

# Operating Review

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**Chief Financial Officer**

## What Happened

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- Market dislocations
- Disrupted pricing correlations
- Weakening economy
- Rising credit costs

## Contributing Factors

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- Rising home prices
- Low interest rates globally
- Relaxed underwriting standards
- Credit product innovation
- Complex financial instruments
- Increased leverage

## Key Factors in Recovery

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- Home price stabilization
- Restored credit availability
- More normal markets
- Less leverage

## Bank of America Response to Challenges

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- Refocused capital markets business
- Downsizing some capital markets businesses
- Adjusted underwriting standards

## Helping Consumers

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- New lending guidelines
- HOPE NOW
- Foundation grants
- Project Lifeline

# Full Year 2007 Financial Results

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\$ in billions, except per share data

	<u>2007</u>	<u>2006</u>	<u>%Change</u>
Revenue	\$68.1	\$73.8	(8)%
Expense	37.0	35.6	4
Provision	8.4	5.0	67
Net Income	15.0	21.1	(29)
EPS (diluted)	\$3.30	\$4.59	(28)

Note: Revenue is on a Fully taxable-equivalent basis. FTE adjustment was \$1.7 billion for 2007 and \$1.2 billion for 2006.

