   | 34    |
| Consumer(9)                             | 1,110  | 914    | 196     | 21    |
| Total nonperforming loans(10)           | 1,434  | 1,155  | 279     | 24    |
| Other, including                        |        |        |         |       |
| Other Real Estate Owned ("OREO")        | 180    | 76     | 104     | N/M   |
| Total nonperforming assets              | 1,614  | 1,231  | 383     | 31    |
| Allowance for credit losses             | 1,026  | 979    | 47      | 5     |
| Allowance to period end loans           | 1.57%  | 1.40%  | 0.17%   |       |
| Allowance to nonperforming loans        | 72     | 85     | (13)    |       |
| Nonperforming assets to related assets  | 2.38   | 1.73   | 0.65    |       |

6

RETAIL - CONTINUED

|                                       | Three Months Ended September 30 |          |         |         | Nine Months Ended September 30, 2002 |
|---------------------------------------|---------------------------------|----------|---------|---------|--------------------------------------|
|                                       | 2002                            | 2001     | Change  |         |                                      |
|                                       |                                 |          | Amount  | Percent |                                      |
| DISTRIBUTION:                         |                                 |          |         |         |                                      |
| Number of:                            |                                 |          |         |         |                                      |
| Banking centers                       | 1,779                           | 1,805    | (26)    | (1)%    |                                      |
| ATMs                                  | 4,122                           | 5,652    | (1,530) | (27)    |                                      |
| On-line customers (in thousands)      | 1,326                           | 1,040    | 286     | 28      |                                      |
| Households (in thousands)             | 6,980                           | 7,361    | (381)   | (5)     |                                      |
| Business customers (in thousands)     | 486                             | 512      | (26)    | (5)     |                                      |
| Debit cards issued (in thousands)     | 4,609                           | 4,491    | 118     | 3       |                                      |
| INVESTMENTS:                          |                                 |          |         |         |                                      |
| Investment sales volume (in millions) | \$ 1,327                        | \$ 1,231 | \$ 96   | 8       | \$ 4,155                             |



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N/M-Not meaningful.

- (1) Net interest income-FTE includes tax equivalent adjustments of \$6 million for the three months ended September 30, 2002 and 2001. For the nine months ended September 30, 2002 and 2001, tax equivalent adjustments were \$16 million.
- (2) Net interest income is presented rather than gross interest income and gross interest expenses because the Corporation relies primarily on net interest revenue to assess the performance of the segment and make resource allocations.
- (3) Banking fees and commissions include insurance fees, documentary fees, commitment fees, mutual fund commissions, syndicated management fees, leasing fees, safe deposit fees, official checks fees, ATM interchange and miscellaneous other fee revenue.
- (4) Credit card revenue includes credit card fees, debit card fees, merchant fees and interchange fees.
- (5) Service charges on deposits include service charges on deposits, deficient balance fees and non-sufficient funds/overdraft fees.
- (6) Trading includes trading and foreign exchange.
- (7) Restructuring-related charges (reversals) are allocated to each line of business for management reporting purposes. Restructuring-related charges (reversals) are discussed on page 47. Income before restructuring-related reversals, net of \$7 million and \$1 million of taxes, was \$1.0 billion and \$958 million, for nine months ended September 30, 2002 and 2001, respectively.
- (8) Includes loans held for sale of \$2.5 billion and \$1.1 billion at September 30, 2002 and 2001, respectively. These amounts are not included in allowance coverage statistics. Prior periods have been recalculated to conform to current period presentation.
- (9) Includes consumer balances that are placed on nonaccrual status when the collection of contractual principal or interest becomes 90 days past due.
- (10) Includes loans held for sale of \$3 million at September 30, 2002. There were no nonperforming loans held for sale at September 30, 2001. These amounts are not included in allowance coverage statistics. Prior periods have been recalculated to conform to current period presentation.

### Quarterly Results

-----  
Retail net income totaled \$354 million, up \$50 million, or 16%, primarily due to lower noninterest and provision expense.

Net interest income declined \$13 million, or 1%, driven by the intentional reduction of the auto lease and discontinued brokered home equity portfolios. This decline was partially offset by a 10% increase in core deposits, which include demand and savings products. The run-off portfolios were down \$5.1 billion, while average balances for the remaining home equity loan portfolio were up \$1.6 billion, reflecting strong production trends.

Noninterest income was \$336 million, down \$22 million, or 6%, primarily as a result of lower mortgage-related revenue and lower revenue from the intentional reduction of non-branded ATMs, partially offset by higher deposit service charges. Compared to the prior quarter, noninterest income was down \$20 million, or 6%, primarily as a result of higher losses on tax-advantaged investments.

Noninterest expense was \$803 million, down \$63 million, or 7%. The absence of goodwill amortization, lower fraud losses, and lower staffing levels were partially offset by additional investments in marketing and higher benefits costs. Noninterest expense was up \$14 million from the prior quarter due to the

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absence of an \$18 million benefit from the reversal of a restructuring-related charge.

The provision for credit losses was \$199 million, down \$48 million, or 19%, due to the absence of reserve increases and lower net charge-offs on discontinued portfolios and small business loans. Compared to the prior quarter, provision declined \$16 million, or 7%.

7

### RETAIL-CONTINUED

The allowance for credit losses of \$1.0 billion represented 1.57% of period-end loans, an increase from 1.40%. Nonperforming assets were \$1.6 billion, up \$383 million, or 31%, due to increases in home equity and small business loans.

#### Year-to-Date Results

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Retail year-to-date net income totaled \$1.1 billion, up \$96 million, or 10%, primarily due to lower noninterest expense partially offset by lower revenue.

Net interest income declined \$73 million, or 2%, driven by the intentional reduction of the auto lease and discontinued brokered home equity portfolios. This decline was partially offset by an 11% increase in core deposits, which include demand and savings products. The run-off portfolios decreased \$5.1 billion, while average balances for the remaining home equity loan portfolio increased \$1.8 billion, reflecting strong production trends.

Noninterest income was \$1.1 billion, down \$20 million, or 2%, primarily as a result of higher losses on tax-advantaged investments, lower mortgage-related revenue and lower revenue from the intentional reduction of non-branded ATMs, partially offset by higher deposit service charges.

Noninterest expense declined \$215 million, or 8%, driven by lower staffing, the absence of goodwill amortization, and lower fraud and operating losses. The decline was partially offset by additional investments in marketing and benefits costs.

The provision for credit losses was \$681 million, down \$10 million, or 1%, due to the absence of reserve increases, offset by higher net charge-offs on home equity and vehicle loans.

8

### COMMERCIAL BANKING

Commercial Banking offers a broad array of products, including global cash management, capital markets, commercial credit cards, investment management, and lending to Corporate Banking and Middle Market Banking customers.

Three Months Ended September 30

Nine Months

-----  
Change

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| (Dollars in millions)  | 2002 (12)     | 2001          | Amount       | Percent     | 2002 (12)     |
|--|---------------|---------------|--------------|-------------|---------------|
| <b>INCOME STATEMENT DATA:</b>  |               |               |              |             |               |
| Net interest income-FTE(2) (11)  | \$ 605        | \$ 657        | (52)         | (8)%        | \$ 1,858      |
| Banking fees and commissions   | 175           | 182           | (7)          | (4)         | 574           |
| Credit card revenue  | 21            | 21            | -            | -           | 55            |
| Service charges on deposits  | 188           | 175           | 13           | 7           | 545           |
| Fiduciary and investment management fees(13)                                       | -             | 3             | (3)          | N/M         | (1)           |
| Investment securities losses   | (12)          | (12)          | -            | -           | (13)          |
| Trading  | 143           | 81            | 62           | 77          | 250           |
| Other income (loss)  | (78)          | (23)          | (55)         | N/M         | (148)         |
| <b>Total noninterest income</b>  | <b>437</b>    | <b>427</b>    | <b>10</b>    | <b>2</b>    | <b>1,262</b>  |
| <b>Total revenue, net of interest expense</b>                                      | <b>1,042</b>  | <b>1,084</b>  | <b>(42)</b>  | <b>(4)</b>  | <b>3,120</b>  |
| <b>Provision for credit losses</b>   | <b>237</b>    | <b>246</b>    | <b>(9)</b>   | <b>(4)</b>  | <b>792</b>    |
| Salaries and employee benefits(14)   | 269           | 249           | 20           | 8           | 789           |
| Other expense(14)  | 315           | 298           | 17           | 6           | 947           |
| <b>Total noninterest expense before merger and restructuring-related reversals</b> | <b>584</b>    | <b>547</b>    | <b>37</b>    | <b>7</b>    | <b>1,736</b>  |
| Restructuring-related reversals(15)  | -             | -             | -            | -           | (4)           |
| <b>Total noninterest expense</b>   | <b>584</b>    | <b>547</b>    | <b>37</b>    | <b>7</b>    | <b>1,732</b>  |
| <b>Income before income taxes</b>  | <b>221</b>    | <b>291</b>    | <b>(70)</b>  | <b>(24)</b> | <b>596</b>    |
| <b>Applicable income taxes</b>   | <b>42</b>     | <b>86</b>     | <b>(44)</b>  | <b>(51)</b> | <b>127</b>    |
| <b>Net income</b>  | <b>\$ 179</b> | <b>\$ 205</b> | <b>(26)</b>  | <b>(13)</b> | <b>\$ 469</b> |
| <b>Memo-Revenue by activity(16):</b>   |               |               |              |             |               |
| Lending-related revenue  | \$ 491        | \$ 493        | (2)          | -%          | \$ 1,340      |
| Global Treasury Services   | 426           | 416           | 10           | 2           | 1,254         |
| Capital Markets(17)  | 154           | 163           | (9)          | (6)         | 518           |
| Other  | (29)          | 12            | (41)         | N/M         | 8             |
| <b>FINANCIAL PERFORMANCE:</b>  |               |               |              |             |               |
| Return on equity   | 10%           | 11%           | (1)%         |             | 8%            |
| Efficiency ratio   | 56            | 50            | 6            |             | 56            |
| <b>Headcount-full-time(14):</b>  |               |               |              |             |               |
| Corporate Banking (including Capital Markets)                                      | 2,306         | 2,768         | (462)        | (17)        |               |
| Middle Market  | 2,942         | 3,351         | (409)        | (12)        |               |
| Global Treasury Services   | 3,403         | 3,035         | 368          | 12          |               |
| Operations, Technology, and other Administration                                   | 1,967         | 2,210         | (243)        | (11)        |               |
| <b>Total headcount-full-time</b>   | <b>10,618</b> | <b>11,364</b> | <b>(746)</b> | <b>(7)</b>  |               |

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9

COMMERCIAL BANKING - CONTINUED

|   | Three Months Ended September 30 |          |           |         | 2002 (12) |
|---|---------------------------------|----------|-----------|---------|-----------|
|   | 2002 (12)                       | 2001     | Change    |         |           |
|   |                                 |          | Amount    | Percent |           |
| <b>ENDING BALANCES (in billions):</b>   |                                 |          |           |         |           |
| Loans (18)                              | \$ 63.0                         | \$ 77.4  | \$ (14.4) | (19)%   |           |
| Assets                                  | 95.7                            | 106.5    | (10.8)    | (10)    |           |
| Demand deposits                         | 24.5                            | 23.3     | 1.2       | 5       |           |
| Savings                                 | 2.9                             | 2.8      | 0.1       | 4       |           |
| Time                                    | 14.8                            | 9.4      | 5.4       | 57      |           |
| Foreign offices                         | 9.4                             | 9.3      | 0.1       | 1       |           |
| Total deposits                          | 51.6                            | 44.8     | 6.8       | 15      |           |
| Equity                                  | 7.4                             | 7.3      | 0.1       | 1       |           |
| <b>AVERAGE BALANCES (in billions):</b>  |                                 |          |           |         |           |
| Loans                                   | \$ 63.7                         | \$ 78.1  | \$ (14.4) | (18)    | \$ 67.3   |
| Assets                                  | 92.7                            | 106.3    | (13.6)    | (13)    | 95.5      |
| Demand deposits                         | 21.7                            | 20.9     | 0.8       | 4       | 22.3      |
| Savings                                 | 2.8                             | 2.8      | -         | -       | 2.8       |
| Time                                    | 13.6                            | 9.2      | 4.4       | 48      | 13.5      |
| Foreign offices                         | 8.9                             | 10.0     | (1.1)     | (11)    | 8.5       |
| Total deposits                          | 47.0                            | 42.9     | 4.1       | 10      | 47.1      |
| Equity                                  | 7.4                             | 7.3      | 0.1       | 1       | 7.4       |
| <b>CREDIT QUALITY (in millions):</b>    |                                 |          |           |         |           |
| Net charge-offs                         | \$ 237                          | \$ 230   | \$ 7      | 3       | \$ 792    |
| Net charge-off ratio                    | 1.49%                           | 1.18%    | 0.31%     |         | 1.57%     |
| <b>Nonperforming assets:</b>            |                                 |          |           |         |           |
| Nonperforming loans (19)                | \$ 2,040                        | \$ 1,904 | \$ 136    | 7       |           |
| Other, including OREO                   | 27                              | 30       | (3)       | (10)    |           |
| Total nonperforming assets              | 2,067                           | 1,934    | 133       | 7       |           |
| Allowance for credit losses             | 3,071                           | 3,078    | (7)       | -       |           |
| Allowance to period end loans (18)      | 4.89%                           | 3.98%    | 0.91%     |         |           |
| Allowance to nonperforming loans (19)   | 157                             | 162      | (5)       |         |           |
| Nonperforming assets to related assets  | 3.28                            | 2.50     | 0.78      |         |           |
| <b>CORPORATE BANKING (in billions):</b> |                                 |          |           |         |           |
| Loans—ending balance                    | \$ 31.2                         | \$ 40.5  | \$ (9.3)  | (23)    |           |
| —average balance                        | 31.6                            | 41.4     | (9.8)     | (24)    | \$ 33.6   |
| Deposits—ending balance                 | 28.8                            | 24.1     | 4.7       | 20      |           |
| —average balance                        | 25.9                            | 23.9     | 2.0       | 8       | 25.5      |
| <b>Credit quality (in millions):</b>    |                                 |          |           |         |           |

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|                                    |          |          |         |     |       |
|------------------------------------|----------|----------|---------|-----|-------|
| Net charge-offs                    | 160      | 131      | 29      | 22  | 491   |
| Net charge-off ratio               | 2.03%    | 1.27%    | 0.76%   |     | 1.95% |
| Nonperforming loans                | \$ 1,010 | \$ 1,051 | \$ (41) | (4) |       |
| Nonperforming loans to total loans | 3.24%    | 2.60%    | 0.64%   |     |       |

SYNDICATIONS:

|                        |         |        |        |    |         |
|------------------------|---------|--------|--------|----|---------|
| Lead arranger deals:   |         |        |        |    |         |
| Volume (in billions)   | \$ 11.3 | \$ 9.7 | \$ 1.6 | 16 | \$ 44.6 |
| Number of transactions | 63      | 56     | 7      | 13 | 184     |

10

COMMERCIAL BANKING - CONTINUED

|                                      | Three Months Ended September 30 |         |          |         | Nine Months Ended September 30, 2002 (12) |
|--------------------------------------|---------------------------------|---------|----------|---------|---|
|                                      | 2002 (12)                       | 2001    | Change   |         |   |
|                                      |                                 |         | Amount   | Percent |   |
| SYNDICATIONS - CONTINUED             |                                 |         |          |         |   |
| League table standing-rank           | 4                               | 4       | -        | -       | 4   |
| League table standing-market share   | 6%                              | 4%      | 2%       |         | 6%  |
| MIDDLE MARKET BANKING (in billions): |                                 |         |          |         |   |
| Loans-ending balance                 | \$ 31.8                         | \$ 36.9 | \$ (5.1) | (14)%   |   |
| -average balance                     | 32.1                            | 36.7    | (4.6)    | (13)    | \$ 33.6                                   |
| Deposits-ending balance              | 22.8                            | 20.6    | 2.2      | 11      |   |
| -average balance                     | 21.2                            | 19.0    | 2.2      | 12      | 21.6                                      |
| Credit quality (in millions):        |                                 |         |          |         |   |
| Net charge-offs                      | 77                              | 99      | (22)     | (22)    | 301                                       |
| Net charge-off ratio                 | 0.96%                           | 1.08%   | (0.12)%  |         | 1.19%                                     |
| Nonperforming loans                  | \$ 1,030                        | \$ 853  | \$ 177   | 21      |   |
| Nonperforming loans to total loans   | 3.24%                           | 2.31%   | 0.93%    |         |   |

For additional footnote detail see page 7.

- (11) Net interest income-FTE includes tax equivalent adjustments of \$24 million and \$17 million for the three months ended September 30, 2002 and 2001, respectively. For the nine months ended September 30, 2002 and 2001 tax equivalent adjustments were \$68 million and \$56 million, respectively.
- (12) Results include the effect of consolidating Anexsys, LLC, which had an impact on the classification of revenue and expense but had no impact on net income for the three months ended September 30, 2002 or the year to date.
- (13) Fiduciary and investment management fees include asset management fees, personal trust fees, other trust fees and advisory fees.
- (14) Prior period data has been adjusted for the transfer of the National Retail Lockbox Operations and Cash Vault Services business from Commercial to Corporate.
- (15) Restructuring-related charges (reversals) are discussed on page 47. Income before restructuring-related reversals, net of \$1 million tax, was \$466

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- million for the nine months ended September 30, 2002.
- (16) Prior periods have been adjusted to conform to the current organization.
  - (17) Capital markets include trading revenues and underwriting, syndicated lending and advisory fees.
  - (18) Includes loans held for sale of \$230 million and \$58 million at September 30, 2002 and 2001, respectively. These amounts are not included in allowance coverage statistics. Prior periods have been recalculated to conform to current period presentation.
  - (19) Includes loans held for sale of \$90 million at September 30, 2002. There were no nonperforming loans held for sale at September 30, 2001. These amounts are not included in allowance coverage statistics. Prior periods have been recalculated to conform to current period presentation.

### Quarterly Results

Commercial Banking net income totaled \$179 million, down \$26 million, or 13% from the prior year, and up \$32 million, or 22%, from the prior quarter. Results reflected lower net interest income and higher noninterest expense, partially offset by higher noninterest income and a lower provision for credit losses.

Net interest income totaled \$605 million, a decline of \$52 million, or 8%, as a result of a reduction in average loans of \$14.4 billion, or 18%. Compared to the prior quarter, net interest income increased by \$7 million, or 1%.

Noninterest income was \$437 million, up \$10 million, or 2%. Banking fees and commissions decreased \$7 million, or 4%, as a result of lower loan syndication fees and investment grade underwriting. Service charges on deposits increased \$13 million, or 7%, as Global Treasury Services clients incurred higher fees because of the lower value of their compensating deposit balances. Trading income was \$143 million, reflecting an increase of \$62 million, or 77%, driven by the \$101 million pre-tax gain in the credit derivatives portfolio used to hedge the commercial loan portfolio. In general, credit derivatives are used to limit exposures for specific credits that are larger than the Corporation is willing to bear. The notional amount of credit derivatives totaled \$6.1 billion, while Corporate Banking loans and loan commitments totaled approximately \$100 billion. While credit derivatives are marked to market through trading income, loans are not marked to market. The Corporation, however, makes risk management decisions for economic, rather than accounting, purposes to allow for better management of credit risk. The Corporation acknowledges that gains recognized during the third quarter of 2002 could decline or reverse in future quarters, and therefore does not consider them sustainable earnings. Capital markets trading income declined \$14 million, or 23%, reflecting lower results across multiple trading products. Other income was a \$78 million loss, a decline of \$55 million, predominantly driven by a higher than expected loss in tax-oriented investments.

Noninterest expense was \$584 million, up \$37 million, or 7%, as a result of an \$18 million impact from the consolidation of Anexsys, LLC as well as higher incentive compensation and conversion related expenses.

### COMMERCIAL BANKING - CONTINUED

Commercial Banking provision for credit losses was \$237 million, a decline of \$9 million, or 4%, from the prior year and \$37 million, or 14%, from the prior quarter. Corporate Banking net charge-offs were \$160 million, or 2.03% of average loans, an increase from 1.27% in the prior year and relatively unchanged

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from the second quarter. Net charge-offs included \$11 million related to loans sold or initially reclassified to held for sale, compared to \$33 million in the prior year. Middle Market net charge-offs were \$77 million, or 0.96% of average loans, down from 1.08% in the prior year and down from 1.26% in the prior quarter.

The allowance for credit losses of \$3.1 billion represented 4.89% of period-end loans, an increase from 3.98% in the prior year and 4.74% in the prior quarter. Nonperforming loans declined by \$257 million, or 11%, to \$2.0 billion from the second quarter, reflecting credit quality improvements in both Corporate Banking and Middle Market.

Nonperforming loans at September 30, 2002 were \$2.0 billion, up \$136 million, or 7%, driven by a \$177 million, or 21%, increase in Middle Market nonperforming loans.

### Year-to-Date Results

-----

Commercial Banking year-to-date net income totaled \$469 million, down \$129 million, or 22%. Results reflected lower net interest income, a higher provision for credit losses and higher noninterest expense, partially offset by higher noninterest income.

Net interest income was \$1.9 billion, down \$213 million, or 10%, driven by a reduction in average loans of \$15.3 billion, or 19%, primarily in Corporate Banking.

Noninterest income was \$1.3 billion, up \$70 million, or 6%. Banking fees and commissions increased \$46 million, or 9%, primarily due to growth in asset-backed finance underwriting fees and other capital markets businesses. Service charges on deposits increased \$89 million, or 20%, as Global Treasury Services clients incurred higher fees because of the lower value of their compensating deposit balances. Trading revenue increased \$25 million, or 11%, driven by a \$100 million pre-tax gain in the credit derivatives portfolio used to hedge the commercial loan portfolio. Partially offsetting this gain, capital markets trading income declined \$52 million, or 25%, reflecting lower results in fixed income securities, foreign exchange, and asset-backed finance. Other income was a \$148 million loss, a decline of \$77 million, primarily due to higher than expected losses in tax-oriented investments and an increase in the loss on loan sales.

Noninterest expense was \$1.7 billion, up \$60 million, or 4%, as a result of a \$51 million impact from the consolidation of Anexsys, LLC as well as higher incentive compensation.

Commercial Banking provision for credit losses was \$792 million, up \$42 million, or 6%. Corporate Banking net charge-offs were \$491 million, or 1.95% of average loans, an increase of 0.57%. Net charge-offs included \$111 million related to loans sold or reclassified to held for sale, compared with \$190 million in the prior year. Middle Market net charge-offs were \$301 million, or 1.19% of average loans, an increase of 0.30%.

### CARD SERVICES

Card Services (previously referred to as Credit Card) is the third largest credit card provider in the United States and the largest VISA(R) credit card issuer in the world.

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| (Dollars in millions)   | Three Months Ended September 30 |        |      |        | Nine Months Ended |      |       |      |       |    |     |
|---|---------------------------------|--------|------|--------|-------------------|------|-------|------|-------|----|-----|
|   | 2002                            | (21)   | 2001 | Change |                   | 2002 | (21)  |      |       |    |     |
|   |                                 |        |      | Amount | Percent           |      |       | 2002 | (21)  |    |     |
| <b>INCOME STATEMENT DATA:</b>   |                                 |        |      |        |                   |      |       |      |       |    |     |
| Net interest income-FTE(2) (20)   | \$                              | 359    | \$   | 349    | \$                | 10   | 3%    | \$   | 878   | \$ | 9   |
| Banking fees and commissions  |                                 | 13     |      | 23     |                   | (10) | (43)  |      | 55    |    |     |
| Credit card revenue   |                                 | 903    |      | 703    |                   | 200  | 28    |      | 2,647 |    | 1,7 |
| Other income (loss)   |                                 | (24)   |      | 22     |                   | (46) | N/M   |      | (14)  |    |     |
| Total noninterest income  |                                 | 892    |      | 748    |                   | 144  | 19    |      | 2,688 |    | 1,8 |
| Total revenue, net of interest expense                                      |                                 | 1,251  |      | 1,097  |                   | 154  | 14    |      | 3,566 |    | 2,8 |
| Provision for credit losses   |                                 | 148    |      | 118    |                   | 30   | 25    |      | 363   |    | 2   |
| Salaries and employee benefits  |                                 | 151    |      | 123    |                   | 28   | 23    |      | 439   |    | 3   |
| Other expense   |                                 | 464    |      | 412    |                   | 52   | 13    |      | 1,401 |    | 1,1 |
| Total noninterest expense before merger and restructuring-related reversals |                                 | 615    |      | 535    |                   | 80   | 15    |      | 1,840 |    | 1,5 |
| Restructuring-related reversals(22)   |                                 | -      |      | -      |                   | -    | -     |      | (19)  |    |     |
| Total noninterest expense   |                                 | 615    |      | 535    |                   | 80   | 15    |      | 1,821 |    | 1,5 |
| Income before income taxes  |                                 | 488    |      | 444    |                   | 44   | 10    |      | 1,382 |    | 9   |
| Applicable income taxes   |                                 | 190    |      | 165    |                   | 25   | 15    |      | 537   |    | 3   |
| Net income  | \$                              | 298    | \$   | 279    | \$                | 19   | 7     | \$   | 845   | \$ | 6   |
| Memo-Net securitization gains (amortization)                                | \$                              | (11)   | \$   | (22)   | \$                | 11   | (50)% | \$   | (55)  | \$ | (   |
| <b>FINANCIAL PERFORMANCE:</b>   |                                 |        |      |        |                   |      |       |      |       |    |     |
| Return on equity  |                                 | 18%    |      | 17%    |                   | 1%   |       |      | 18%   |    |     |
| Efficiency ratio  |                                 | 49     |      | 49     |                   | -    |       |      | 51    |    |     |
| Headcount-full-time   |                                 | 10,508 |      | 10,245 |                   | 263  | 3     |      |       |    |     |
| <b>ENDING BALANCES (in billions):</b>                                       |                                 |        |      |        |                   |      |       |      |       |    |     |
| Owned loans (23)  | \$                              | 11.9   | \$   | 8.4    | \$                | 3.5  | 42    |      |       |    |     |
| Seller's interest   |                                 | 24.4   |      | 18.4   |                   | 6.0  | 33    |      |       |    |     |
| Total   |                                 | 36.3   |      | 26.8   |                   | 9.5  | 35    |      |       |    |     |
| Assets  |                                 | 40.6   |      | 30.8   |                   | 9.8  | 32    |      |       |    |     |
| Equity  |                                 | 6.4    |      | 6.4    |                   | -    | -     |      |       |    |     |



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CARD SERVICES - CONTINUED

|   | Three Months Ended September 30 |             |            |           | Nine Months En |           |
|---|---------------------------------|-------------|------------|-----------|----------------|-----------|
|   | 2002 (21)                       | 2001        | Change     |           | 2002 (21)      | 2001      |
|   |                                 |             | Amount     | Percent   |                |           |
| <b>AVERAGE BALANCES (in billions):</b>            |                                 |             |            |           |                |           |
| Owned loans                                       | \$ 10.5                         | \$ 7.9      | \$ 2.6     | 33%       | \$ 8.7         | \$ 6      |
| Seller's interest                                 | 24.3                            | 17.8        | 6.5        | 37        | 22.9           | 18        |
| <b>Total</b>                                      | <b>34.8</b>                     | <b>25.7</b> | <b>9.1</b> | <b>35</b> | <b>31.6</b>    | <b>24</b> |
| Assets  | 38.8                            | 29.3        | 9.5        | 32        | 36.0           | 27        |
| Equity  | 6.4                             | 6.4         | -          | -         | 6.4            | 6         |
| <b>CREDIT QUALITY (in millions):</b>              |                                 |             |            |           |                |           |
| Net charge-offs                                   | \$ 131                          | \$ 118      | \$ 13      | 11        | \$ 346         | \$ 2      |
| <b>Net charge-off ratios:</b>                     |                                 |             |            |           |                |           |
| For the period                                    | 4.99%                           | 5.95%       | (0.96)%    |           | 5.30%          | 5.        |
| 12-month lagged(24)                               | 6.63                            | 10.04       | (3.41)     |           | 7.21           | 7.        |
| <b>Delinquency ratio:</b>                         |                                 |             |            |           |                |           |
| 30+ days  | 2.74                            | 3.19        | (0.45)     |           |                |           |
| 90+ days  | 1.11                            | 1.40        | (0.29)     |           |                |           |
| Allowance for credit losses                       | \$ 396                          | \$ 397      | \$ (1)     | -         |                |           |
| Allowance to period-end owned loans               | 5.87%                           | 8.35%       | (2.48)%    |           |                |           |
| <b>OTHER DATA:</b>                                |                                 |             |            |           |                |           |
| Charge volume (in billions)                       | \$ 39.5                         | \$ 35.2     | \$ 4.3     | 12        | \$ 111.9       | \$ 102    |
| New accounts opened (in thousands)                | 1,430                           | 1,149       | 281        | 24        | 3,654          | 2,9       |
| Credit cards issued (in thousands)                | 53,510                          | 58,441      | (4,931)    | (8)       |                |           |
| Number of FirstUSA.com customers<br>(in millions) | 3.0                             | 2.8         | 0.2        | 7         |                |           |
| <b>Paymentech:</b>                                |                                 |             |            |           |                |           |
| Bank card volume (in millions)                    | \$ 30,711                       | \$ 28,237   | \$ 2,474   | 9         | \$ 88,748      | \$ 85,0   |
| Total transactions (in millions)                  | 1,063                           | 935         | 128        | 14        | 3,019          | 2,7       |

The Corporation transforms a substantial portion of its credit card receivables into securities, which are sold to investors - a process referred to as securitization. Securitization impacts the Corporation's consolidated balance sheet by removing those credit card receivables that have been sold and by reclassifying those credit card receivables whose ownership has been transformed into certificate form (referred to as "Seller's Interest") from loans to investments. Gain or loss on the sale of credit card receivables, net of amortization of transaction costs and amortization from securitization repayments, is reported as securitization income. Securitization also impacts the Corporation's consolidated income statement by reclassifying interest income and fees, interchange income, credit losses and recoveries related to securitized receivables as securitization income. Credit card interest income and fees, interchange income, credit losses and recoveries related to credit card receivables whose ownership has been converted to certificate form are reclassified as investment income.

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The Corporation evaluates its Card Services line of business trends on a managed basis, which assumes that securitized receivables have not been sold and are still on the balance sheet. The Corporation manages its Card Services operations on a managed basis because the receivables that are securitized are subject to underwriting standards comparable to the owned portfolio and are serviced by operating personnel without regard to ownership. The Corporation believes that investors should be informed, and often request information, about the credit performance of the entire managed portfolio in order to understand the quality of the Card Services originations and the related credit risks inherent in the owned portfolio and retained interests in securitizations. In addition, the Corporation funds its Card Services operations, reviews operating results and makes decisions about allocating resources, such as employees and capital, on a managed basis. See "Loan Securitizations" on page 64 and Note 9, "Credit Card Securitizations," of the December 31, 2001 Annual Report for additional information related to the Corporation's securitization activity.

14

### CARD SERVICES - CONTINUED

The following table presents certain Card Services information on a managed basis.

| CARD SERVICES - MANAGED BASIS                | Three Months Ended September 30 |        |         |         | Nine Months |       |
|--|---------------------------------|--------|---------|---------|-------------|-------|
|  | 2002 (21)                       |        | 2001    |         | 2002 (21)   |       |
|  |                                 |        | Change  |         |             |       |
|  | 2002 (21)                       | 2001   | Amount  | Percent | 2002 (21)   | 2001  |
| <b>ENDING BALANCES (in billions):</b>        |                                 |        |         |         |             |       |
| Owned(23)                                    | \$ 11.9                         | \$ 8.4 | \$ 3.5  | 42%     |             |       |
| Seller's interest                            | 24.4                            | 18.4   | 6.0     | 33      |             |       |
| Loans on balance sheet                       | 36.3                            | 26.8   | 9.5     | 35      |             |       |
| Securitized loans                            | 32.9                            | 40.0   | (7.1)   | (18)    |             |       |
| Managed loans                                | 69.2                            | 66.8   | 2.4     | 4       |             |       |
| Managed assets                               | 73.4                            | 70.8   | 2.6     | 4       |             |       |
| <b>AVERAGE MANAGED ASSETS (in billions):</b> | 72.2                            | 70.2   | 2.0     | 3       | \$ 71.2     | \$ 67 |
| <b>CREDIT QUALITY (in millions):</b>         |                                 |        |         |         |             |       |
| Managed net charge-offs                      | 853                             | 981    | (128)   | (13)    | 2,722       | 2,8   |
| Managed net charge-off ratios:               |                                 |        |         |         |             |       |
| For the period                               | 5.00%                           | 5.89%  | (0.89)% |         | 5.43%       | 5.    |
| 12-month lagged(24)                          | 5.12                            | 5.95   | (0.83)  |         | 5.58        | 5.    |
| Managed delinquency ratio:                   |                                 |        |         |         |             |       |
| 30+ days                                     | 4.05                            | 4.25   | (0.20)  |         |             |       |
| 90+ days                                     | 1.68                            | 1.80   | (0.12)  |         |             |       |

For additional footnote detail see pages 7 and 11.

(20) Net interest income-FTE did not have tax equivalent adjustments for the three months ended September 30, 2002 and 2001 or for the nine months ended September 30, 2002 and 2001.

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- (21) Results include the effect of consolidating Paymentech beginning in the first quarter of 2002. The impact to third quarter and year to date results was to increase net interest income by \$3 million and \$9 million, noninterest income by \$75 million and \$228 million, expense by \$64 million and \$201 million, respectively; there was no impact on net income.
- (22) Restructuring-related charges (reversals) are discussed on page 47. Income before restructuring-related reversals, net of \$7 million tax, was \$833 million for the nine months ended September 30, 2002.
- (23) Includes loans held for sale of \$5.2 billion and \$3.6 billion at September 30, 2002 and 2001, respectively. These amounts are not included in allowance coverage statistics. Prior periods have been recalculated to conform to current period presentation.
- (24) The current period lagged loss rate includes nine months of Wachovia net credit losses while the prior period average loans only includes two months of Wachovia balances. The prior period lagged loss rate includes two months of Wachovia net credit losses while the 2001 average loans do not include Wachovia balances.

### Quarterly Results

Card Services reported third quarter net income of \$298 million, up \$19 million, or 7%. While there was relatively no incremental impact to net income as a result of the consolidation in 2002 of the Corporation's interest in Paymentech, Inc., individual income and expense lines were affected.

Total reported revenue was \$1.2 billion for the quarter, an increase of \$154 million. Net interest income was \$35 million, up \$10 million or 3% reflecting both higher owned loan balances and fees, offset by lower spreads. Noninterest income was \$892 million, an increase of \$144 million, or 19%. The consolidation of Paymentech contributed \$75 million to this increase. Excluding the impact of Paymentech, the \$69 million increase in noninterest income was the result of higher volume-related revenue and higher income earned on securitized loans.

Noninterest expense totaled \$615 million, an increase of \$80 million, or 15%. The consolidation of Paymentech contributed \$64 million to this increase. Excluding the impact of Paymentech, the \$16 million increase in noninterest expense was a result of higher marketing expense, partially offset by lower processing costs.

The reported provision for credit losses was \$148 million, an increase of \$30 million or 25%, as a result of portfolio growth. Owned loans as of September 30, 2002, totaled \$11.9 billion, an increase of \$3.5 billion. The reported charge-

### CARD SERVICES - CONTINUED

off rate was 4.99%, down from 5.95% in the prior year and 5.62% in the prior quarter. The reported 30-day delinquency rate was 2.74%, down from 3.19% in the year-ago quarter and up from 2.15% in the second quarter.

Managed loans were \$69.2 billion at September 30, 2002, up \$2.4 billion. Managed loans increased \$3.3 billion from June 30, 2002. Card Services opened 1.4 million new credit card accounts during the quarter, a 24% increase from the third quarter of 2001.

On a managed basis, provision for credit losses was \$870 million, an 11%

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decline. Managed loans were \$69.2 billion at September 30, 2002, an increase of \$2.4 billion or 4%, reflecting lower attrition and increased organic growth. Charge-offs were 5.00%, down from 5.89% and 5.62% in the prior quarter.

The 30-day delinquency ratio improved on both a reported and managed basis. Delinquency rates, on a reported basis, continue to be lower than on a managed basis because new originations represent a larger percentage of the on-balance sheet portfolio. On a reported basis, the 30-day delinquency ratio was 2.74%, down from 3.19% and unchanged from the prior quarter. The 30-day delinquency ratio on a managed basis was 4.05%, down from 4.25% and up from 3.83% in the prior quarter.

Securitization gains were \$11 million resulting from the securitization of \$1.5 billion in credit card receivables. This compares with securitization gains of \$20 million resulting from the securitization of \$2.8 billion in credit card receivables in the previous quarter. In the year ago quarter, there were no new securitizations.

### Year-to-Date Results

Card Services reported net income of \$845 million, up \$225 million, or 36%. The current period results reflected nine months of Wachovia earnings while the prior period results reflected two months of Wachovia earnings (following the addition of the Wachovia credit card business in the third quarter of 2001).

Total reported revenue was \$3.6 billion, up \$726 million, or 26%. Net interest income was \$878 million, down \$71 million, or 7%, reflecting lower spreads partially offset by both higher owned loan balances and fees. Noninterest income was \$2.7 billion, an increase of \$797 million, or 42%. The consolidation of Paymentech contributed \$228 million to this increase. Excluding the impact of Paymentech, the \$569 million increase in noninterest income was the result of higher income earned on securitized loans and higher volume-related revenue.

Noninterest expense totaled \$1.8 billion, an increase of \$250 million, or 16%. The consolidation of Paymentech contributed \$201 million to this increase. Excluding the impact of Paymentech, the \$49 million increase in noninterest expense was a result of higher marketing expense, partially offset by lower operating costs.

The reported provision for credit losses was \$363 million, an increase of \$84 million, or 30%, as a result of portfolio growth.

Securitization gains were \$30 million resulting from the securitizations of \$4.3 billion in credit card receivables. This compares with securitization gains of \$28 million resulting from the securitization of \$3.8 billion in credit card receivable.

### INVESTMENT MANAGEMENT

The Investment Management Group (IMG) provides investment, insurance, trust and private banking services to individuals. IMG also provides investment and investment related services, including retirement and custody services, securities lending and corporate trust to institutions.

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| (Dollars in millions)   | Three Months Ended September 30 |        |         |         | Nine Months |        |
|---|---------------------------------|--------|---------|---------|-------------|--------|
|   | 2002                            | 2001   | Change  |         | 2002        | 2001   |
|   |                                 |        | Amount  | Percent |             |        |
| <b>INCOME STATEMENT DATA:</b>   |                                 |        |         |         |             |        |
| Net interest income-FTE(2) (25)   | \$ 100                          | \$ 106 | \$ (6)  | (6)%    | \$ 320      | \$ 317 |
| Banking fees and commissions  | 127                             | 125    | 2       | 2       | 401         | 354    |
| Service charges on deposits   | 5                               | 4      | 1       | 25      | 14          | 12     |
| Fiduciary and investment management fees                                    | 181                             | 187    | (6)     | (3)     | 558         | 559    |
| Other income  | 2                               | 1      | 1       | N/M     | 13          | 7      |
| Total noninterest income  | 315                             | 317    | (2)     | (1)     | 986         | 932    |
| Total revenue, net of interest expense                                      | 415                             | 423    | (8)     | (2)     | 1,306       | 1,249  |
| Provision for credit losses   | 3                               | 9      | (6)     | (67)    | 8           | 25     |
| Salaries and employee benefits  | 142                             | 140    | 2       | 1       | 422         | 430    |
| Other expense   | 110                             | 113    | (3)     | (3)     | 350         | 368    |
| Total noninterest expense before merger and restructuring-related reversals | 252                             | 253    | (1)     | -       | 772         | 798    |
| Restructuring-related reversals(26)   | -                               | -      | -       | -       | (1)         | -      |
| Total noninterest expense   | 252                             | 253    | (1)     | -       | 771         | 798    |
| Income before income taxes  | 160                             | 161    | (1)     | (1)     | 527         | 426    |
| Applicable income taxes   | 60                              | 60     | -       | -       | 197         | 160    |
| Net income  | \$ 100                          | \$ 101 | \$ (1)  | (1)     | \$ 330      | \$ 266 |
| Memo - Insurance revenues   | \$ 104                          | \$ 115 | \$ (11) | (10)%   | \$ 343      | \$ 319 |
| <b>FINANCIAL PERFORMANCE:</b>   |                                 |        |         |         |             |        |
| Return on equity  | 36%                             | 36%    | -%      |         | 40%         | 36%    |
| Efficiency ratio  | 61                              | 60     | 1       |         | 59          | 64     |
| Headcount-full-time   | 5,925                           | 6,253  | (328)   | (5)     |             |        |
| <b>ENDING BALANCES (in billions):</b>                                       |                                 |        |         |         |             |        |
| Loans   | \$ 7.1                          | \$ 7.0 | \$ 0.1  | 1       |             |        |
| Assets  | 8.7                             | 8.5    | 0.2     | 2       |             |        |
| Demand deposits   | 2.6                             | 2.1    | 0.5     | 24      |             |        |
| Savings   | 3.9                             | 2.9    | 1.0     | 34      |             |        |
| Time  | 3.3                             | 3.3    | -       | -       |             |        |
| Foreign offices   | 0.3                             | 0.2    | 0.1     | 50      |             |        |
| Total deposits  | 10.1                            | 8.5    | 1.6     | 19      |             |        |
| Equity  | 1.1                             | 1.1    | -       | -       |             |        |
| <b>AVERAGE BALANCES (in billions):</b>                                      |                                 |        |         |         |             |        |
| Loans   | \$ 7.0                          | \$ 6.9 | \$ 0.1  | 1       | \$ 7.0      | \$ 6.9 |
| Assets  | 8.5                             | 8.2    | 0.3     | 4       | 8.5         | 8.1    |
| Demand deposits   | 2.0                             | 1.9    | 0.1     | 5       | 2.0         | 1.9    |

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|                 |     |     |     |    |     |     |
|-----------------|-----|-----|-----|----|-----|-----|
| Savings         | 3.9 | 2.8 | 1.1 | 39 | 3.9 | 2.7 |
| Time            | 3.3 | 3.3 | -   | -  | 3.3 | 3.3 |
| Foreign offices | 0.2 | 0.2 | -   | -  | 0.2 | 0.2 |
| -----           |     |     |     |    |     |     |
| Total deposits  | 9.4 | 8.2 | 1.2 | 15 | 9.4 | 8.1 |
| Equity          | 1.1 | 1.1 | -   | -  | 1.1 | 1.0 |
| -----           |     |     |     |    |     |     |

17

INVESTMENT MANAGEMENT - CONTINUED

|  | Three Months Ended September 30 |         |         |         | Nine Months End |       |
|--|---------------------------------|---------|---------|---------|-----------------|-------|
|  | 2002                            | 2001    | Change  |         | 2002            | 2001  |
|  |                                 |         | Amount  | Percent |                 |       |
| -----                                  |                                 |         |         |         |                 |       |
| CREDIT QUALITY (in millions):          |                                 |         |         |         |                 |       |
| Net charge-offs:                       |                                 |         |         |         |                 |       |
| Commercial                             | \$ 2                            | \$ 7    | \$ (5)  | (71)%   | \$ 3            | \$ 17 |
| Consumer                               | 1                               | 2       | (1)     | (50)    | 5               | 5     |
| -----                                  |                                 |         |         |         |                 |       |
| Total net charge-offs                  | 3                               | 9       | (6)     | (67)    | 8               | 22    |
| -----                                  |                                 |         |         |         |                 |       |
| Net charge-off ratios:                 |                                 |         |         |         |                 |       |
| Commercial                             | 0.23%                           | 0.76%   | (0.53)% |         | 0.11%           | 0.68% |
| Consumer                               | 0.11                            | 0.24    | (0.13)  |         | 0.17            | 0.20  |
| -----                                  |                                 |         |         |         |                 |       |
| Total net charge-off ratio             | 0.17                            | 0.52    | (0.35)  |         | 0.15            | 0.43  |
| -----                                  |                                 |         |         |         |                 |       |
| Nonperforming assets:                  |                                 |         |         |         |                 |       |
| Commercial                             | \$ 39                           | \$ 37   | \$ 2    | 5       |                 |       |
| Consumer                               | 8                               | 3       | 5       | N/M     |                 |       |
| -----                                  |                                 |         |         |         |                 |       |
| Total nonperforming loans              | 47                              | 40      | 7       | 18      |                 |       |
| Other, including OREO                  | 1                               | 1       | -       | -       |                 |       |
| -----                                  |                                 |         |         |         |                 |       |
| Total nonperforming assets             | 48                              | 41      | 7       | 17      |                 |       |
| -----                                  |                                 |         |         |         |                 |       |
| Allowance for credit losses            | 25                              | 25      | -       | -       |                 |       |
| Allowance to period end loans          | 0.35%                           | 0.36%   | (0.01)% |         |                 |       |
| Allowance to nonperforming loans       | 53                              | 61      | (8)     |         |                 |       |
| Nonperforming assets to related assets | 0.68                            | 0.59    | 0.09    |         |                 |       |
| -----                                  |                                 |         |         |         |                 |       |
| ASSETS UNDER MANAGEMENT                |                                 |         |         |         |                 |       |
| ENDING BALANCES (in billions):         |                                 |         |         |         |                 |       |
| Mutual funds                           | \$ 91.5                         | \$ 75.3 | \$ 16.2 | 22      |                 |       |
| Other                                  | 57.5                            | 55.5    | 2.0     | 4       |                 |       |
| -----                                  |                                 |         |         |         |                 |       |
| Total                                  | 149.0                           | 130.8   | 18.2    | 14      |                 |       |
| -----                                  |                                 |         |         |         |                 |       |
| BY TYPE:                               |                                 |         |         |         |                 |       |
| Money market                           | 68.6                            | 50.6    | 18.0    | 36      |                 |       |

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|   |          |          |          |      |
|---|----------|----------|----------|------|
| Equity  | 35.4     | 43.4     | (8.0)    | (18) |
| Fixed income                                    | 45.0     | 36.8     | 8.2      | 22   |
| -----   |          |          |          |      |
| Total   | 149.0    | 130.8    | 18.2     | 14   |
| BY CHANNEL: (16)                                |          |          |          |      |
| Private Client Services                         | 42.4     | 48.9     | (6.5)    | (13) |
| Retail Brokerage                                | 6.7      | 7.0      | (0.3)    | (4)  |
| Institutional                                   | 70.2     | 57.5     | 12.7     | 22   |
| Commercial Cash Sweep                           | 8.6      | 9.0      | (0.4)    | (4)  |
| Capital Markets                                 | 4.7      | 0.6      | 4.1      | N/M  |
| External (27)                                   | 8.4      | 1.9      | 6.5      | N/M  |
| All other direct (28)                           | 8.0      | 5.9      | 2.1      | 36   |
| -----   |          |          |          |      |
| Total   | 149.0    | 130.8    | 18.2     | 14   |
| MORNINGSTAR RANKINGS: (29)                      |          |          |          |      |
| % of 4 and 5 ranked funds                       | 48%      | 61%      | (13)%    |      |
| % of 3+ ranked funds                            | 93       | 90       | 3        |      |
| TRUST ASSETS ENDING BALANCES:                   |          |          |          |      |
| Trust assets under administration (in billions) | \$ 328.9 | \$ 333.8 | \$ (4.9) | (1)  |

18

INVESTMENT MANAGEMENT - CONTINUED

|   | Three Months Ended September 30 |          |          |         | Nine Month |          |
|---|---------------------------------|----------|----------|---------|------------|----------|
|   | 2002                            | 2001     | Change   |         | 2002       | 2001     |
|   |                                 |          | Amount   | Percent |            |          |
| CORPORATE TRUST SECURITIES ENDING BALANCES:                   |                                 |          |          |         |            |          |
| Corporate trust securities under administration (in billions) | \$ 1,071.9                      | \$ 917.1 | \$ 154.8 | 17%     |            |          |
| RETAIL BROKERAGE:   |                                 |          |          |         |            |          |
| Mutual fund sales (in millions)                               | 575                             | 548      | 27       | 5       | \$ 1,792   | \$ 1,792 |
| Annuity sales   | 752                             | 683      | 69       | 10      | 2,363      | 1,792    |
| -----   |                                 |          |          |         |            |          |
| Total sales   | 1,327                           | 1,231    | 96       | 8       | 4,155      | 3,584    |
| Number of customers - end of period (16) (in thousands)       | 676                             | 631      | 45       | 7       |            |          |
| Market value customer assets - end of period (in billions):   |                                 |          |          |         |            |          |
| Brokerage   | \$ 16.1                         | \$ 15.5  | \$ 0.6   | 4       |            |          |
| Annuity account value (in billions)                           | 10.6                            | 7.9      | 2.7      | 34      |            |          |
| -----   |                                 |          |          |         |            |          |
| Total market value (16)                                       | 26.7                            | 23.4     | 3.3      | 14      |            |          |
| Number of registered sales                                    |                                 |          |          |         |            |          |

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|  |         |         |          |      |     |
|--|---------|---------|----------|------|-----|
| representatives  | 828     | 703     | 125      | 18   |     |
| Number of licensed retail bankers                              | 3,118   | 2,985   | 133      | 4    |     |
| PRIVATE CLIENT SERVICES:                                       |         |         |          |      |     |
| Number of Private Client advisors                              | 675     | 658     | 17       | 3    |     |
| Number of Private Client offices                               | 105     | 105     | -        | -    |     |
| Market value customer assets - end of period(16) (in billions) | \$ 61.7 | \$ 71.0 | \$ (9.3) | (13) |     |
| Ending balances (in billions):                                 |         |         |          |      |     |
| Loans  | 7.0     | 6.8     | 0.2      | 3    |     |
| Deposits   | 8.3     | 7.0     | 1.3      | 19   |     |
| Average balances (in billions):                                |         |         |          |      |     |
| Loans  | 6.9     | 6.8     | 0.1      | 1    | 6.9 |
| Deposits   | 8.2     | 6.8     | 1.4      | 21   | 8.2 |

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For additional footnote detail see pages 7, 11 and 15.

- (25) Net interest income-FTE did not have tax equivalent adjustments for the three months ended September 30, 2002 and 2001 or for the nine months ended September 30, 2002 and 2001.
- (26) Restructuring-related charges (reversals) are discussed on page 47. Income before restructuring-related reversals was \$329 million for nine months ended September 30, 2002.
- (27) Includes broker/dealers, trust companies, and registered investment advisors that sell, or offer, One Group funds.
- (28) One Group funds invested in other One Group funds and other mutual funds sub-advised.
- (29) Morningstar changed the rating process effective June 30, 2002 with no prior period restatements.

### Quarterly Results

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Investment Management net income totaled \$100 million, down \$1 million, or 1%, as lower revenue was mostly offset by lower provision expense.

Assets under management were \$149 billion, up \$18.2 billion, or 14%, as a result of strong money market and fixed income asset growth, partially offset by a decline in equity assets, reflecting weak market conditions. One Group(R) mutual fund assets grew to \$91.5 billion, up \$16.2 billion, or 22%.

Performance of One Group(R) funds remained strong despite the economic environment. The percent of client assets in funds rated in the top quartile was 48%, up from 45% in the second quarter, and 71% of assets were in funds rated in the top two quartiles, down from 74% in the second quarter, based on one-year Lipper rankings.

Revenue decreased \$8 million, or 2%, to \$415 million, primarily as a result of the change in mix of assets under management from equities to money market and fixed income assets. This decline was partially offset by an 8% increase in the sale of mutual funds and annuities to retail clients. Revenue was down \$32 million, or 7%, from the



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second quarter, primarily as a result of a change in mix of assets under management, lower average deposit balances, and a 9% decrease in the sales of mutual funds and annuities.

Noninterest expense was \$252 million, down \$1 million, primarily driven by lower compensation costs. Overall headcount declined 5%, but the number of retail brokerage registered sales representatives and Private Client advisors increased 18% and 3%, respectively, as expected.

### Year-to-Date Results

-----

Investment Management reported year-to-date net income of \$330 million, up \$64 million, or 24%, driven by higher revenue, lower provision, and reduced expenses.

Revenue increased \$57 million, or 5%, to \$1.3 billion, primarily driven by the 18% increase in the sale of mutual funds and annuities to retail clients and the 14% growth in assets under management.

Noninterest expense was \$771 million, down \$27 million, or 3%, driven primarily by increased operating efficiencies, including lower compensation costs.

20

### CORPORATE

Corporate includes Treasury, fixed income and principal investment portfolios, mortgage servicing assets, unallocated corporate expenses, and any gains or losses from corporate transactions.

| (Dollars in millions)                              | Three Months Ended September 30 |          |        |         | Nine     |
|--|---------------------------------|----------|--------|---------|----------|
|  | 2002                            | 2001     | Change |         | 2002     |
|  |                                 |          | Amount | Percent |          |
| <b>INCOME STATEMENT DATA:</b>                      |                                 |          |        |         |          |
| Net interest income (expense)-FTE<br>(2) (30) (31) | \$ (38)                         | \$ (141) | \$ 103 | 73%     | \$ (175) |
| Banking fees and commissions                       | (8)                             | 3        | (11)   | N/M     | (17)     |
| Credit card revenue                                | 2                               | (1)      | 3      | N/M     | 2        |
| Service charges on deposits                        | 4                               | 7        | (3)    | (43)    | 10       |
| Fiduciary and investment<br>management fees        | -                               | -        | -      | -       | 1        |
| Investment securities gains<br>(losses)            | (17)                            | (30)     | 13     | 43      | 62       |
| Trading (losses)                                   | -                               | (11)     | 11     | N/M     | (16)     |
| Other income                                       | 22                              | 34       | (12)   | (35)    | 135      |
| Total noninterest income (32)                      | 3                               | 2        | 1      | 50      | 177      |
| Total revenue (loss), net of                       |                                 |          |        |         |          |

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|   |          |          |          |      |             |
|---|----------|----------|----------|------|-------------|
| interest expense  | (35)     | (139)    | 104      | 75   | 2           |
| Provision for credit losses   | -        | -        | -        | -    | 15          |
| Salaries and employee benefits  | 210      | 162      | 48       | 30   | 597         |
| Other expense   | (49)     | (60)     | 11       | 18   | (116)       |
| -----   |          |          |          |      |             |
| Total noninterest expense before merger and restructuring-related reversals | 161      | 102      | 59       | 58   | 481         |
| Restructuring-related reversals(33)   | -        | -        | -        | -    | (21)        |
| -----   |          |          |          |      |             |
| Total noninterest expense(34)   | 161      | 102      | 59       | 58   | 460         |
| -----   |          |          |          |      |             |
| Income (loss) before income taxes   | (196)    | (241)    | 45       | 19   | (473)       |
| Applicable income taxes (benefits)  | (88)     | (106)    | 18       | 17   | (226)       |
| -----   |          |          |          |      |             |
| Net income (loss)   | \$ (108) | \$ (135) | \$ 27    | 20   | \$ (247) \$ |
| -----   |          |          |          |      |             |
| FINANCIAL PERFORMANCE:  |          |          |          |      |             |
| Headcount-full-time(14)   | 14,386   | 13,938   | 448      | 3%   |             |
| ENDING BALANCES (in billions):  |          |          |          |      |             |
| Loans   | \$ 0.7   | \$ 0.4   | \$ 0.3   | 75   |             |
| Assets  | 58.2     | 49.4     | 8.8      | 18   |             |
| Memo-   |          |          |          |      |             |
| Treasury investments(35)  | 36.0     | 29.6     | 6.4      | 22   |             |
| Principal investments(36)   | 2.4      | 3.0      | (0.6)    | (20) |             |
| Deposits  | 14.6     | 21.9     | (7.3)    | (33) |             |
| Equity  | 0.8      | (0.8)    | 1.6      | N/M  |             |
| AVERAGE BALANCES (in billions):   |          |          |          |      |             |
| Loans   | \$ 0.2   | \$ 0.8   | \$ (0.6) | (75) | \$ 0.3 \$   |
| Assets  | 52.3     | 46.3     | 6.0      | 13   | 49.5        |
| Deposits  | 13.3     | 23.3     | (10.0)   | (43) | 14.4        |
| Equity  | 1.0      | (1.1)    | 2.1      | N/M  | 0.4         |
| -----   |          |          |          |      |             |

For additional footnote detail see pages 7, 11, 15 and 19.

- (30) Net interest expense-FTE includes tax equivalent adjustments of \$7 million and \$6 million for the three months ended September 30, 2002 and 2001, respectively. For the nine months ended September 30, 2002 and 2001 tax equivalent adjustments were \$24 million and \$21 million, respectively.
- (31) Net interest expense-FTE primarily includes Treasury results and interest spread on investment related activities.
- (32) Noninterest income primarily includes the gains and losses from investment activities and other corporate transactions.
- (33) Restructuring-related charges (reversals) are discussed on page 47. Loss before restructuring-related reversals, net of \$8 million tax, was \$260 million for nine months ended September 30, 2002.
- (34) Noninterest expense primarily includes corporate expenses not allocated to the lines of business.
- (35) Treasury investments may include U.S. government and agency debt securities, mortgage and other asset backed securities and other fixed income investments.
- (36) Principal investments include primarily private equity investments and venture capital fund investments.

CORPORATE - CONTINUED

## Quarterly Results

Corporate net loss was \$108 million, compared with a net loss of \$135 million.

Net interest expense was \$38 million, an improvement of \$103 million, reflecting lower interest rates that reduced the Corporation's funding costs and higher average balances in the treasury investment portfolio. The Corporation experienced a \$58 million improvement from the previous quarter, also reflecting an increase in the treasury investment portfolio.

Noninterest income was \$3 million, relatively unchanged from the prior year. Net investment securities losses were \$17 million, compared to losses of \$30 million in the prior year. This improvement reflected higher gains in the treasury investment portfolio, partially offset by higher losses in the principal investment portfolio.

Compared to the previous quarter, noninterest income declined \$141 million. In the second quarter, the Corporation reported a gain on the sale of the GE Monogram joint venture, partially offset by net writedowns in the investment portfolios. The valuation adjustments in the principal investment portfolio, in both the second and third quarters, were primarily a result of the overall decline in the value of the equity market, the interest rate environment and a decline in the value of private investments as a result of existing economic conditions. These valuation adjustments were lower in the third quarter compared to the previous quarter.

Unallocated corporate expenses were \$161 million, compared to \$102 million in the prior year and \$214 million in the previous quarter. The \$59 million increase from the prior year reflected increases in salaries and employee benefits. The previous quarter included one-time charges of \$89 million related to the insourcing of certain vendor contracts partially offset by a \$21 million reversal of restructuring reserves. Adjusting for these items, unallocated corporate expenses would have been \$146 million in the second quarter.

In the second quarter, the Corporation began accounting for stock options and stock purchase plans at fair value and recognized \$12 million of expense in Corporate. In the third quarter, the Corporation reported \$16 million of expense and allocated \$20 million of the year-to-date expense to the lines of business, with \$8 million of expense remaining in Corporate.

## Year-to-Date Results

Corporate had a net loss of \$247 million, down \$56 million, or 18%.

Net interest expense was \$175 million, down \$407 million, or 70%, driven by lower interest rates that positively affected the Corporation's funding costs.

Noninterest income was \$177 million, up \$14 million, or 9%. Net investment securities gains were \$62 million, up \$120 million, driven by higher gains in the treasury investment portfolio and the gain on the sale of the GE Monogram joint venture recognized in the second quarter of 2002. These gains were partially offset by net write-downs in the principal investment portfolio. The

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valuation adjustments in the principal investment portfolio in the first nine months of 2002 were primarily due to the market conditions resulting from the overall decline in the value of the stock market, the interest rate environment and a decline in the value of private investments due to existing economic conditions. Other income was \$135 million, down \$105 million, or 44%. The first quarter of 2001 included \$73 million in gains from the sale of the Corporation's interest in EquiServe Limited Partnership and Star Systems, an ATM network.

Provision for credit losses was \$15 million, compared to zero in the prior year.

Unallocated corporate expenses were \$460 million, up \$285 million, reflecting higher salaries and benefits and higher unallocated costs. Year-to-date 2002 included \$89 million of expenses related to insourcing of certain vendor contracts and \$8 million of expenses related to adopting the fair value method of accounting for stock option and stock purchase plans.

22

### CONSOLIDATED RESULTS

#### Net Interest Income

Net interest income includes spreads on earning assets as well as items such as loan fees, cash interest collections on problem loans, dividend income, interest reversals, and income or expense on derivatives used to manage interest rate risk.

| (Dollars in millions)            | Three Months Ended September 30 |          |         |         | Nine Mo  |          |
|----------------------------------|---------------------------------|----------|---------|---------|----------|----------|
|                                  | 2002                            | 2001     | Change  |         | 2002     | 2001     |
|                                  |                                 |          | Amount  | Percent |          |          |
| Net interest income-FTE basis(1) | \$ 2,235                        | \$ 2,193 | \$ 42   | 2%      | \$ 6,548 | \$ 6,548 |
| Average earning assets           | 230,794                         | 235,352  | (4,558) | (2)     | 229,534  | 235,352  |
| Net interest margin              | 3.84%                           | 3.70%    | 0.14%   |         | 3.81%    |          |

(1) Net interest income-FTE includes tax equivalent adjustments of \$38 million and \$30 million for the quarters ended September 30, 2002 and 2001, respectively. For nine months ended September 30, 2002 and 2001, tax equivalent adjustments were \$109 million and \$93 million, respectively.

Net interest income increased by \$42 million, or 2%. Net interest margin increased by 14 basis points. Both increases are due to lower interest rates and improved balance sheet profitability. This reflected an increase in the percentage of funding provided by consumer deposits and net free funds, a reduction in relatively low margin commercial loans, and an increase in credit card assets.

#### Noninterest Income

The components of noninterest income for the periods indicated are:

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| (Dollars in millions)                      | Three Months Ended September 30 |                 |               |          | 2002            | 2002      |
|--|---------------------------------|-----------------|---------------|----------|-----------------|-----------|
|  | 2002                            | 2001            | Change        |          |                 |           |
|  |                                 |                 | Amount        | Percent  |                 |           |
| Banking fees and commissions               | \$ 409                          | \$ 445          | \$ (36)       | (8)%     | \$ 1,346        | \$        |
| Credit card revenue                        | 971                             | 767             | 204           | 27       | 2,833           |           |
| Service charges on deposits                | 410                             | 388             | 22            | 6        | 1,179           |           |
| Fiduciary and investment management fees   | 181                             | 190             | (9)           | (5)      | 558             |           |
| Investment securities gains (losses)       | (29)                            | (42)            | 13            | (31)     | 49              |           |
| Trading                                    | 149                             | 70              | 79            | N/M      | 235             |           |
| Other income (losses)                      | (108)                           | 35              | (143)         | N/M      | (33)            |           |
| <b>Total noninterest income</b>            | <b>\$ 1,983</b>                 | <b>\$ 1,853</b> | <b>\$ 130</b> | <b>7</b> | <b>\$ 6,167</b> | <b>\$</b> |
| <b>Noninterest income to total revenue</b> | <b>47.4%</b>                    | <b>46.1%</b>    | <b>1.3%</b>   |          | <b>48.9%</b>    |           |

N/M - Not meaningful.

Components of noninterest income that are primarily related to a single business segment are discussed within that business segment.

Banking fees and commissions decreased by \$36 million, or 8%, primarily as a result of lower mortgage-related revenue, lower revenue from the intentional reduction of non-branded ATMs, lower loan syndication fees and decreased levels of investment grade underwriting fees. For the first nine months of 2002, banking fees and commissions increased by \$59 million, or 5%. This increase was primarily the result of increased annuity and mutual fund sales, as well as from growth in asset-backed finance underwriting fees and multiple other capital markets businesses, partially offset by lower mortgage-related revenue.

Credit card revenue in the third quarter of 2002 increased \$204 million, or 27%, and by \$924 million, or 48%, for the first nine months of 2002. These increases were due to the addition of the Wachovia credit card business in the third quarter of 2001, consolidation of Paymentech beginning January 1, 2002, higher volume-related revenue and higher income earned on securitized loans.

23

Service charges on deposits increased \$22 million for the third quarter of 2002 and by \$100 million for the first nine months of 2002. These increases primarily reflected improvement in Global Treasury Services as clients shifted their payment method to fees due to the lower value of their compensating deposit balances.

Net investment securities losses were \$29 million for the third quarter of 2002, compared to \$42 million in the year ago quarter. For the first nine months ended 2002, net investment gains were \$49 million compared to losses of \$69 million in the previous year. The year to date period includes the gain on sale of the GE Monogram joint venture, partially offset by net writedowns in the investment portfolios.

Trading produced gains of \$149 million in the third quarter, compared to \$70 million in the third quarter of 2001, an increase of \$79 million. For the first nine months of 2002, trading revenue increased \$39 million, or 20%. These

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gains were primarily the result of an increase in the fair value of credit derivatives used to hedge the commercial loan portfolio and limit exposures for specific credits, partially offset by lower results across multiple trading products.

Other income for the third quarter and for the nine months ended September 30, 2002, decreased \$143 million and \$321 million, respectively. These decreases were primarily a result of writedowns of tax-advantaged investments and leases, mortgage-related losses as well as the consolidation of Paymentech. Gains on the sale of ownership interests in EquiServe Limited Partnership and Star Systems recognized in the prior year also contributed to the decrease for the nine months ended September 30, 2002.

### Noninterest Expense

The components of noninterest expense for the periods indicated are:

| (Dollars in millions)   | Three Months Ended September 30 |        |         |         | Nine Mo  |    |
|---|---------------------------------|--------|---------|---------|----------|----|
|   | 2002                            | 2001   | Change  |         | 2002     |    |
|   |                                 |        | Amount  | Percent |          |    |
| <b>Salaries and employee benefits:</b>                                      |                                 |        |         |         |          |    |
| Salaries  | \$ 970                          | \$ 916 | \$ 54   | 6%      | \$ 2,831 | \$ |
| Employee benefits   | 160                             | 130    | 30      | 23      | 496      |    |
| <hr/>   |                                 |        |         |         |          |    |
| Total salaries and employee benefits  | 1,130                           | 1,046  | 84      | 8       | 3,327    |    |
| Occupancy   | 159                             | 175    | (16)    | (9)     | 487      |    |
| Equipment   | 109                             | 107    | 2       | 2       | 311      |    |
| Outside service fees and processing   | 304                             | 303    | 1       | N/M     | 976      |    |
| Marketing and development   | 291                             | 212    | 79      | 37      | 813      |    |
| Telecommunication   | 74                              | 105    | (31)    | (30)    | 309      |    |
| Other intangible amortization   | 32                              | 30     | 2       | 7       | 94       |    |
| Goodwill amortization   | -                               | 17     | (17)    | N/M     | -        |    |
| Other expense   | 316                             | 308    | 8       | 3       | 944      |    |
| <hr/>   |                                 |        |         |         |          |    |
| Total noninterest expense before merger and restructuring-related reversals | 2,415                           | 2,303  | 112     | 5       | 7,261    |    |
| Merger and restructuring-related reversals                                  | -                               | -      | -       | -       | (63)     |    |
| <hr/>   |                                 |        |         |         |          |    |
| Total noninterest expense   | 2,415                           | 2,303  | 112     | 5       | 7,198    |    |
| <hr/>   |                                 |        |         |         |          |    |
| Employees   | 73,535                          | 75,801 | (2,266) | (3)     |          |    |
| Efficiency ratio  | 57.3%                           | 56.9%  | 0.4%    |         | 56.6%    |    |

N/M - Not meaningful.

Components of noninterest expense that are primarily related to a single business segment are discussed within that business segment.

Salaries and employee benefits in the third quarter and for the first nine months of 2002 increased 8% and 6%, respectively. These increases were due to increased incentive compensation and the consolidations of Paymentech and

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Anexsys, partially offset by savings from reduced headcount. Salaries and employee benefits for the first nine months of 2002 also included \$28 million expense related to adopting the fair value method of accounting for stock option and stock purchase plans.

Outside service fees and processing expense remained relatively unchanged in the current quarter and increased \$104 million, or 12%, in the first nine months of 2002. Contributing to the increase in outside service fees and

24

processing expenses for the first nine months of 2002 were increased contract programming charges related to the Corporation's conversion efforts and terminating and renegotiating certain vendor contracts.

Marketing and development expense increased in the third quarter and first nine months of 2002 by 37% and 28%, respectively, primarily due to increased advertising expenditures for Card Services and certain Retail products.

Telecommunication expense decreased \$31 million in the third quarter primarily due to lower servicing expenses resulting from terminating and renegotiating certain vendor contracts in the second quarter 2002.

Other intangible amortization in the third quarter remained relatively unchanged and increased \$25 million for the first nine months of 2002, primarily due to the amortization of purchased credit card relationships associated with the addition of the Wachovia credit card business. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets", the Corporation no longer amortizes goodwill and thus did not incur any goodwill amortization expense in the first nine months of 2002.

Other expense in the third quarter and the first nine months of 2002 increased by \$8 million and \$23 million, respectively, primarily due to systems conversion costs. The Corporation successfully completed the Michigan and Florida conversion during the second quarter. The last major conversion, Illinois, the largest and most complicated to date, is on track to be completed in the fourth quarter.

As a result of the Significant Items noted on pages 41-42 of the Corporation's 2001 Annual Report and restructuring plans initiated in 2000 and 2001, the Corporation expects noninterest expense, before restructuring-related charges and the addition of Paymentech, Inc. and Anexsys, LLC, will be in the range of \$9.4 billion to \$9.6 billion for 2002, which represents a reduction in annualized noninterest expense of approximately \$1.2 billion and decreased headcount of approximately 9,000 employees from June 30, 2000.

Applicable Income Taxes

The Corporation's income before income taxes, applicable income tax expense and effective tax rate for each of the periods indicated are:

| (Dollars in millions)   | Three Months Ended September 30 |      | Nine Months Ended Septe |
|---|---------------------------------|------|-------------------------|
|   | 2002                            | 2001 | 2002                    |
| Income before income taxes and cumulative effect of change in |                                 |      |                         |

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|                         |    |       |    |       |    |       |    |
|-------------------------|----|-------|----|-------|----|-------|----|
| accounting principle    | \$ | 1,178 | \$ | 1,093 | \$ | 3,549 | \$ |
| Applicable income taxes |    | 355   |    | 339   |    | 1,096 |    |
| Effective tax rate      |    | 30.1% |    | 31.0% |    | 30.9% |    |

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Applicable income tax expense for all periods included benefits for tax-exempt income, tax-advantaged investments and general business tax credits, offset by the effect of nondeductible expenses.

### RISK MANAGEMENT

The Corporation's business activities generate liquidity, market, credit and operational risks:

- .. Liquidity risk is the risk that the Corporation is unable to meet all current and future financial obligations in a timely manner.
- .. Market risk is the risk that changes in future market rates or prices will make the Corporation's positions less valuable.
- .. Credit risk is the risk of loss from borrowers' and counterparties' failure to perform according to the terms of a transaction.
- .. Operational risk, among other things, includes the risk of loss due to errors in product and service delivery, failure of internal controls over information systems and accounting records, and internal and external fraud.

The following discussion of the Corporation's risk management processes focuses primarily on developments since June 30, 2002. The Corporation's risk management processes for liquidity, market, credit and operational risks have not substantially changed from year-end and are described in detail in the Corporation's 2001 Annual Report, beginning on page 47.

25

At September 30, 2002, the Corporation and its principal banks had the following long- and short-term debt ratings:

|                          | Short-Term Debt |         | Senior Long-Term Debt |         |
|--------------------------|-----------------|---------|-----------------------|---------|
|                          | S & P           | Moody's | S & P                 | Moody's |
| The Corporation (parent) | A-1             | P-1     | A                     | Aa3     |
| Principal banks          | A-1             | P-1     | A+                    | Aa2     |

### MARKET RISK MANAGEMENT

#### Overview

Market risk refers to potential losses arising from changes in interest rates, foreign exchange rates, equity prices and commodity prices. The portfolio effect of diverse trading activities helps reduce market risk. Through its trading activities, the Corporation strives to take advantage of profit opportunities available in interest and exchange rate movements. In asset and liability management activities, policies are in place to closely manage structural interest rate and foreign exchange rate risk.

#### Value-At-Risk-Trading Activities



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The Corporation has developed policies and procedures to manage market risk in its trading activities through a value-at-risk measurement and control system, a stress testing process and dollar trading limits. The objective of this process is to quantify and manage market risk in order to limit single and aggregate exposures.

For trading portfolios, value-at-risk measures the maximum fair value the Corporation could be reasonably expected to lose on a trading position, given a specified confidence level and time horizon. Value-at-risk limits and exposure are monitored daily for each significant trading portfolio. Stress testing is similar to value-at-risk except that the confidence level is geared to capture more extreme, less frequent market events.

Value-at-risk was not calculated for credit derivatives used to hedge specific credits in the loan portfolio. However, stress testing is regularly performed for these credit derivative positions. See discussion of credit derivatives on page 37.

The Corporation's value-at-risk calculation measures potential losses in fair value using a 99% confidence level and a one-day time horizon. This equates to 2.33 standard deviations from the mean under a normal distribution. This means that, on average, daily profits and losses are expected to exceed value-at-risk one out of every 100 overnight trading days. Value-at-risk is calculated using a statistical model applicable to cash and derivative positions, including options.

The value-at-risk in the Corporation's trading portfolio was as follows: (excluding credit derivatives used to hedge specific credits in the loan portfolio with a notional amount of \$6.1 billion and \$5.4 billion at September 30, 2002 and June 30, 2002, respectively).

| (In millions)                   | THIRD QUARTER 2002   |                  |       |       |       | June 30<br>2002 |
|---------------------------------|----------------------|------------------|-------|-------|-------|-----------------|
|                                 | SEPTEMBER 30<br>2002 | -----<br>AVERAGE | HIGH  | LOW   | ----- |                 |
| Risk type:                      |                      |                  |       |       |       |                 |
| Interest rate                   | \$ 14                | \$ 13            | \$ 15 | \$ 11 | \$    | 11              |
| Commodity price                 | -                    | -                | 2     | -     | -     | -               |
| Currency exchange rate          | -                    | -                | 1     | -     | -     | 1               |
| Equity                          | 1                    | 1                | 1     | -     | -     | 1               |
| Diversification benefit         | -                    | -                | N/A   | N/A   | -     | (1)             |
| Aggregate portfolio market risk | \$ 15                | \$ 14            | \$ 15 | \$ 12 | \$    | 12              |

Interest rate risk was the predominant type of market risk incurred during the third quarter of 2002. At September 30, 2002, approximately 93% of primary market risk exposures were related to interest rate risk. Exchange rate, equity and commodity risks accounted for 7% of primary market risk exposures.

### Structural Interest Rate Risk Management

Interest rate risk exposure in the Corporation's core non-trading business activities, i.e., asset/liability management ("ALM") position, is a result of

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reprice, option, basis and yield curve risk associated with both on- and off-balance sheet positions. The position is measured using sophisticated risk management tools, including earnings simulation and economic value of equity sensitivity analysis, to capture short-term and long-term interest rate risk exposures.

Earnings simulation analysis, or earnings-at-risk, measures the sensitivity of pretax earnings to various interest rate movements. The base-care scenario is established using current interest rates. The comparative scenarios assume an immediate parallel shock in increments of +/- 100 basis point rate movements (see table below) and primarily reflect the repricing and option risk embedded in the current balance sheet.

The Corporation's 12-month pre-tax earnings sensitivity profile as of September 30, 2002 and June 30, 2002 is as follows:

|                    | Immediate Change<br>in Rates |         |
|--------------------|------------------------------|---------|
| (In millions)      | -100 bp                      | +100 bp |
| September 30, 2002 | \$ (69)                      | \$ 52   |
| June 30, 2002      | \$ (112)                     | \$ (52) |

Parallel shocks are effective when used to measure trends in interest rate risk exposure, but are limited in terms of analytical scope. Numerous alternative scenarios are reviewed internally, including more gradual and severe rate movements and non-parallel rate shifts. These scenarios are intended to provide a more comprehensive view of the Corporation's interest rate risk exposure by further detailing reprice, option, yield curve and basis risk.

Based on these scenarios the Corporation is negatively impacted by rapid increases in short-term interest rates, particularly if they exceed 200 basis points. If the rapid increase in short term rates is not prolonged the negative impact is generally short lived due to asset repricing. Furthermore, the impact of increasing short-term rates is partially mitigated when rates increase more than 375 basis points and the rate earned on a portion of the credit card portfolio moves above its contractual floor.

Steeper yield curves typically benefit earnings, particularly when the increase in long-term rates is not accompanied by increasing short-term rates. Falling long-term rates negatively impact earnings and can also expose additional option risk. The Corporation's basis risk is largely the result of corporate and consumer demand for Prime based loan products. Declines in the Prime rate relative to bank funding costs will result in decreased earnings.

Management regularly reviews alternative strategies to manage the Corporation's exposure to interest rate movements under a wide range of market based outcomes, balancing the risk and returns against the cost of incremental strategies. During the quarter, the Corporation's earnings sensitivity to rising interest rates declined, in part due to a change in the market's expectation for future interest rate movements and the resultant effect on balance sheet cash flows and trends.

Modeling the sensitivity of earnings to interest rate risk is highly dependent on the numerous assumptions embedded in the model. While earnings sensitivity analysis incorporates management's best estimate of interest rate and balance sheet dynamics under various market rate movements, the actual behavior and resulting earnings impact will likely differ from that projected.

## CREDIT PORTFOLIO COMPOSITION

## Selected Statistical Information

The significant components of credit risk and the related ratios for the periods indicated are as follows:

| (Dollars in millions)                     | SEPTEMBER 30<br>2002 | June 30<br>2002 | March 31<br>2002 | December 31<br>2001 |
|---|----------------------|-----------------|------------------|---------------------|
| Loans outstanding(1)                      | \$ 150,389           | \$ 147,728      | \$ 152,126       | \$ 156,733          |
| Average loans                             | 148,152              | 149,674         | 154,942          | 160,150             |
| Nonperforming loans(1)                    | 3,521                | 3,720           | 3,737            | 3,551               |
| Other, including OREO                     | 214                  | 204             | 197              | 137                 |
| Nonperforming assets                      | 3,735                | 3,924           | 3,934            | 3,688               |
| Allowance for credit losses               | 4,518                | 4,521           | 4,520            | 4,528               |
| Net charge-offs                           | 573                  | 607             | 663              | 717                 |
| Nonperforming assets to related assets(2) | 2.48%                | 2.65%           | 2.58%            | 2.35%               |
| Allowance to period end loans             | 3.17                 | 3.19            | 3.06             | 2.97                |
| Allowance to nonperforming loans          | 132                  | 125             | 123              | 128                 |
| Net charge-offs to average loans          | 1.55                 | 1.62            | 1.71             | 1.79                |
| Allowance to net charge-offs              | 197                  | 186             | 170              | 158                 |

(1) Includes loans held for sale of \$93 million, \$107 million and \$69 million at September 30, 2002, June 30, 2002 and March 31, 2002, respectively. For December 31, 2001 and September 30, 2001, there were no nonperforming loans included in loans held for sale. These amounts are not included in allowance coverage statistics. Prior periods have been recalculated to conform to current period presentation.

(2) Related assets consist of loans outstanding, including loans held for sale, and other real estate owned

## Loan Composition

The Corporation's loan portfolios for the periods indicated are as follows:

| (Dollars in millions) | September 30, 2002 |         | June 30, 2002 |         | March 31, 2002 |         |
|-----------------------|--------------------|---------|---------------|---------|----------------|---------|
|                       | Amount             | Percent | Amount        | Percent | Amount         | Percent |

Retail:

Small business

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|   |            |      |            |      |            |      |
|---|------------|------|------------|------|------------|------|
| commercial                              | \$ 9,891   | 7%   | \$ 10,027  | 7%   | \$ 9,992   | 7%   |
| Home equity                             | 26,757     | 18   | 25,579     | 17   | 25,272     | 17   |
| Vehicle                                 | 14,296     | 10   | 13,584     | 9    | 13,644     | 9    |
| Other personal                          | 8,868      | 6    | 8,238      | 6    | 8,604      | 6    |
| -----                                   |            |      |            |      |            |      |
| Core businesses                         | 59,812     | 41   | 57,428     | 39   | 57,512     | 39   |
| Brokered home equity discontinued       | 3,648      | 2    | 4,120      | 3    | 4,619      | 3    |
| Vehicle leases                          | 4,204      | 3    | 4,722      | 3    | 5,431      | 4    |
| -----                                   |            |      |            |      |            |      |
| Home equity discontinued/vehicle leases | 7,852      | 5    | 8,842      | 6    | 10,050     | 7    |
| -----                                   |            |      |            |      |            |      |
| Total Retail                            | 67,664     | 46   | 66,270     | 45   | 67,562     | 46   |
| Commercial Banking:                     |            |      |            |      |            |      |
| Corporate Banking:                      |            |      |            |      |            |      |
| Commercial and industrial               | 17,388     | 12   | 17,912     | 12   | 20,226     | 13   |
| Commercial real estate                  | 8,557      | 6    | 8,433      | 6    | 8,731      | 6    |
| Lease financing                         | 4,693      | 3    | 4,758      | 3    | 4,774      | 3    |
| Other                                   | 514        | -    | 670        | -    | 975        | -    |
| -----                                   |            |      |            |      |            |      |
| Total Corporate Banking                 | 31,152     | 21   | 31,773     | 21   | 34,706     | 22   |
| Middle Market:                          |            |      |            |      |            |      |
| Commercial and industrial               | 28,086     | 19   | 29,337     | 20   | 29,515     | 19   |
| Commercial real estate                  | 2,353      | 2    | 2,421      | 2    | 3,516      | 2    |
| Lease financing                         | 1,039      | 1    | 1,092      | 1    | 1,156      | 1    |
| Other                                   | 361        | -    | 251        | -    | 141        | -    |
| -----                                   |            |      |            |      |            |      |
| Total Middle Market                     | 31,839     | 22   | 33,101     | 23   | 34,328     | 22   |
| -----                                   |            |      |            |      |            |      |
| Total Commercial Banking                | 62,991     | 43   | 64,874     | 44   | 69,034     | 44   |
| Card Services                           | 11,924     | 7    | 9,115      | 6    | 7,396      | 5    |
| IMG and Corporate                       | 7,810      | 4    | 7,469      | 5    | 8,134      | 5    |
| -----                                   |            |      |            |      |            |      |
| Total                                   | \$ 150,389 | 100% | \$ 147,728 | 100% | \$ 152,126 | 100% |
| -----                                   |            |      |            |      |            |      |

|                                   | December 31, 2001 |         | September 30, 2001 |         |
|-----------------------------------|-------------------|---------|--------------------|---------|
| (Dollars in millions)             | Amount            | Percent | Amount             | Percent |
| -----                             |                   |         |                    |         |
| Retail:                           |                   |         |                    |         |
| Small business                    |                   |         |                    |         |
| commercial                        | \$ 9,947          | 6%      | \$ 9,966           | 6%      |
| Home equity                       | 25,143            | 16      | 24,733             | 15      |
| Vehicle                           | 13,481            | 9       | 13,497             | 8       |
| Other personal                    | 9,779             | 6       | 9,941              | 6       |
| -----                             |                   |         |                    |         |
| Core businesses                   | 58,350            | 37      | 58,137             | 35      |
| Brokered home equity discontinued | 5,125             | 3       | 5,979              | 4       |
| Vehicle leases                    | 6,155             | 4       | 6,855              | 4       |
| -----                             |                   |         |                    |         |

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|   |            |      |            |      |
|---|------------|------|------------|------|
| Home equity discontinued/vehicle leases | 11,280     | 7    | 12,834     | 8    |
| -----                                   |            |      |            |      |
| Total Retail                            | 69,630     | 44   | 70,971     | 43   |
| Commercial Banking:                     |            |      |            |      |
| Corporate Banking:                      |            |      |            |      |
| Commercial and industrial               | 22,268     | 14   | 25,287     | 15   |
| Commercial real estate                  | 8,975      | 6    | 9,391      | 6    |
| Lease financing                         | 4,669      | 3    | 4,536      | 3    |
| Other                                   | 731        | -    | 1,279      | -    |
| -----                                   |            |      |            |      |
| Total Corporate Banking                 | 36,643     | 23   | 40,493     | 24   |
| Middle Market:                          |            |      |            |      |
| Commercial and industrial               | 31,076     | 20   | 32,325     | 20   |
| Commercial real estate                  | 3,472      | 2    | 3,233      | 2    |
| Lease financing                         | 1,053      | 1    | 1,049      | 1    |
| Other                                   | 294        | -    | 300        | -    |
| -----                                   |            |      |            |      |
| Total Middle Market                     | 35,895     | 23   | 36,907     | 23   |
| -----                                   |            |      |            |      |
| Total Commercial Banking                | 72,538     | 46   | 77,400     | 47   |
| Card Services                           | 6,786      | 5    | 8,400      | 5    |
| IMG and Corporate                       | 7,779      | 5    | 7,480      | 5    |
| -----                                   |            |      |            |      |
| Total                                   | \$ 156,733 | 100% | \$ 164,251 | 100% |
| -----                                   |            |      |            |      |

Loans held for sale, which are classified as loans, are carried at lower of cost or fair value, totaled \$7.9 billion and \$4.2 billion at September 30, 2002 and December 31, 2001, respectively. At September 30, 2002, loans held for sale included Commercial Banking loans of \$230 million, of which approximately \$90 million were included in nonperforming loans, and Card Services and other consumer loans of \$7.7 billion.

29

Commercial and Industrial Loans

Commercial and industrial loans represent commercial loans other than commercial real estate. At September 30, 2002, commercial and industrial loans totaled \$45.5 billion, which represented 72% of the Commercial Banking portfolio.

The more significant borrower industry concentrations of the Commercial Banking commercial and industrial portfolio for the periods indicated are as follows:

September 30, 2002

June 30, 2002

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| (Dollars in millions)                 | Outstanding | Percent (1) | Outstanding | Percent |
|---------------------------------------|-------------|-------------|-------------|---------|
| Wholesale trade                       | \$ 3,945    | 8.7%        | \$ 3,952    |         |
| Motor vehicles and parts/auto related | 3,703       | 8.1         | 4,006       |         |
| Oil and gas                           | 2,899       | 6.4         | 2,997       |         |
| Industrial materials                  | 2,604       | 5.7         | 2,863       |         |
| Business finance and leasing          | 2,422       | 5.3         | 2,603       |         |
| Telephone, wireless and cable(2)      | 462         | 1.0         | 522         |         |

(1) Total outstanding by industry concentration as a percentage of total commercial and industrial loans.

(2) Presented for informational purposes. Other industry concentrations precede this category but are not presented in this table.

30

Commercial Real Estate

Commercial real estate loans represent credit extended for real estate related purposes to borrowers or counterparties who are primarily in the real estate development or investment business and for which the primary source of repayment of the loan is from the sale, lease, rental, management, operations or refinancing of the property. At September 30, 2002, commercial real estate loans totaled \$10.9 billion, which represented 17% of the Commercial Banking portfolio.

Commercial real estate lending is conducted in several lines of business with the majority of these loans originated by Corporate Banking primarily through its specialized National Commercial Real Estate Group. This group's focus is lending to targeted regional and national real estate developers, homebuilders and REITs/REOCs (Real Estate Operating Companies).

The commercial real estate loan portfolio by both collateral location and property type for the periods indicated are as follows:

| (Dollars in millions)   | September 30, 2002 |                      | June 30, 2002 |                      |
|-------------------------|--------------------|----------------------|---------------|----------------------|
| By Collateral Location: | Amount             | Percent of Portfolio | Amount        | Percent of Portfolio |
| Illinois                | \$ 1,242           | 11%                  | \$ 1,245      | 11%                  |
| Michigan                | 1,164              | 11                   | 1,200         | 11                   |
| California              | 1,061              | 10                   | 1,041         | 10                   |
| Texas                   | 953                | 9                    | 976           | 9                    |
| Ohio                    | 820                | 7                    | 793           | 7                    |
| Arizona                 | 797                | 7                    | 837           | 8                    |
| Indiana                 | 408                | 4                    | 431           | 4                    |
| Louisiana               | 391                | 3                    | 392           | 4                    |
| Kentucky                | 360                | 3                    | 357           | 3                    |
| Colorado                | 320                | 3                    | 284           | 3                    |
| Other areas             | 1,627              | 15                   | 1,675         | 15                   |
| Unsecured               | 1,266              | 12                   | 1,103         | 10                   |
| Secured by other than   |                    |                      |               |                      |

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|             |    |        |      |    |        |      |
|-------------|----|--------|------|----|--------|------|
| real estate |    | 501    | 5    |    | 520    | 5    |
| Total       | \$ | 10,910 | 100% | \$ | 10,854 | 100% |

By Property Type:

|   |    |        |      |    |        |      |
|---|----|--------|------|----|--------|------|
| Apartment                                 | \$ | 1,940  | 18%  | \$ | 1,916  | 18%  |
| Office                                    |    | 1,571  | 14   |    | 1,552  | 14   |
| Retail                                    |    | 1,567  | 14   |    | 1,667  | 15   |
| Single family residential development     |    | 1,047  | 10   |    | 1,069  | 10   |
| REIT/REOC                                 |    | 920    | 9    |    | 788    | 7    |
| Industrial/warehouse                      |    | 878    | 8    |    | 857    | 8    |
| Hotels                                    |    | 551    | 5    |    | 591    | 6    |
| Residential lots                          |    | 450    | 4    |    | 368    | 3    |
| Miscellaneous commercial income producing |    | 1,628  | 15   |    | 1,881  | 17   |
| Miscellaneous residential developments    |    | 358    | 3    |    | 165    | 2    |
| Total                                     | \$ | 10,910 | 100% | \$ | 10,854 | 100% |

31

ASSET QUALITY

Nonperforming Assets

The Corporation places loans on nonaccrual status as follows:

- . Retail consumer loans are placed on nonaccrual status when the collection of contractual principal or interest becomes 90 days past due.
- . Commercial Banking and Retail small business commercial loans are placed on nonaccrual status when the collection of contractual principal or interest is deemed doubtful, or it becomes 90 days or more past due and is not both well-secured and in the process of collection.
- . Credit card receivables are charged-off rather than placed on nonaccrual status.

The Corporation's nonperforming assets for the periods indicated are as follows:

| (Dollars in millions)       | September 30<br>2002 | June 30<br>2002 | March 31<br>2002 | December 31<br>2001 |
|-----------------------------|----------------------|-----------------|------------------|---------------------|
| Nonperforming Loans:        |                      |                 |                  |                     |
| Retail                      | \$ 1,434             | \$ 1,349        | \$ 1,402         | \$ 1,344            |
| Commercial Banking:         |                      |                 |                  |                     |
| Corporate Banking           | 1,010                | 1,161           | 1,170            | 1,154               |
| Middle Market Banking       | 1,030                | 1,136           | 1,087            | 973                 |
| Total Commercial Banking(1) | 2,040                | 2,297           | 2,257            | 2,127               |
| IMG and Corporate           | 47                   | 74              | 78               | 80                  |
| Total                       | 3,521                | 3,720           | 3,737            | 3,551               |

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|   |          |          |          |          |
|---|----------|----------|----------|----------|
| Other, including other real estate owned              | 214      | 204      | 197      | 137      |
| <hr/>   |          |          |          |          |
| Total nonperforming assets                            | \$ 3,735 | \$ 3,924 | \$ 3,934 | \$ 3,688 |
| <hr/>   |          |          |          |          |
| Nonperforming assets to related assets(2):            | 2.48%    | 2.65%    | 2.58%    | 2.35%    |
| <hr/>   |          |          |          |          |
| Loans 90-days or more past due and accruing interest: |          |          |          |          |
| Card Services   | \$ 132   | \$ 112   | \$ 100   | \$ 96    |
| Other   | -        | -        | 2        | 1        |
| <hr/>   |          |          |          |          |
| Total   | \$ 132   | \$ 112   | \$ 102   | \$ 97    |
| <hr/>   |          |          |          |          |

- (1) Commercial Banking nonperforming loans at September 30, 2002 include \$90 million of loans held for sale.
- (2) Related assets consist of loans outstanding, including loans held for sale, and other real estate owned.

Credit quality improved over the second quarter as nonperforming assets declined \$189 million from the prior quarter. In Commercial Banking, nonperforming loans declined \$257 million from the prior quarter. These declines are a result of risk management actions including: loan sales, distressed portfolio sales, and ongoing review of individual credits. The Corporation has established processes for identifying potential problem areas of the portfolio, which currently include exposure to energy, auto-related, telecommunications, and airlines. The Corporation will continue to monitor and manage these potential risks, however, concern remains due to the uncertain economic environment and the effects that may have on credit quality in future quarters.

Nonperforming loans within Retail at September 30, 2002 were \$1.4 billion, an increase of \$85 million from second quarter 2002. This increase was primarily driven by discontinued segments of the brokered home equity business. Home equity loans are written down to net realizable value once a loan reaches 120 days delinquency. However, due to the time necessary to complete foreclosure and acquire title, real estate loans remain in nonperforming status for an extended period.

32

Charge-offs

The Corporation records charge-offs as follows:

- . Commercial loans are charged-off in the reporting period in which either an event occurs that confirms the existence of a loss or it is determined that a loan or a portion of a loan is uncollectible.
- . A credit card loan is charged-off in the month it becomes contractually 180 days past due and remains unpaid at the end of that month, or 60 days after receipt of bankruptcy notification.
- . Retail loans are generally charged-off following a delinquency period of 120 days, or within 60 days for unsecured Retail loans after receipt of notification in case of bankruptcy. Closed-end consumer loans, such as auto loans and leases and home mortgage loans, are typically written down to the extent of loss after considering the net realizable value of the collateral. Beginning in the second quarter 2002, losses on secured bankrupt loans are recorded based on determination of actual collateral values versus estimates.



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The timing and amount of the charge-off on consumer loans will depend on the type of loan, giving consideration to available collateral, as well as the circumstances giving rise to the delinquency. The Corporation adheres to uniform guidelines published by the FFIEC in charging off consumer loans.

The Corporation's net charge-offs for the periods indicated are as follows:

| (Dollars in millions)    | September 30, 2002 |                   |                     | June 30, 2002   |                   |                     |
|--------------------------|--------------------|-------------------|---------------------|-----------------|-------------------|---------------------|
|                          | Net charge-offs    | Average balance   | Net charge-off rate | Net charge-offs | Average balance   | Net charge-off rate |
| Retail                   | \$ 202             | \$ 66,829         | 1.21%               | \$ 215          | \$ 66,826         | 1.29%               |
| Commercial Banking:      |                    |                   |                     |                 |                   |                     |
| Corporate Banking        | 160                | 31,600            | 2.03                | 168             | 33,322            | 2.02                |
| Middle Market Banking    | 77                 | 32,084            | 0.96                | 106             | 33,689            | 1.26                |
| Total Commercial Banking | 237                | 63,684            | 1.49                | 274             | 67,011            | 1.64                |
| Card Services            | 131                | 10,523            | 4.99                | 118             | 8,459             | 5.58                |
| IMG and Corporate        | 3                  | 7,116             | -                   | -               | 7,378             | -                   |
| <b>Total</b>             | <b>\$ 573</b>      | <b>\$ 148,152</b> | <b>1.55%</b>        | <b>\$ 607</b>   | <b>\$ 149,674</b> | <b>1.62%</b>        |

| (Dollars in millions)    | December 31, 2001 |                   |                     | September 30,   |                   |                     |
|--------------------------|-------------------|-------------------|---------------------|-----------------|-------------------|---------------------|
|                          | Net charge-offs   | Average balance   | Net charge-off rate | Net charge-offs | Average balance   | Net charge-off rate |
| Retail                   | \$ 268            | \$ 70,049         | 1.53%               | \$ 209          | \$ 71,000         | 1.53%               |
| Commercial Banking:      |                   |                   |                     |                 |                   |                     |
| Corporate Banking        | 164               | 38,065            | 1.72                | 131             | 41,000            | 1.72                |
| Middle Market Banking    | 158               | 36,185            | 1.75                | 99              | 36,000            | 1.75                |
| Total Commercial Banking | 322               | 74,250            | 1.73                | 230             | 77,000            | 1.73                |
| Card Services            | 113               | 8,358             | 5.41                | 118             | 7,000             | 5.41                |
| IMG and Corporate        | 14                | 7,493             | -                   | 9               | 7,000             | -                   |
| <b>Total</b>             | <b>\$ 717</b>     | <b>\$ 160,150</b> | <b>1.79%</b>        | <b>\$ 566</b>   | <b>\$ 165,000</b> | <b>1.79%</b>        |

Net charge-offs decreased 6% during the third quarter of 2002 to \$573 million from the second quarter of 2002, reflecting lower charge-offs in nearly all lines of businesses. The net charge-off rate decreased to 1.55% in the third quarter 2002 compared to 1.62% in the second quarter 2002.

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A summary of the Corporation's Commercial Banking loan sales for the periods indicated is as follows:

| (In millions)  | September 30<br>2002 | June 30<br>2002 | March 31<br>2002 | Decemb |
|--|----------------------|-----------------|------------------|--------|
| <hr/>  |                      |                 |                  |        |
| Loans sold and loans transferred<br>to loans held for sale:(1) |                      |                 |                  |        |
| Nonperforming loans  | \$ 139               | \$ 208          | \$ 99            | \$     |
| Other loans with credit related losses                         | 158                  | 148             | 160              |        |
| Other loans  | 182                  | 193             | 343              |        |
| <hr/>  |                      |                 |                  |        |
| Total  | \$ 479               | 549             | \$ 602           | \$     |
| <hr/>  |                      |                 |                  |        |
| Losses on sale:  |                      |                 |                  |        |
| Charge-offs:(2)  |                      |                 |                  |        |
| Nonperforming loans  | \$ 5                 | \$ 39           | \$ 48            | \$     |
| Other loans with credit related losses                         | 6                    | 12              | 19               |        |
| <hr/>  |                      |                 |                  |        |
| Total charge-offs  | 11                   | 51              | 67               |        |
| Losses on loans sold and held for sale                         | 12                   | 22              | 4                |        |
| <hr/>  |                      |                 |                  |        |
| Total  | \$ 23                | \$ 73           | \$ 71            | \$     |
| <hr/>  |                      |                 |                  |        |

- (1) Third quarter 2002 includes loans reclassified to loans held for sale of approximately \$90 million, \$105 million and \$35 million in nonperforming, other loans with credit related losses and other loans, respectively.
- (2) Charge-offs on loans reclassified to held for sale in the third quarter 2002 of approximately \$2 million and \$1 million are included in nonperforming and other loans with credit related losses, respectively.

The Corporation sells Commercial Banking loans in the normal course of its business activities and is one alternative the Corporation uses to manage credit risk. These loans are subject to the Corporation's overall risk management practices. When a loan is sold, the gain or loss is evaluated to determine whether it resulted from credit deterioration or other conditions. Based upon this evaluation, losses resulting from credit deterioration are recorded as charge-offs. Losses deemed to be from other than credit deterioration are recorded as losses on sale. When a loan is sold or reclassified to loans held for sale, appropriate charge-offs are recorded. Subsequent writedowns in fair value on loans held for sale are reflected in other income/(loss).

Loans classified as held for sale are carried at the lower of cost or market value. Accordingly, these loans are no longer included in the evaluation of the adequacy of the allowance for credit losses.

### Allowance for Credit Losses

The allowance for credit losses is maintained at a level that in management's judgment is adequate to provide for estimated probable credit losses inherent in various on- and off-balance sheet financial instruments. This process includes deriving probable loss estimates that are based on historical loss ratios, portfolio stress testing and management's judgment.

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The changes in the Corporation's allowance for credit losses for the periods indicated are as follows:

| (In millions)                           | SEPTEMBER 30<br>2002 | June 30<br>2002 | March 31<br>2002 | Dece |
|---|----------------------|-----------------|------------------|------|
| Balance, beginning of period            | \$ 4,521             | \$ 4,520        | \$ 4,528         | \$   |
| Charge-offs:                            |                      |                 |                  |      |
| Retail:                                 |                      |                 |                  |      |
| Small business commercial               | 21                   | 28              | 18               |      |
| Home equity                             | 66                   | 67              | 89               |      |
| Vehicle                                 | 67                   | 56              | 82               |      |
| Other personal                          | 29                   | 38              | 41               |      |
| Core businesses                         | 183                  | 189             | 230              |      |
| Brokered home equity discontinued       | 35                   | 45              | 49               |      |
| Vehicle leases                          | 20                   | 19              | 34               |      |
| Home equity discontinued/vehicle leases | 55                   | 64              | 83               |      |
| Total consumer                          | 217                  | 225             | 295              |      |
| Total Retail                            | 238                  | 253             | 313              |      |
| Commercial Banking:                     |                      |                 |                  |      |
| Corporate Banking:                      |                      |                 |                  |      |
| Commercial and industrial               | 133                  | 152             | 182              |      |
| Commercial real estate                  | 8                    | 19              | 2                |      |
| Lease financing                         | 31                   | 25              | 2                |      |
| Total Corporate Banking                 | 172                  | 196             | 186              |      |
| Middle Market:                          |                      |                 |                  |      |
| Commercial and industrial               | 71                   | 113             | 126              |      |
| Commercial real estate                  | 15                   | 2               | 4                |      |
| Lease financing                         | 4                    | 19              | 5                |      |
| Total Middle Market                     | 90                   | 134             | 135              |      |
| Total Commercial Banking                | 262                  | 330             | 321              |      |
| Card Services                           | 142                  | 129             | 111              |      |
| IMG and Corporate                       | 6                    | 2               | 22               |      |
| Total charge-offs                       | 648                  | 714             | 767              |      |
| Recoveries:                             |                      |                 |                  |      |
| Retail:                                 |                      |                 |                  |      |
| Small business commercial               | 6                    | 5               | 4                |      |
| Home equity                             | 8                    | 9               | 7                |      |
| Vehicle                                 | 14                   | 15              | 17               |      |
| Other personal                          | 3                    | 4               | 15               |      |
| Core businesses                         | 31                   | 33              | 43               |      |
| Brokered home equity discontinued       | 1                    | 1               | 1                |      |
| Vehicle leases                          | 4                    | 4               | 4                |      |
| Home equity discontinued/vehicle leases | 5                    | 5               | 5                |      |
| Total consumer                          | 30                   | 33              | 44               |      |

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|                             |          |          |          |
|-----------------------------|----------|----------|----------|
| Total Retail                | 36       | 38       | 48       |
| Commercial Banking:         |          |          |          |
| Corporate Banking:          |          |          |          |
| Commercial and industrial   | 11       | 26       | 21       |
| Commercial real estate      | 1        | 2        | 2        |
| Lease financing             | -        | -        | -        |
| Total Corporate Banking     | 12       | 28       | 23       |
| Middle Market:              |          |          |          |
| Commercial and industrial   | 12       | 24       | 14       |
| Commercial real estate      | 1        | 1        | 2        |
| Lease financing             | -        | 3        | 1        |
| Total Middle Market         | 13       | 28       | 17       |
| Total Commercial Banking    | 25       | 56       | 40       |
| Card Services               | 11       | 11       | 14       |
| IMG and Corporate           | 3        | 2        | 2        |
| Total recoveries            | 75       | 107      | 104      |
| Net charge-offs:            |          |          |          |
| Retail                      | 202      | 215      | 265      |
| Commercial Banking          | 237      | 274      | 281      |
| Card Services               | 131      | 118      | 97       |
| IMG and Corporate           | 3        | -        | 20       |
| Total net charge-offs       | 573      | 607      | 663      |
| Provision for credit losses | 587      | 607      | 665      |
| Transfers                   | (17)     | 1        | (10)     |
| Balance, end of period      | \$ 4,518 | \$ 4,521 | \$ 4,520 |

35

Composition of Allowance for Credit Losses

While the allowance for credit losses is available to absorb credit losses in the entire portfolio, allocations of the allowance for credit losses by line of business for the periods indicated are as follows:

|                       | September 30<br>2002 |     | June 30<br>2002 |     | March 31<br>2002 |     | December<br>2001 |   |
|-----------------------|----------------------|-----|-----------------|-----|------------------|-----|------------------|---|
| (Dollars in millions) | Amount               | %   | Amount          | %   | Amount           | %   | Amount           | % |
| Retail                | \$ 1,026             | 23% | \$ 1,029        | 23% | \$ 1,028         | 23% | \$ 1,027         |   |
| Commercial Banking:   |                      |     |                 |     |                  |     |                  |   |
| Corporate Banking     | 1,706                | 38  | 1,706           | 38  | 1,706            | 38  | 1,714            |   |
| Middle Market         | 1,365                | 30  | 1,365           | 30  | 1,365            | 30  | 1,365            |   |

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|                   |          |      |          |      |          |      |          |   |
|-------------------|----------|------|----------|------|----------|------|----------|---|
| Total Commercial  |          |      |          |      |          |      |          |   |
| Banking           | 3,071    | 68   | 3,071    | 68   | 3,071    | 68   | 3,079    |   |
| Card Services     | 396      | 9    | 396      | 9    | 396      | 9    | 396      |   |
| IMG and Corporate | 25       | -    | 25       | -    | 25       | -    | 26       |   |
| Total             | \$ 4,518 | 100% | \$ 4,521 | 100% | \$ 4,520 | 100% | \$ 4,528 | 1 |

Components of Allowance for Credit Losses

The Corporation determines allowance levels based upon the probable losses in the credit portfolios. Several methodologies are employed for estimating probable losses. A detailed discussion of the process is presented in the Corporation's 2001 Annual Report beginning on page 60.

The table below presents the components of the probable loss estimate for the periods indicated:

| (In millions)  | September 30<br>2002 | June 30<br>2002 | March 31<br>2002 | December 31<br>2001 | S  |
|----------------|----------------------|-----------------|------------------|---------------------|----|
| Asset specific | \$ 756               | \$ 828          | \$ 843           | \$ 731              | \$ |
| Expected loss  | 2,862                | 3,051           | 3,104            | 3,167               |    |
| Stress         | 900                  | 642             | 573              | 630                 |    |
| Total /1/      | \$ 4,518             | \$ 4,521        | \$ 4,520         | \$ 4,528            | \$ |

- (1) The underlying assumptions, estimates and assessments made by management to determine the components of the allowance for credit losses are continually evaluated by management and updated to reflect management's judgments regarding economic conditions and various relevant factors impacting credit quality and inherent losses.

The September 30, 2002 allowance for credit losses remained essentially flat compared with the prior periods. The asset specific and expected loss components of allowance for credit losses declined from June 30, 2002 reflecting some improvement in credit quality. However, this was offset by an increase in the stress component of the allowance for credit losses reflecting management's ongoing assessment and outlook of the probable losses inherent in the portfolio resulting from the overall economic environment.

DERIVATIVE FINANCIAL INSTRUMENTS

The Corporation uses a variety of derivative financial instruments in its trading activity, asset and liability management, and mortgage operations, as well as to manage certain currency translation exposures of foreign entities. These instruments include interest rate, currency, equity and commodity swaps, forwards, spot, futures, options, caps, floors, forward rate agreements, credit derivatives and other conditional or exchange contracts, and include both exchange-traded and over-the-counter contracts. A detailed discussion of accounting policies for trading and hedging derivative instruments is presented in the Corporation's 2001 Annual Report beginning on page 61.

Income Resulting from Derivative Financial Instruments

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The Corporation uses interest rate derivative financial instruments in asset and liability management activities to reduce structural interest rate risk, and the volatility of pre-tax income (see Structural Interest Rate Risk Management section on page 27). Pre-tax income reflects the effective use of these derivatives. Without their use, pre-tax income for the nine months ended September 30, 2002 and 2001, would have been higher by \$109 million in 2002 and lower by \$5 million in 2001.

For cash flow hedges, the effective portion of the change in fair value of the hedging derivative is recorded in Accumulated Other Adjustments to Stockholders' Equity ("AOASE"), which is reclassified into earnings in a manner consistent with the earnings pattern of the underlying hedged instrument or transaction. At September 30, 2002, the total

36

amount of such reclassification into earnings is projected to be a decrease in income of \$286 million after-tax (\$452 million pre-tax) over the next twelve months. These projections involve the use of currently forecasted interest rates over the next twelve months. These rates, and the resulting reclassifications into earnings, are subject to change.

The amount of hedge ineffectiveness recognized for cash flow and fair value hedges for the nine months ended September 30, 2002 was a loss of \$6 million. No component of a derivative instrument's gain or loss is excluded from the assessment of hedge effectiveness.

The maximum length of time exposure to the variability of future cash flows for forecasted transactions hedged is 30 months. No events have occurred in 2002 that changed earnings from the discontinuance of cash flow hedges due to the determination that a forecasted transaction is no longer likely to occur.

The Corporation uses credit derivatives, primarily single name credit default swaps, as one method of credit protection against the deterioration of credit quality on commercial loans and loan commitments. The change in fair value of credit derivative instruments is included in trading results in the Corporation's financial statements while any credit assessment change in the identified commercial credit exposure is reflected as a change in the allocated credit reserves. At September 30, 2002, the notional amount of credit derivatives protecting commercial credit exposure totaled \$6.1 billion, and related trading revenue was \$101 million and \$100 million, respectively, for the three months and nine months ended September 30, 2002.

### Credit Exposure Resulting from Derivative Financial Instruments

Credit exposure from derivative financial instruments arises from the risk of a counterparty default on the derivative contract. The amount of loss created by the default is the replacement cost or current fair value of the defaulted contract. The Corporation utilizes master netting agreements whenever possible to reduce its credit exposure from counterparty defaults. These agreements allow the netting of contracts with unrealized losses against contracts with unrealized gains to the same counterparty, in the event of a counterparty default.

The impact of these master netting agreements for the periods indicated are as follows:

September 30

June 30

March 31

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| (In millions)                                     | 2002      | 2002      | 2002      |
|---|-----------|-----------|-----------|
| Gross replacement cost                            | \$ 20,806 | \$ 15,494 | \$ 10,736 |
| Less: Adjustment due to master netting agreements | 16,601    | 12,498    | 8,072     |
| Balance sheet credit exposure                     | \$ 4,205  | \$ 2,996  | \$ 2,664  |

### Asset and Liability Management Derivatives

Access to the derivatives market is an important element in maintaining the Corporation's desired interest rate risk position. In general, the assets and liabilities generated through ordinary business activities do not naturally create offsetting positions with respect to repricing, basis or maturity characteristics. Using derivative instruments, principally plain vanilla interest rate swaps (ALM swaps), interest rate sensitivity is adjusted to maintain the desired interest rate risk profile.

At September 30, 2002, the notional value of ALM swaps linked to specific assets, liabilities or forecasted transactions was as follows:

| (In millions)                        | Receive Fixed<br>Pay Floating | Pay Fixed<br>Receive Floating | Cash Flow<br>Hedge | Total S |
|--------------------------------------|-------------------------------|-------------------------------|--------------------|---------|
|                                      | Fair Value<br>Hedge           | Fair Value<br>Hedge           | Cash Flow<br>Hedge | Total S |
| Interest rate swaps associated with: |                               |                               |                    |         |
| Interest-bearing assets              | \$ -                          | \$ 50                         | \$ 3,000           | \$ 3,   |
| Interest-bearing liabilities         | 3,550                         | -                             | 14,227             | 17,     |
| Total                                | \$ 3,550                      | \$ 50                         | \$ 17,227          | \$ 20,  |

37

Interest rate swaps used to adjust the interest rate sensitivity of certain interest-bearing assets and liabilities will not need to be replaced at maturity, since the corresponding asset or liability will mature along with the interest rate swap. The notional amount of such swaps totaled \$13.8 billion at September 30, 2002.

### LOAN SECURITIZATIONS AND OFF-BALANCE SHEET ACTIVITIES

#### Loan Securitizations

Investors in the beneficial interests of the securitized loans have no recourse against the Corporation under the securitization if cash flows generated from the securitized loans are inadequate to service the obligations of the special purpose entity. To help ensure that adequate funds are available in the event of a shortfall, the Corporation is required to deposit funds into cash spread accounts if the excess spread falls below certain minimum levels. Spread accounts are funded from excess spread that would normally be returned to the Corporation. In addition, various forms of other credit enhancements are

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provided to protect more senior investor interests from loss. Credit enhancements associated with credit card securitizations, such as cash collateral or spread accounts, totaled \$132 million and \$198 million at September 30, 2002 and 2001, respectively, and are classified on the balance sheet as other assets.

For further discussion of Bank One's loan securitization process and other related disclosures, see pages 64-65 and 81-82 of the Corporation's 2001 Annual Report.

### Other Off-Balance Sheet Activities

In the normal course of business, the Corporation is a party to a number of activities that contain credit, market and operational risk that are not reflected in whole or in part in the Corporation's consolidated financial statements. Such activities include: traditional off-balance sheet credit-related financial instruments; commitments under capital and operating leases and long-term debt; credit enhancement associated with asset-backed securities business; and joint venture activities.

The Corporation provides customers with off-balance sheet credit support through loan commitments, standby letters of credit and guarantees, as well as commercial letters of credit. Summarized credit-related financial instruments at September 30, 2002 are as follows:

| (In billions)  | Amount of Commitment Expiration Per |                     |                |                |
|--|-------------------------------------|---------------------|----------------|----------------|
|  | Total                               | Less Than<br>1 Year | 1 - 3<br>Years | 3 - 5<br>Years |
| Unused credit card lines                                   | \$ 327.5                            | \$ 327.5            | \$ -           | \$ -           |
| Unused loan commitments                                    | 128.1                               | 95.4                | 21.8           | 10.6           |
| Standby letters of credit and foreign office<br>guarantees | 21.4                                | 13.7                | 5.8            | 1.5            |
| Commercial letters of credit                               | 0.6                                 | 0.6                 | -              | -              |

Since many of the unused commitments are expected to expire unused or be only partially used, the total amount of unused commitments in the preceding table does not necessarily represent future cash requirements.

In addition to owned banking facilities, the Corporation has entered into a number of long-term leasing arrangements to support the ongoing activities of the Corporation. The required payments under such commitments and long-term debt at September 30, 2002 are as follows:

| (In millions)                            | 2002     | 2003     | 2004     | 2005     |
|--|----------|----------|----------|----------|
| Operating leases                         | \$ 67    | \$ 252   | \$ 217   | \$ 170   |
| Trust preferred capital securities       | -        | -        | -        | -        |
| Long-term debt, including capital leases | 1,148    | 7,755    | 6,190    | 6,354    |
| Total                                    | \$ 1,215 | \$ 8,007 | \$ 6,407 | \$ 6,524 |



The Corporation assists its customers in obtaining sources of liquidity, by structuring financing transactions to sell customers' trade receivables or other financial assets to specialized financing entities that issue commercial paper. The

38

Corporation provides liquidity facilities and subordinated loans to the specialized financing entities, which totaled \$37.3 billion and \$1.1 billion, respectively, at September 30, 2002.

In addition to customer financing transactions, these specialized financing entities fund, through the issuance of asset-backed commercial paper, other selected portfolios of marketable investments that are not reflected on the Corporation's balance sheet. Off-balance sheet liquidity lines provided by the Corporation associated with these transactions were \$321 million at September 30, 2002.

The Corporation also provides liquidity lines to commercial paper issuing specialized financing entities not sponsored by Bank One, which approximated \$2.2 billion at September 30, 2002.

In the normal course of business, the Corporation invests in venture capital and other investments. Commitments to fund such investments at September 30, 2002 totaled \$1.1 billion.

The Corporation is a participant in several operating joint venture initiatives where the Corporation has a majority equity interest in the entity; however, based on the terms of the joint venture arrangement, the ventures are jointly controlled and managed. The Corporation consolidated two joint ventures beginning in the first quarter of 2002 as management has exerted additional influence over these joint ventures. These consolidations did not have a net impact to the Corporation's consolidated net income. The Corporation's investment in the remaining joint venture totaled \$30 million at September 30, 2002.

#### CAPITAL MANAGEMENT

##### Economic Capital

An important aspect of risk management and performance measurement is the ability to evaluate the risk and return of a business unit, product or customer consistently across all lines of business. The Corporation's economic capital framework facilitates this standard measure of risk and return. Business units are assigned capital consistent with the underlying risks of their product set, customer base and delivery channels. For a more detailed discussion of Bank One's economic capital framework, see page 67 of the Corporation's 2001 Annual Report.

##### Selected Capital Ratios

The Corporation aims to maintain regulatory capital ratios, including those of the principal banking subsidiaries, in excess of the well-capitalized guidelines under federal banking regulations. The Corporation maintains a well-capitalized regulatory position.

The Corporation's capital ratios are as follows:

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|   | September 30<br>2002 | June 30<br>2002 | March 31<br>2002 | December 31<br>2001 | Sept |
|---|----------------------|-----------------|------------------|---------------------|------|
| -----   |                      |                 |                  |                     |      |
| Risk-based capital ratios:                          |                      |                 |                  |                     |      |
| Tier 1  | 9.5%                 | 9.4%            | 9.0%             | 8.6%                |      |
| Total   | 13.0                 | 13.0            | 12.7             | 12.2                |      |
| Leverage ratio (1)                                  | 9.0                  | 9.1             | 8.6              | 8.2                 |      |
| Common equity/assets                                | 8.0                  | 8.0             | 8.0              | 7.5                 |      |
| Tangible common equity/<br>tangible reported assets | 7.2                  | 7.1             | 7.1              | 6.8                 |      |
| Tangible common equity/<br>tangible managed assets  | 6.4                  | 6.3             | 6.2              | 5.9                 |      |
| Double leverage ratio                               | 104                  | 103             | 103              | 103                 |      |
| Dividend payout ratio                               | 30                   | 30              | 31               | 38                  |      |

(1) The minimum regulatory guideline is 3%.

39

The components of the Corporation's regulatory risk-based capital and risk-weighted assets are as follows:

| (In millions)                  | September 30<br>2002 | June 30<br>2002 | March 31<br>2002 | December 31<br>2001 |
|--------------------------------|----------------------|-----------------|------------------|---------------------|
| -----                          |                      |                 |                  |                     |
| Regulatory risk-based capital: |                      |                 |                  |                     |
| Tier 1 capital                 | \$ 23,428            | \$ 23,039       | \$ 22,513        | \$ 21,740           |
| Tier 2 capital                 | 8,650                | 8,924           | 9,115            | 9,090               |
| Total capital                  | 32,078               | 31,963          | 31,628           | 30,830              |
| -----                          |                      |                 |                  |                     |
| Total risk weighted assets     | \$ 247,050           | \$ 246,032      | \$ 249,128       | \$ 253,330          |

In deriving Tier 1 and Total Capital, goodwill and other nonqualifying intangible assets are deducted for the periods indicated:

| (In millions)                   | September 30<br>2002 | June 30<br>2002 | March 31<br>2002 | December 31<br>2001 |
|---------------------------------|----------------------|-----------------|------------------|---------------------|
| -----                           |                      |                 |                  |                     |
| Goodwill                        | \$ 1,829             | \$ 1,829        | \$ 1,840         | \$ 1,560            |
| Other nonqualifying intangibles | 215                  | 237             | 251              | 200                 |
| Subtotal                        | 2,044                | 2,066           | 2,091            | 1,760               |
| Qualifying intangibles          | 421                  | 405             | 422              | 410                 |
| -----                           |                      |                 |                  |                     |
| Total intangibles               | \$ 2,465             | \$ 2,471        | \$ 2,513         | \$ 2,180            |

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Goodwill and other intangibles increased in the first quarter 2002 primarily due to the consolidation of Paymentech, Inc.

In November 2001, the U.S. banking regulators revised the risk based capital rules for the treatment of recourse arrangements, direct credit substitutes, asset and mortgage backed securities, and residual interests in securitization structures. Certain provisions of these rules became effective in the first quarter 2002, and beginning March 31, 2002 the ratios include the effect of these changes. The Corporation implemented the remaining provisions of these rules in the second quarter 2002. Under these rules, which were required to be adopted by the end of the year, accrued interest on securitized credit card receivables is treated as a form of retained recourse. The additional recourse amount had an adverse impact on the September 30, 2002, Tier 1 and Total Capital ratios of 0.20% and 0.24%, respectively. This change increased risk weighted assets and Total Capital by \$5.1 billion and \$106 million, respectively.

### Dividend Policy

The Corporation's common stock dividend policy reflects its earnings outlook, desired payout ratios, the need to maintain an adequate capital level and alternative investment opportunities. The common stock dividend payout ratio is targeted in the range of 25% - 30% of earnings overtime. On October 15, 2002, the Corporation declared its quarterly common cash dividend of 21 cents per share, payable on January 1, 2003.

### Double Leverage

Double leverage is the extent to which the Corporation's resources are used to finance investments in subsidiaries. Double leverage was 104% and 103% at September 30, 2002 and December 31, 2001, respectively. Trust Preferred Capital Securities of \$3.3 billion at September 30, 2002 and June 30, 2002 were included in capital for purposes of this calculation.

### Stock Repurchase Program

On July 16, 2002, the Corporation's Board of Directors approved the repurchase of up to \$2 billion of the Corporation's common stock, replacing the two previous buyback programs announced in September 2001 and May 1999. The timing of the purchases and the exact number of shares to be repurchased will depend on market conditions. The share repurchase program does not include specific price targets or timetables and may be suspended at any time. In the third quarter 2002, the Corporation purchased 8.4 million shares of common stock at an average price of \$37.44 per share pursuant to the current buyback program. There remains available \$1.7 billion of common stock that may be repurchased under the Board authorization.

### FORWARD-LOOKING STATEMENTS

Management's Discussion and Analysis included herein contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, Bank One may make or approve certain statements in future filings with the Securities and Exchange Commission (the "Commission"), in press releases, and in oral and written statements made by or with Bank One's approval that are not statements of historical fact and may

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constitute forward-looking statements. Forward-looking statements may relate to, without limitation, Bank One's financial condition, results of operations, plans, objectives, future performance or business.

Words such as "believes", "anticipates", "expects", "intends", "plans", "estimates", "targeted" and similar expressions are intended to identify forward-looking statements but are not the only means to identify these statements.

Forward-looking statements involve risks and uncertainties. Actual conditions, events or results may differ materially from those contemplated by a forward-looking statement. Factors that could cause this difference—many of which are beyond Bank One's control—include the following, without limitation:

- .. Local, regional and international business or economic conditions may differ from those expected.
- .. The effects of and changes in trade, monetary and fiscal policies and laws, including the Federal Reserve Board's interest rate policies, may adversely affect Bank One's business.
- .. The timely development and acceptance of new products and services may be different than anticipated.
- .. Technological changes instituted by Bank One and by persons who may affect Bank One's business may be more difficult to accomplish or more expensive than anticipated or may have unforeseen consequences.
- .. Acquisitions and integration of acquired businesses may be more difficult or expensive than expected.
- .. The ability to increase market share and control expenses may be more difficult than anticipated.
- .. Competitive pressures among financial services companies may increase significantly.
- .. Changes in laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) may adversely affect Bank One or its business.
- .. Changes in accounting policies and practices, as may be adopted by regulatory agencies, the Public Company Accounting Oversight Board and the Financial Accounting Standards Board, may affect expected financial reporting.
- .. The costs, effects and outcomes of litigation may adversely affect Bank One or its business.
- .. Bank One may not manage the risks involved in the foregoing as well as anticipated.

Forward-looking statements speak only as of the date they are made. Bank One undertakes no obligation to update any forward-looking statement to reflect subsequent circumstances or events.

41

### CONSOLIDATED BALANCE SHEETS BANK ONE CORPORATION and Subsidiaries

| (Dollars in millions)                       | SEPTEMBER 30<br>2002 | Decem |
|---|----------------------|-------|
| <hr style="border-top: 1px dashed black;"/> |                      |       |
| <b>Assets</b>                               |                      |       |
| Cash and due from banks                     | \$ 21,699            | \$    |
| Interest-bearing due from banks             | 2,960                |       |

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|  |         |    |            |
|--|---------|----|------------|
| Federal funds sold and securities under resale agreements                              | 8,062   |    |            |
| Trading assets   | 6,367   |    |            |
| Derivative product assets  | 4,205   |    |            |
| Investment securities  | 66,129  |    |            |
| Loans(1)   | 150,389 |    |            |
| Allowance for credit losses  | (4,518) |    |            |
| -----  |         |    |            |
| Loans, net   | 145,871 |    |            |
| Other assets   | 18,894  |    |            |
| -----  |         |    |            |
| Total assets   |         | \$ | 274,187 \$ |
| -----  |         |    |            |
| Liabilities  |         |    |            |
| Deposits:  |         |    |            |
| Demand   |         | \$ | 30,870 \$  |
| Savings  |         |    | 85,245     |
| Time:  |         |    |            |
| Under \$100,000  |         |    | 17,747     |
| \$100,000 and over   |         |    | 14,518     |
| Foreign offices  |         |    | 15,656     |
| -----  |         |    |            |
| Total deposits   |         |    | 164,036    |
| Federal funds purchased and securities sold under repurchase agreements                |         |    | 15,499     |
| Other short-term borrowings  |         |    | 12,810     |
| Long-term debt   |         |    | 39,166     |
| Guaranteed preferred beneficial interest in the Corporation's junior subordinated debt |         |    | 3,315      |
| Derivative product liabilities   |         |    | 3,886      |
| Other liabilities  |         |    | 13,550     |
| -----  |         |    |            |
| Total liabilities  |         |    | 252,262    |
| -----  |         |    |            |
| Stockholders' Equity   |         |    |            |
| Preferred stock  |         |    | -          |
| Common stock (\$0.01 par value; authorized 4,000,000,000; issued 1,181,382,304)        |         |    | 12         |
| Surplus  |         |    | 10,224     |
| Retained earnings  |         |    | 12,423     |
| Accumulated other adjustments to stockholders' equity                                  |         |    | 26         |
| Deferred compensation  |         |    | (177)      |
| Treasury stock, at cost (14,865,928, 14,415,873 and 14,301,792 shares, respectively)   |         |    | (583)      |
| -----  |         |    |            |
| Total stockholders' equity   |         |    | 21,925     |
| -----  |         |    |            |
| Total liabilities and stockholders' equity   |         | \$ | 274,187 \$ |
| -----  |         |    |            |

(1) Includes loans held for sale of \$7.9 billion, \$4.2 billion and \$4.8 billion at September 30, 2002, December 31, 2001 and September 30, 2001, respectively.

The accompanying notes are an integral part of this statement.

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| (In millions, except per share data)   | Three Months Ended<br>September 30 |          |
|--|------------------------------------|----------|
|  | 2002                               | 2001     |
| <hr/>  |                                    |          |
| Net Interest Income:   |                                    |          |
| Interest income  | \$ 3,535                           | \$ 4,179 |
| Interest expense   | 1,338                              | 2,016    |
| <hr/>  |                                    |          |
| Total net interest income  | 2,197                              | 2,163    |
| <hr/>  |                                    |          |
| Noninterest Income:  |                                    |          |
| Banking fees and commissions   | 409                                | 445      |
| Credit card revenue  | 971                                | 767      |
| Service charges on deposits  | 410                                | 388      |
| Fiduciary and investment management fees   | 181                                | 190      |
| Investment securities gains (losses)   | (29)                               | (42)     |
| Trading  | 149                                | 70       |
| Other income (losses)  | (108)                              | 35       |
| <hr/>  |                                    |          |
| Total noninterest income   | 1,983                              | 1,853    |
| <hr/>  |                                    |          |
| Total revenue, net of interest expense   | 4,180                              | 4,016    |
| <hr/>  |                                    |          |
| Provision for credit losses  | 587                                | 620      |
| <hr/>  |                                    |          |
| Noninterest Expense:   |                                    |          |
| Salaries and employee benefits   | 1,130                              | 1,046    |
| Occupancy  | 159                                | 175      |
| Equipment  | 109                                | 107      |
| Outside service fees and processing  | 304                                | 303      |
| Marketing and development  | 291                                | 212      |
| Telecommunication  | 74                                 | 105      |
| Other intangible amortization  | 32                                 | 30       |
| Goodwill amortization  | -                                  | 17       |
| Other expense  | 316                                | 308      |
| <hr/>  |                                    |          |
| Total noninterest expense before merger and restructuring-related reversals        | 2,415                              | 2,303    |
| <hr/>  |                                    |          |
| Merger and restructuring-related reversals   | -                                  | -        |
| <hr/>  |                                    |          |
| Total noninterest expense  | 2,415                              | 2,303    |
| <hr/>  |                                    |          |
| Income before income taxes and cumulative effect of change in accounting principle | 1,178                              | 1,093    |
| Applicable income taxes  | 355                                | 339      |
| <hr/>  |                                    |          |
| Income before cumulative effect of change in accounting principle                  | 823                                | 754      |
| Cumulative effect of change in accounting principle, net of taxes of (\$25)        | -                                  | -        |
| <hr/>  |                                    |          |
| Net income   | \$ 823                             | \$ 754   |
| <hr/>  |                                    |          |
| Net income attributable to common stockholders' equity                             | 823                                | 751      |
| <hr/>  |                                    |          |
| Earnings per share before cumulative effect of change in accounting principle:     |                                    |          |

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|                     |    |      |    |      |
|---------------------|----|------|----|------|
| Basic               | \$ | 0.71 | \$ | 0.64 |
| Diluted             |    | 0.70 |    | 0.64 |
| -----               |    |      |    |      |
| Earnings per share: |    |      |    |      |
| Basic               | \$ | 0.71 | \$ | 0.64 |
| Diluted             |    | 0.70 |    | 0.64 |
| -----               |    |      |    |      |

The accompanying notes are an integral part of this statement.

43

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
BANK ONE CORPORATION and Subsidiaries

| (In millions)   | Preferred<br>Stock | Common<br>Stock | Surplus   | Retained<br>Earnings | Accumulated<br>Other<br>Adjustments to<br>Stockholders'<br>Equity | Comp |
|---|--------------------|-----------------|-----------|----------------------|---|------|
| -----   |                    |                 |           |                      |   |      |
| Balance-December 31, 2000   | \$ 190             | \$ 12           | \$ 10,487 | \$ 9,060             | \$ (5)  | \$   |
| -----   |                    |                 |           |                      |   |      |
| Net income  |                    |                 |           | 2,097                |   |      |
| Change in fair value, investment securities-available for sale, net of taxes    |                    |                 |           |                      | 382   |      |
| Change in fair value of cash-flow hedge derivative securities, net of taxes     |                    |                 |           |                      | (171)   |      |
| Translation loss, net of hedge results and taxes                                |                    |                 |           |                      | (3)   |      |
| -----   |                    |                 |           |                      |   |      |
| Net income and changes in accumulated other adjustments to stockholders' equity |                    |                 |           | 2,097                | 208   |      |
| Cash dividends declared:  |                    |                 |           |                      |   |      |
| Common stock  |                    |                 |           | (735)                |   |      |
| Preferred stock   |                    |                 |           | (9)                  |   |      |
| Net issuance of common stock  |                    |                 | (157)     |                      |   |      |
| Purchase of common stock  |                    |                 |           |                      |   |      |
| Restricted stock awards granted, net of forfeitures and amortization            |                    |                 |           |                      |   |      |
| Other   |                    |                 | 2         |                      |   |      |
| -----   |                    |                 |           |                      |   |      |
| Balance-September 30, 2001  | \$ 190             | \$ 12           | \$ 10,332 | \$ 10,413            | \$ 203  | \$   |
| -----   |                    |                 |           |                      |   |      |
| Balance-December 31, 2001   | \$ -               | \$ 12           | \$ 10,311 | \$ 10,707            | \$ (65)   | \$   |
| -----   |                    |                 |           |                      |   |      |
| Net income  |                    |                 |           | 2,453                |   |      |
| Change in fair value, investment securities-available for sale, net of taxes    |                    |                 |           |                      | 491   |      |
| Change in fair value of cash-flow   |                    |                 |           |                      |   |      |

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|   |    |   |    |       |    |        |    |        |       |    |    |
|---|----|---|----|-------|----|--------|----|--------|-------|----|----|
| hedge derivative securities,<br>net of taxes  |    |   |    |       |    |        |    |        | (399) |    |    |
| Translation loss,<br>net of hedge results and taxes                                   |    |   |    |       |    |        |    |        | (1)   |    |    |
| -----   |    |   |    |       |    |        |    |        |       |    |    |
| Net income and changes in<br>accumulated other adjustments<br>to stockholders' equity |    |   |    |       |    |        |    | 2,453  | 91    |    |    |
| Common stock cash dividends<br>declared   |    |   |    |       |    |        |    | (737)  |       |    |    |
| Net issuance of common stock  |    |   |    | (132) |    |        |    |        |       |    |    |
| Restricted stock awards granted,<br>net of forfeitures and amortization               |    |   |    |       |    |        |    |        |       |    |    |
| Stock option grants   |    |   |    | 28    |    |        |    |        |       |    |    |
| Other   |    |   |    | 17    |    |        |    |        |       |    |    |
| -----   |    |   |    |       |    |        |    |        |       |    |    |
| Balance-September 30, 2002  | \$ | - | \$ | 12    | \$ | 10,224 | \$ | 12,423 | \$    | 26 | \$ |
| -----   |    |   |    |       |    |        |    |        |       |    |    |

The accompanying notes are an integral part of this statement.

44

CONSOLIDATED STATEMENTS OF CASH FLOWS  
BANK ONE CORPORATION and Subsidiaries

|  |  |  |  |  |  |  |  |  |    |          |
|--|--|--|--|--|--|--|--|--|----|----------|
|  |  |  |  |  |  |  |  |  |    | Nine M   |
|  |  |  |  |  |  |  |  |  |    | Sept     |
|  |  |  |  |  |  |  |  |  |    | 2002     |
| -----  |  |  |  |  |  |  |  |  |    |          |
| (In millions)  |  |  |  |  |  |  |  |  |    |          |
| -----  |  |  |  |  |  |  |  |  |    |          |
| Cash Flows from Operating Activities:  |  |  |  |  |  |  |  |  |    |          |
| Net income   |  |  |  |  |  |  |  |  | \$ | 2,453    |
| Adjustments to reconcile net income to net cash provided by operating activities:    |  |  |  |  |  |  |  |  |    |          |
| Depreciation and amortization  |  |  |  |  |  |  |  |  |    | 388      |
| Cumulative effect of accounting change   |  |  |  |  |  |  |  |  |    | -        |
| Provision for credit losses  |  |  |  |  |  |  |  |  |    | 1,859    |
| Investment securities (gains) losses, net  |  |  |  |  |  |  |  |  |    | (49)     |
| Net (increase) decrease in net derivative product assets and liabilities             |  |  |  |  |  |  |  |  |    | (96)     |
| Net increase in trading assets   |  |  |  |  |  |  |  |  |    | (198)    |
| Net decrease (increase) in other assets  |  |  |  |  |  |  |  |  |    | 742      |
| Net increase in other liabilities  |  |  |  |  |  |  |  |  |    | 1,650    |
| Merger-related and restructuring reversals   |  |  |  |  |  |  |  |  |    | (62)     |
| Other operating adjustments  |  |  |  |  |  |  |  |  |    | 282      |
| -----  |  |  |  |  |  |  |  |  |    |          |
| Net cash provided by operating activities  |  |  |  |  |  |  |  |  |    | 6,969    |
| -----  |  |  |  |  |  |  |  |  |    |          |
| Cash Flows from Investing Activities:  |  |  |  |  |  |  |  |  |    |          |
| Net decrease (increase) in federal funds sold and securities under resale agreements |  |  |  |  |  |  |  |  |    | 1,285    |
| Securities available for sale:   |  |  |  |  |  |  |  |  |    |          |
| Purchases  |  |  |  |  |  |  |  |  |    | (45,746) |
| Maturities   |  |  |  |  |  |  |  |  |    | 4,989    |
| Sales  |  |  |  |  |  |  |  |  |    | 36,390   |
| Credit card receivables securitized  |  |  |  |  |  |  |  |  |    | 3,500    |
| Net decrease in loans  |  |  |  |  |  |  |  |  |    | 212      |
| Purchase of Wachovia credit card business  |  |  |  |  |  |  |  |  |    | -        |



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|  |           |
|--|-----------|
| Loan recoveries  | 286       |
| Additions to premises and equipment  | (369)     |
| Proceeds from sales of premises and equipment                                      | 39        |
| All other investing activities, net  | 140       |
| -----  |           |
| Net cash provided by investing activities  | 726       |
| Cash Flows from Financing Activities:  |           |
| Net decrease in deposits   | (3,424)   |
| Net increase in federal funds purchased and securities under repurchase agreements | 1,772     |
| Net increase (decrease) in other short-term borrowings                             | 2,564     |
| Proceeds from issuance of long-term debt   | 6,321     |
| Repayment of long-term debt  | (7,754)   |
| Repurchase of treasury stock   | (494)     |
| Cash dividends paid  | (737)     |
| Proceeds from issuance of trust preferred capital securities                       | -         |
| Proceeds from issuance of common and treasury stock                                | 265       |
| All other financing activities, net  | 55        |
| -----  |           |
| Net cash used in financing activities  | (1,432)   |
| Effect of exchange rate changes on cash and cash equivalents                       | (17)      |
| -----  |           |
| Net Increase (Decrease) in Cash and Cash Equivalents                               | 6,246     |
| Cash and Cash Equivalents at Beginning of Period                                   | 18,413    |
| -----  |           |
| Cash and Cash Equivalents at End of Period   | \$ 24,659 |
| -----  |           |

The accompanying notes are an integral part of this statement.

45

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
BANK ONE CORPORATION and Subsidiaries

Note 1 - Summary of Significant Accounting Policies

Consolidated financial statements of Bank One have been prepared in conformity with generally accepted accounting principles, and certain prior-quarter financial statement information has been reclassified to conform to the current quarter presentation. The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Although the interim amounts are unaudited, they do reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of operations for the interim periods. All such adjustments are of a normal, recurring nature. Because the results from commercial banking operations are so closely related and responsive to changes in economic conditions, fiscal policy and monetary policy, and because the results for the investment securities and trading portfolios are largely market-driven, the results for any interim period are not necessarily indicative of the results that can be expected for the entire year.

These financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Corporation's 2001 Annual Report.

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### Note 2 - New Accounting Pronouncements

Effective January 1, 2002, the Corporation adopted SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142") resulting in no goodwill impairment. In accordance with the new standard, goodwill and intangible assets with indefinite lives are no longer amortized, but are subject to impairment tests at least annually. Intangible assets with finite lives continue to be amortized over the period the Corporation expects to benefit from such assets and are periodically reviewed for other than temporary impairment.

### Note 3 - Earnings Per Share

Basic EPS is computed by dividing income available to common stockholders by the average number of common shares outstanding for the period. Except when the effect would be antidilutive, the diluted EPS calculation includes shares that could be issued under outstanding stock options and the employee stock purchase plan, and common shares that would result from the conversion of convertible preferred stock.

|  | Three Months Ended<br>September 30 |         |
|--|------------------------------------|---------|
| (In millions, except per share data)   | 2002                               | 2001    |
| Income before cumulative effect of change in accounting principle              | \$ 823                             | \$ 77   |
| Cumulative effect of change in accounting principle, net of taxes of (\$25)    | -                                  | -       |
| Net income   | 823                                | 77      |
| Preferred stock dividends  | -                                  | -       |
| Net income attributable to common stockholders for basic and diluted EPS       | \$ 823                             | \$ 77   |
| Average shares outstanding   | 1,162                              | 1,162   |
| Stock options  | 9                                  | 9       |
| Average shares outstanding assuming full dilution                              | 1,171                              | 1,171   |
| Earnings per share before cumulative effect of change in accounting principle: |                                    |         |
| Basic  | \$ 0.71                            | \$ 0.66 |
| Diluted  | 0.70                               | 0.65    |
| Earnings per share:  |                                    |         |
| Basic  | \$ 0.71                            | \$ 0.66 |
| Diluted  | 0.70                               | 0.65    |

46

### Note 4 - Restructuring-Related Activity

#### a) Fourth Quarter 2001 Restructuring-Related Activity

The Corporation recorded restructuring-related activity in the fourth quarter of 2001 for additional real estate and severance costs to accomplish more rapid expense reductions, accelerated systems conversions and other

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consolidations. Summarized below are the details of these restructuring-related activities:

| (In millions)                      | Personnel-<br>Related Costs | Contractual<br>Obligations<br>and Asset<br>Writedowns | Total  |
|------------------------------------|-----------------------------|---|--------|
| December 31, 2001 Reserve balance  | \$ 76                       | \$ 278  | \$ 354 |
| Amounts utilized                   | (2)                         | (134)   | (136)  |
| March 31, 2002 Reserve balance     | 74                          | 144   | 218    |
| Reserve adjustments                | (21)                        | (21)  | (42)   |
| Amounts utilized                   | (10)                        | (9)   | (19)   |
| June 30, 2002 Reserve balance      | 43                          | 114   | 157    |
| Amounts utilized                   | (13)                        | (9)   | (22)   |
| September 30, 2002 Reserve balance | \$ 30                       | \$ 105  | \$ 135 |

Personnel-related costs initially recorded consisted primarily of severance costs related to identified staff reductions in the lines of business totaling approximately 6,900 positions for: the consolidation of various telephone banking and related sites and loan processing locations for Retail; the consolidation of call centers by Card Services; the closing of certain international locations and the consolidation of credit processing activities to one primary loan system for Middle Market Banking; and certain other consolidations. At September 30, 2002, approximately 2,100 of these identified employees have been terminated under these programs. During the 2002 second quarter, the reserve was adjusted for approximately 3,100 employees, primarily in the Retail and Card Services lines of business, due to changes in attrition and circumstances for elimination under these programs.

Contractual obligations included the estimated costs associated with the lease and other contract termination costs incorporated in the business restructuring plans. Asset writedowns included leasehold write-offs related to leased properties following the decision to abandon such facilities, as well as in the case of fixed assets and capitalized software for which similar decisions were made. Actions under this overall restructuring plan are expected to be completed within a 3-6 month period. Certain contractual payments associated with these actions, as required, will extend beyond this 3-6 month time frame.

### b) Second Quarter 2000 Restructuring-Related Activity

Actions under this restructuring plan have been completed, with only payments of identified obligations remaining, which consist primarily of lease obligations. Unpaid amounts totaled \$42 million as of September 30, 2002, and will be paid as required over the remaining contractual periods.

### Note 5 - Business Segments

The information presented on page 3 is consistent with the content of business segment data provided to the Corporation's management, which does not

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use product group revenues to assess consolidated results. Aside from investment management and insurance products, product offerings are tailored to specific customer segments. As a result, the aggregation of product revenues and related profit measures across lines of business is not available.

Aside from the United States of America, no single country or geographic region generates a significant portion of the Corporation's revenues or assets. In addition, there are no single customer concentrations of revenue or profitability.

For additional disclosures regarding the Corporation's segments see the "Business Segment Results" section beginning on page 3.

The following table presents certain information regarding business segments:

|   | Total Revenues-FTE (1) |                 | Provision for<br>Income taxes (1) |               | Net Income    |
|---|------------------------|-----------------|-----------------------------------|---------------|---------------|
|   | 2002                   | 2001            | 2002                              | 2001          | 2002          |
| Three Months Ended September 30                       |                        |                 |                                   |               |               |
| (In millions, except identifiable assets in billions) |                        |                 |                                   |               |               |
| Retail  | \$ 1,545               | \$ 1,580        | \$ 189                            | \$ 163        | \$ 354        |
| Commercial Banking                                    | 1,042                  | 1,084           | 42                                | 86            | 179           |
| Card Services   | 1,251                  | 1,097           | 190                               | 165           | 298           |
| Investment Management                                 | 415                    | 423             | 60                                | 60            | 100           |
| Corporate   | (35)                   | (139)           | (88)                              | (106)         | (108)         |
| <b>Total</b>  | <b>\$ 4,218</b>        | <b>\$ 4,045</b> | <b>\$ 393</b>                     | <b>\$ 368</b> | <b>\$ 823</b> |

|  | Total Revenues-FTE (1) |                  | Provision for<br>Income taxes (1) |                 | Net Income      |
|--|------------------------|------------------|-----------------------------------|-----------------|-----------------|
|  | 2002                   | 2001             | 2002                              | 2001            | 2002            |
| Nine Months Ended September 30   |                        |                  |                                   |                 |                 |
| (In millions)  |                        |                  |                                   |                 |                 |
| Retail   | \$ 4,721               | \$ 4,814         | \$ 570                            | \$ 534          | \$ 1,056        |
| Commercial Banking   | 3,120                  | 3,263            | 127                               | 243             | 469             |
| Card Services  | 3,566                  | 2,840            | 537                               | 370             | 845             |
| Investment Management  | 1,306                  | 1,249            | 197                               | 160             | 330             |
| Corporate  | 2                      | (419)            | (226)                             | (291)           | (247)           |
| Total before cumulative effect of change in accounting principle         | 12,715                 | 11,747           | 1,205                             | 1,016           | 2,453           |
| Cumulative effect of change in accounting principle, net of taxes (\$25) | -                      | -                | -                                 | -               | -               |
| <b>Total</b>   | <b>\$ 12,715</b>       | <b>\$ 11,747</b> | <b>\$ 1,205</b>                   | <b>\$ 1,016</b> | <b>\$ 2,453</b> |

(1) Revenue and provision for income tax includes tax equivalent adjustments

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of \$38 million and \$30 million for quarters ended September 30, 2002 and 2001, respectively. For the nine months ended September 30, 2002 and 2001, tax equivalent adjustments were \$109 million and \$93 million, respectively.

48

### Note 6 - Goodwill

The impact of adopting SFAS No. 142 on net income and earnings per share adjusted to exclude amortization expense (net of taxes) related to goodwill is as follows:

| (In millions)                       | Three Months Ended<br>September 30 |         | Nine Months Ended<br>September 30 |          |
|-------------------------------------|------------------------------------|---------|-----------------------------------|----------|
|                                     | 2002                               | 2001    | 2002                              | 2001     |
| Reported net income                 | \$ 823                             | \$ 754  | \$ 2,453                          | \$ 2,097 |
| Goodwill amortization               | -                                  | 11      | -                                 | 33       |
| Adjusted net income                 | \$ 823                             | \$ 765  | \$ 2,453                          | \$ 2,130 |
| <br>Basic earnings per share:       |                                    |         |                                   |          |
| Reported earnings per share         | \$ 0.71                            | \$ 0.64 | \$ 2.10                           | \$ 1.79  |
| Goodwill amortization               | -                                  | 0.01    | -                                 | 0.03     |
| Adjusted basic earnings per share   | \$ 0.71                            | \$ 0.65 | \$ 2.10                           | \$ 1.82  |
| <br>Diluted earnings per share:     |                                    |         |                                   |          |
| Reported earnings per share         | \$ 0.70                            | \$ 0.64 | \$ 2.08                           | \$ 1.78  |
| Goodwill amortization               | -                                  | 0.01    | -                                 | 0.03     |
| Adjusted diluted earnings per share | \$ 0.70                            | \$ 0.65 | \$ 2.08                           | \$ 1.81  |

### Note 7 - Interest Income and Interest Expense

Details of interest income and interest expense are as follows:

| (In millions)   | Three Months Ended<br>September 30 |          |
|---|------------------------------------|----------|
|   | 2002                               | 2001     |
| Interest Income   |                                    |          |
| Loans, including fees                                     | \$ 2,464                           | \$ 3,191 |
| Bank balances   | 13                                 | 1        |
| Federal funds sold and securities under resale agreements | 36                                 | 9        |
| Trading assets  | 65                                 | 7        |
| Investment securities                                     | 957                                | 79       |

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|   |          |         |
|---|----------|---------|
| Total interest income   | 3,535    | 4,17    |
| Interest Expense  |          |         |
| Deposits  | 667      | 1,16    |
| Federal funds purchased and securities sold under repurchase agreements | 73       | 14      |
| Other short-term borrowings   | 77       | 11      |
| Long-term debt  | 521      | 59      |
| -----   |          |         |
| Total interest expense  | 1,338    | 2,01    |
| -----   |          |         |
| Net Interest Income   | 2,197    | 2,16    |
| Provision for credit losses   | 587      | 62      |
| -----   |          |         |
| Net Interest Income After Provision for Credit Losses                   | \$ 1,610 | \$ 1,54 |
| -----   |          |         |

49

Note 8 - Investment Securities

The summary of the Corporation's investment portfolio follows:

| September 30, 2002                               | Amortized Cost | Gross Unrealized Gains |
|--|----------------|------------------------|
| -----  |                |                        |
| (In millions)                                    |                |                        |
| U.S. Treasury                                    | \$ 1,275       | \$ 31                  |
| U.S. government agencies                         | 28,140         | 697                    |
| States and political subdivisions                | 1,152          | 60                     |
| Interests in credit card securitized receivables | 24,576         | 108                    |
| Other debt securities                            | 5,491          | 55                     |
| Equity securities(1)                             | 2,942          | 1                      |
| -----  |                |                        |
| Total available for sale securities              | \$ 63,576      | \$ 952                 |
| -----  |                |                        |
| Principal and other investments(2)               |                |                        |
| -----  |                |                        |
| Total investment securities                      |                |                        |
| -----  |                |                        |

- (1) The fair values of certain securities for which market quotations were not available were estimated.
- (2) The fair values of certain securities reflect liquidity and other market-related factors, and includes investments accounted for at fair value consistent with specialized industry practice.

For the three months ended September 30, 2002, gross recognized gains and losses on investment securities were \$426 million and \$455 million, respectively. For the three months ended September 30, 2001, gross recognized gains and losses on investment securities were \$226 million and \$268 million, respectively.

For the nine months ended September 30, 2002, gross recognized gains and losses on investment securities were \$971 million and \$921 million, respectively. For the nine months ended September 30, 2001, gross recognized gains and losses on investment securities were \$647 million and \$716 million,

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respectively.

50

Note 9 - Guaranteed Preferred Beneficial Interest in the Corporation's Junior Subordinated Debt

At September 30, 2002, the Corporation sponsored ten trusts with a total aggregate issuance of \$3.3 billion in trust preferred securities as follows:

| Trust Preferred                                 |                    |    |                           |                       |
|---|--------------------|----|---------------------------|-----------------------|
| (Dollars in millions)                           | Issuance Date      |    | Initial Liquidation Value | Distribution Rate     |
| Capital VI                                      | September 28, 2001 | \$ | 525                       | 7.20%                 |
| Capital V                                       | January 30, 2001   |    | 300                       | 8.00%                 |
| Capital IV                                      | August 30, 2000    |    | 160                       | 3-mo LIBOR plus 1.50% |
| Capital III                                     | August 30, 2000    |    | 475                       | 8.75%                 |
| Capital II                                      | August 8, 2000     |    | 280                       | 8.50%                 |
| Capital I                                       | September 20, 1999 |    | 575                       | 8.00%                 |
| First Chicago<br>NBD Capital 1                  | January 31, 1997   |    | 250                       | 3-mo LIBOR plus 0.55% |
| First USA<br>Capital Trust I(2)                 | December 20, 1996  |    | 200                       | 9.33%                 |
| First Chicago<br>NBD Institutional<br>Capital A | December 3, 1996   |    | 500                       | 7.95%                 |
| First Chicago<br>NBD Institutional<br>Capital B | December 5, 1996   |    | 250                       | 7.75%                 |

| Junior Subordinated Debt Owned by Trust |                          |  |                    |                      |
|---|--------------------------|--|--------------------|----------------------|
| (Dollars in millions)                   | Initial Principal Amount |  | Maturity           | Redeemable Beginning |
| Capital VI                              | \$ 541.2                 |  | October 15, 2031   | October 15, 2006     |
| Capital V                               | 309.3                    |  | January 30, 2031   | January 30, 2006     |
| Capital IV                              | 164.9                    |  | September 1, 2030  | September 1, 2005    |
| Capital III                             | 489.7                    |  | September 1, 2030  | See (1) below.       |
| Capital II                              | 288.7                    |  | August 15, 2030    | August 15, 2005      |
| Capital I                               | 592.8                    |  | September 15, 2029 | September 20, 2004   |
| First Chicago<br>NBD Capital 1          | 257.7                    |  | February 1, 2027   | February 1, 2007     |
| First USA<br>Capital Trust I(2)         | 206.2                    |  | January 15, 2027   | January 15, 2007     |
| First Chicago                           |                          |  |                    |                      |

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|   |       |                  |                  |
|---|-------|------------------|------------------|
| NBD Institutional<br>Capital A                  | 515.5 | December 1, 2026 | December 1, 2006 |
| First Chicago<br>NBD Institutional<br>Capital B | 257.7 | December 1, 2026 | December 1, 2006 |

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- (1) Redeemable at any time subject to approval by the Federal Reserve Board.
- (2) The Corporation paid a premium of \$36 million to repurchase \$193 million of these securities in 1997.

These trust preferred securities are tax-advantaged issues that qualify for Tier 1 capital treatment. Distributions on these securities are included in interest expense on long-term debt. Each of the trusts is a statutory business trust organized for the sole purpose of issuing trust securities and investing the proceeds thereof in junior subordinated debentures of the Corporation, the sole asset of each trust. The preferred trust securities of each trust represent preferred beneficial interests in the assets of the respective trusts and are subject to mandatory redemption upon payment of the junior subordinated debentures held by the trust. The common securities of each trust are wholly-owned by the Corporation. Each trust's ability to pay amounts due on the trust preferred securities is solely dependent upon the Corporation making payment on the related junior subordinated debentures. The Corporation's obligations under the junior subordinated securities and other relevant trust agreements, in aggregate, constitute a full and unconditional guarantee by the Corporation of each respective trust's obligations under the trust securities issued by such trust.

51

### Note 10 - Supplemental Disclosures for Accumulated Other Adjustments to Stockholders' Equity

Accumulated other adjustments to stockholders' equity are as follows:

(In millions)

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#### Fair value adjustment on investment securities-available for sale:

Balance, beginning of period  
Change in fair value, net of taxes of \$(307) and \$(222) for the nine months ended  
September 30, 2002 and 2001, respectively  
Reclassification adjustment, net of taxes of \$26 and \$8, for the nine months ended  
September 30, 2002 and 2001, respectively

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Balance, end-of-period

#### Fair value adjustment on derivative instruments-cash flow type hedges:

Balance, beginning of period  
Transition adjustment at January 1, 2001, net of taxes of \$(56)  
Net change in fair value associated with current period hedging activities, net of taxes of  
\$368 and \$65 for the nine months ended September 30, 2002 and 2001, respectively  
Net reclassification into earnings, net of taxes of \$(129) and \$(29) for the nine months ended  
September 30, 2002 and 2001, respectively



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|   |
|---|
| Balance, end-of-period                                      |
| Accumulated translation adjustment:                         |
| Balance, beginning of period                                |
| Translation loss, net of hedge results and taxes            |
| Balance, end-of-period                                      |
| Total accumulated other adjustments to stockholders' equity |

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Note 11 - Stock-Based Compensation

In the second quarter 2002, the Corporation adopted the fair value method of accounting for its stock option and stock purchase plans for 2002 grants under the guidance of SFAS No. 123 (SFAS No. 123), "Accounting for Stock-Based Compensation." Under SFAS No. 123, compensation expense is recognized over the vesting period equal to the fair value of stock based compensation as of the date of grant. The impact on the first quarter 2002 is immaterial as annual stock option awards were granted in April. Pursuant to the requirements of SFAS No. 123, options granted prior to January 1, 2002 continue to be accounted for under APB 25.

The grant date fair values of stock options granted under the Corporation's various stock option plans and the Employee Stock Purchase Plan were determined using the Black-Scholes option pricing model. The fair value estimate for the April 2002 grant was \$13.23 per option.

Fair values for all stock option and Employee Stock Purchase Plan awards were estimated using the following assumptions for 2002, depending on the date of grant and varying expected lives: expected dividend yield of 2.04% - 2.32%, expected volatility of 31.86% - 35.38%, risk-free interest rates of 2.02% - 4.53%, and expected lives of 1.9 - 5 years.

For the nine months ended September 30, 2002, the net income and fully diluted earnings per share impacts were \$18 million and \$0.02, respectively. Other disclosures related to stock options have not materially changed from the disclosure provided in Note 19 of the Corporation's 2001 Annual Report.

Note 12 - Contingent Liabilities

The Corporation and certain of its subsidiaries have been named as defendants in various legal proceedings, including certain class actions, arising out of the normal course of business or operations. In certain of these proceedings, which are based on alleged violations of consumer protection, securities, banking, insurance and other laws, rules or principles, substantial money damages are asserted against the Corporation and its subsidiaries. Since the Corporation and certain of its subsidiaries, which are regulated by one or more federal and state regulatory authorities, are the subject of numerous examinations and reviews by such authorities, the Corporation also is and will be, from time to time, normally engaged in various disagreements with regulators, related primarily to its financial services businesses. The Corporation has also received certain tax deficiency assessments. In view of the inherent difficulty of predicting the outcome of such matters, the Corporation cannot state what the eventual outcome of pending matters will be; however, based on current knowledge and after consultation with counsel, management does

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not believe that liabilities arising from these matters, if any, will have a material adverse effect on the consolidated financial position or results of operations of the Corporation.

53

### SELECTED STATISTICAL INFORMATION BANK ONE CORPORATION and Subsidiaries

#### Average Balances/Net Interest Margin/Rates

| Three Months Ended<br>(Dollars in millions)                           | Average<br>Balance | Interest | Average<br>Rate | Average<br>Balance |
|---|--------------------|----------|-----------------|--------------------|
| September 30, 2002  |                    |          |                 |                    |
| <b>Assets</b>   |                    |          |                 |                    |
| Short-term investments  | \$ 9,484           | \$ 49    | 2.05%           | \$ 10,300          |
| Trading assets (1)  | 6,426              | 66       | 4.07            | 6,941              |
| Investment securities: (1)  |                    |          |                 |                    |
| U.S. government and federal agency                                    | 30,331             | 401      | 5.25            | 26,655             |
| States and political subdivisions                                     | 1,171              | 21       | 7.11            | 1,178              |
| Other   | 35,230             | 558      | 6.28            | 31,257             |
| Total investment securities   | 66,732             | 980      | 5.83            | 59,090             |
| Loans (1) (2)   | 148,152            | 2,478    | 6.64            | 149,674            |
| Total earning assets  | 230,794            | 3,573    | 6.14            | 226,005            |
| Allowance for credit losses   | (4,533)            |          |                 | (4,521)            |
| Other assets - nonearning   | 36,277             |          |                 | 34,383             |
| Total assets  | \$ 262,538         |          |                 | \$ 255,867         |
| <b>Liabilities and Stockholders' Equity</b>                           |                    |          |                 |                    |
| Deposits - interest-bearing: (3)                                      |                    |          |                 |                    |
| Savings   | \$ 9,953           | \$ 46    | 1.83%           | \$ 10,997          |
| Money market  | 73,522             | 172      | 0.93            | 67,546             |
| Time  | 33,340             | 374      | 4.45            | 35,529             |
| Foreign offices (4)   | 14,634             | 75       | 2.03            | 14,293             |
| Total deposits - interest-bearing                                     | 131,449            | 667      | 2.01            | 128,365            |
| Federal funds purchased and securities<br>under repurchase agreements | 15,115             | 73       | 1.92            | 15,188             |
| Other short-term borrowings   | 9,802              | 77       | 3.12            | 6,031              |
| Long-term debt (5)  | 43,229             | 521      | 4.78            | 43,870             |
| Total interest-bearing liabilities                                    | 199,595            | 1,338    | 2.66            | 193,454            |
| Demand deposits   | 26,216             |          |                 | 27,266             |
| Other liabilities   | 14,646             |          |                 | 13,557             |
| Preferred stock   | -                  |          |                 | -                  |
| Common stockholders' equity   | 22,081             |          |                 | 21,590             |
| Total liabilities and equity  | \$ 262,538         |          |                 | \$ 255,867         |
| Interest income/earning assets  |                    | \$ 3,573 | 6.14%           |                    |
| Interest expense/earning assets                                       |                    | 1,338    | 2.30            |                    |

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Net interest income/margin \$ 2,235 3.84%

- (1) Includes tax-equivalent adjustments based on federal income tax rate of 35%.
- (2) Nonperforming loans are included in average balances used to determine average rate.
- (3) On a consolidated basis, demand deposit balances are routinely swept into overnight interest bearing deposits and are included in interest bearing deposit average balances and average rate information. On a line of business basis, the swept balances are included in demand deposits and are included in demand deposit average balances and average rate information.
- (4) Includes international banking facilities' deposit balances in domestic offices and balances of Edge Act and oversees offices.
- (5) Includes trust preferred capital securities.

54

| March 31, 2002  |          |              | December 31, 2001 |          |              |                 |
|-----------------|----------|--------------|-------------------|----------|--------------|-----------------|
| Average Balance | Interest | Average Rate | Average Balance   | Interest | Average Rate | Average Balance |
| \$ 12,560       | \$ 58    | 1.87%        | \$ 14,442         | \$ 89    | 2.44%        | \$ 12,700       |
| 6,239           | 60       | 3.90         | 6,487             | 63       | 3.85         | 6,980           |
| 25,883          | 352      | 5.52         | 23,317            | 332      | 5.65         | 21,650          |
| 1,287           | 23       | 7.25         | 1,327             | 25       | 7.47         | 1,300           |
| 30,904          | 501      | 6.57         | 29,201            | 507      | 6.89         | 27,290          |
| 58,074          | 876      | 6.12         | 53,845            | 864      | 6.37         | 50,250          |
| 154,942         | 2,581    | 6.76         | 160,150           | 2,841    | 7.04         | 165,410         |
| 231,815         | 3,575    | 6.25         | 234,924           | 3,857    | 6.51         | 235,350         |
| (4,563)         |          |              | (4,516)           |          |              | (4,490)         |
| 36,102          |          |              | 36,348            |          |              | 34,990          |
| \$ 263,354      |          |              | \$ 266,756        |          |              | \$ 265,840      |
| \$ 12,731       | \$ 43    | 1.37%        | \$ 15,509         | \$ 30    | 0.77%        | \$ 14,960       |
| 70,387          | 168      | 0.97         | 60,333            | 235      | 1.55         | 53,180          |
| 37,387          | 445      | 4.83         | 39,456            | 521      | 5.24         | 42,890          |
| 14,064          | 68       | 1.96         | 17,979            | 114      | 2.52         | 21,810          |
| 134,569         | 724      | 2.18         | 133,277           | 900      | 2.68         | 132,860         |
| 14,531          | 62       | 1.73         | 15,611            | 80       | 2.03         | 17,030          |
| 7,376           | 40       | 2.20         | 9,657             | 65       | 2.67         | 11,210          |
| 43,022          | 514      | 4.85         | 44,282            | 539      | 4.83         | 42,860          |
| 199,498         | 1,340    | 2.72         | 202,827           | 1,584    | 3.10         | 203,980         |

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|            |          |       |            |          |       |           |
|------------|----------|-------|------------|----------|-------|-----------|
| 29,165     |          |       | 29,983     |          |       | 28,57     |
| 13,828     |          |       | 13,443     |          |       | 13,20     |
| -          |          |       | 64         |          |       | 19        |
| 20,863     |          |       | 20,439     |          |       | 19,89     |
| -----      |          |       |            |          |       |           |
| \$ 263,354 |          |       | \$ 266,756 |          |       | \$ 265,84 |
|            | \$ 3,575 | 6.25% |            | \$ 3,857 | 6.51% |           |
|            | 1,340    | 2.34  |            | 1,584    | 2.67  |           |
| -----      |          |       |            |          |       |           |
|            | \$ 2,235 | 3.91% |            | \$ 2,273 | 3.84% |           |
| -----      |          |       |            |          |       |           |

55

SELECTED STATISTICAL INFORMATION  
BANK ONE CORPORATION and Subsidiaries

Average Balances/Net Interest Margin/Rates

| (Dollars in millions)   | Nine Months Ended September |          |                 |                    |
|---|-----------------------------|----------|-----------------|--------------------|
|   | 2002                        |          |                 |                    |
|   | Average<br>Balance          | Interest | Average<br>Rate | Average<br>Balance |
| <b>Assets</b>   |                             |          |                 |                    |
| Short-term investments  | \$ 10,770                   | \$ 156   | 1.94%           | \$ 13,327          |
| Trading assets (1)  | 6,536                       | 191      | 3.91            | 6,658              |
| Investment securities: (1)  |                             |          |                 |                    |
| U.S. government and federal agency<br>States and political subdivisions | 27,639                      | 1,117    | 5.40            | 20,340             |
| Other   | 1,212                       | 66       | 7.28            | 1,279              |
|   | 32,479                      | 1,543    | 6.35            | 27,876             |
| -----   |                             |          |                 |                    |
| Total investment securities   | 61,330                      | 2,726    | 5.94            | 49,495             |
| Loans (1) (2)   | 150,898                     | 7,522    | 6.66            | 169,381            |
| -----   |                             |          |                 |                    |
| Total earning assets  | 229,534                     | 10,595   | 6.17            | 238,861            |
| Allowance for credit losses   | (4,539)                     |          |                 | (4,320)            |
| Other assets - nonearning   | 35,588                      |          |                 | 33,319             |
| -----   |                             |          |                 |                    |
| Total assets  | \$ 260,583                  |          |                 | \$ 267,860         |
| <b>Liabilities and Stockholders' Equity</b>                             |                             |          |                 |                    |
| Deposits - interest-bearing: (3)  |                             |          |                 |                    |
| Savings   | \$ 11,217                   | \$ 137   | 1.63            | \$ 15,447          |
| Money market  | 70,497                      | 503      | 0.95            | 49,726             |
| Time  | 35,404                      | 1,233    | 4.66            | 45,253             |
| Foreign offices (4)   | 14,332                      | 214      | 2.00            | 22,885             |
| -----   |                             |          |                 |                    |
| Total deposits - interest-bearing                                       | 131,450                     | 2,087    | 2.12            | 133,311            |
| Federal funds purchased and securities<br>under repurchase agreements   | 14,947                      | 208      | 1.86            | 17,019             |

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|                                    |            |           |       |            |
|------------------------------------|------------|-----------|-------|------------|
| Other short-term borrowings        | 7,745      | 172       | 2.97  | 14,806     |
| Long-term debt (5)                 | 43,374     | 1,580     | 4.87  | 42,282     |
| -----                              |            |           |       |            |
| Total interest-bearing liabilities | 197,516    | \$ 4,047  | 2.74  | 207,418    |
| -----                              |            |           |       |            |
| Demand deposits                    | 27,538     |           |       | 27,999     |
| Other liabilities                  | 14,013     |           |       | 12,974     |
| Preferred stock                    | -          |           |       | 190        |
| Common stockholders' equity        | 21,516     |           |       | 19,279     |
| -----                              |            |           |       |            |
| Total liabilities and equity       | \$ 260,583 |           |       | \$ 267,860 |
| -----                              |            |           |       |            |
| Interest income/earning assets     |            | \$ 10,595 | 6.17% |            |
| Interest expense/earning assets    |            | 4,047     | 2.36  |            |
| -----                              |            |           |       |            |
| Net interest margin                |            | \$ 6,548  | 3.81% |            |
| -----                              |            |           |       |            |

For footnote detail see page 54.

56

REPORT OF MANAGEMENT

Management of BANK ONE CORPORATION and its subsidiaries (the "Corporation") is responsible for the preparation, integrity and fair presentation of its published financial reports. These reports include consolidated financial statements that have been prepared in accordance with generally accepted accounting principles in the United States of America, using management's best judgment and all information available.

The condensed consolidated financial statements of the Corporation have been reviewed by KPMG LLP, independent public accountants. Their accompanying report is based upon a review conducted in accordance with standards established by the American Institute of Certified Public Accountants. The Audit and Risk Management Committee of the Board of Directors, which consists solely of outside directors, meets at least quarterly with the independent auditors, Corporate Audit and representatives of management to discuss, among other things, accounting and financial reporting matters.

Management of the Corporation is responsible for establishing and maintaining disclosure controls and procedures to ensure that information required to be disclosed in reports filed or submitted under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. In addition to disclosure controls and procedures, management of the Corporation is responsible for establishing and maintaining an effective internal control structure, which provides reasonable, but not absolute, assurance of the safeguarding of assets against unauthorized acquisition, use or disposition. The Corporation maintains systems of controls that it believes are reasonably designed to provide management with timely and accurate information about the operations of the Corporation. This process is supported by an internal audit function that evaluates the Corporation's systems of controls. Both the Corporation's independent auditors and the internal audit function directly provide to the Audit and Risk Management Committee reports on significant matters and their respective evaluation of the Corporation's systems of control. The Corporation's independent auditors, the internal audit function and the Audit and Risk Management Committee have free access to each other. Disclosure controls and procedures, internal controls, systems and corporate-wide processes

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and procedures are continually evaluated and enhanced.

Management of the Corporation evaluated its disclosure controls and procedures as of September 30, 2002. Based on this evaluation, the Principal Executive Officer and Principal Financial Officer each concludes that as of September 30, 2002, the Corporation maintained effective disclosure controls and procedures in all material respects, including those to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and is accumulated and communicated to management, including the Principal Executive Officer and the Principal Financial Officer, as appropriate to allow for timely disclosure. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to our most recent evaluation.

The Corporation is dedicated to maintaining a culture that reflects the highest standards of integrity and ethical conduct when engaging in its business activities. Management of the Corporation is responsible for compliance with various federal and state laws and regulations, and the Corporation has established procedures that are designed to ensure that management's policies relating to conduct, ethics and business practices are followed on a uniform basis.

BANK ONE CORPORATION

November 13, 2002

/s/ James Dimon

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James Dimon  
Principal Executive Officer

/s/ Heidi Miller

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Heidi Miller  
Principal Financial Officer

57

REVIEW REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors and Stockholders  
BANK ONE CORPORATION:

We have reviewed the consolidated balance sheets of BANK ONE CORPORATION and subsidiaries (the "Corporation") as of September 30, 2002 and 2001, the related consolidated income statements for the three and nine-month periods ended September 30, 2002 and 2001, and the related consolidated statements of stockholders' equity and cash flows for the nine-month periods ended September 30, 2002 and 2001. These condensed financial statements are the responsibility of the Corporation's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in

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accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of the Corporation as of December 31, 2001, and the related consolidated income statement and statements of stockholders' equity and cash flows for the year then ended (not presented herein). In our report dated January 15, 2002, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2001, is fairly stated in all material respects, in relation to the consolidated balance sheet from which it has been derived.

November 13, 2002

/s/ KPMG LLP

KPMG LLP

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-15323

BANK ONE CORPORATION

(exact name of registrant as specified in its charter)

DELAWARE

31-0738296

(State or other jurisdiction of

(I.R.S. Employer

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incorporation or organization)

Identification No.)

1 BANK ONE PLAZA CHICAGO, ILLINOIS

60670

(Address of principal executive offices)

(Zip Code)

312-732-4000

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 X No \_\_\_

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of October 31, 2002.

| Class                         | Number of Shares Outstanding |
|-------------------------------|------------------------------|
| Common Stock \$0.01 par value | 1,164,609,477                |

59

Form 10-Q Cross-Reference Index

PART I-FINANCIAL INFORMATION

ITEM 1. Financial Statements

Consolidated Balance Sheets-  
September 30, 2002 and 2001, and December 31, 2001

Consolidated Income Statements-  
Three Months and Nine months ended September 30, 2002 and 2001

Consolidated Statements of Stockholders' Equity-  
Nine months ended September 30, 2002 and 2001

Consolidated Statements of Cash Flows-  
Nine months ended September 30, 2002 and 2001

Notes to Consolidated Financial Statements

Selected Statistical Information



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- ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations  
-----  
ITEM 3. Quantitative and Qualitative Disclosures About Market Risk  
-----  
ITEM 4. Controls and Procedures  
-----

PART II-OTHER INFORMATION  
-----

- ITEM 1. Legal Proceedings  
-----  
ITEM 2. Changes in Securities and Use of Proceeds  
-----  
ITEM 3. Defaults Upon Senior Securities  
-----  
ITEM 4. Submission of Matters to a Vote of Security Holders  
-----  
ITEM 5. Other Information  
-----  
ITEM 6. Exhibits and Reports on Form 8-K  
-----  
Signatures

60

PART II-OTHER INFORMATION  
-----

- ITEM 1. Legal Proceedings  
-----  
None
- ITEM 2. Changes in Securities and Use of Proceeds  
-----  
None
- ITEM 3. Defaults Upon Senior Securities  
-----  
Not applicable
- ITEM 4. Submission of Matters to a Vote of Security Holders  
-----  
None
- ITEM 5. Other Information  
-----  
None
- ITEM 6. Exhibits and Reports on Form 8-K  
-----  
(a) Exhibit 12-Statement regarding computation of ratios.  
  
Exhibit 15-Letter of independent accountant regarding unaudited interim financial information.  
  
Exhibit 99(a)-Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.  
  
Exhibit 99(b)-Certification of Chief Financial Officer pursuant to

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18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- (b) The Registrant filed the following Current Reports on Form 8-K during the quarter ended September 30, 2002.

| Date            | Item Reported  |
|-----------------|--|
| July 16, 2002   | Registrant's July 16, 2002 news release announcing its 2002 second quarter earnings.   |
| July 16, 2002   | Registrant's July 16, 2002 news release announcing the Board of Directors' approval of the repurchase of up to \$2 billion of the registrant's common stock. |
| August 12, 2002 | Registrant's sworn statements delivered pursuant to Securities and Exchange Commission Order No. 4-460.  |

61

SIGNATURES

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 ONE CORPORATION

Date November 13, 2002

/s/ James Dimon

James Dimon  
Principal Executive Officer

Date November 13, 2002

/s/ Heidi Miller

Heidi Miller  
Principal Financial Officer

Date November 13, 2002

/s/ Melissa J. Moore

Melissa J. Moore  
Principal Accounting Officer

62

CERTIFICATIONS

I, James Dimon, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of BANK ONE CORPORATION;
- 2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary

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to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

- 3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
- 4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
- 5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
- 6) The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

November 13, 2002

/s/ James Dimon

-----  
James Dimon  
Principal Executive Officer

63

I, Heidi Miller, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of BANK ONE

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CORPORATION;

- 2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
- 4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
- 5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
- 6) The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

November 13, 2002

/s/ Heidi Miller

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Heidi Miller  
Principal Financial Officer

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BANK ONE CORPORATION

EXHIBIT INDEX

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| Exhibit Number | Description of Exhibit   |
|----------------|--|
| -----          | -----  |
| 12             | Statement regarding computation of ratios.   |
| 15             | Letter of independent accountant regarding unaudited interim financial information.  |
| 99(a)-         | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 99(b)-         | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |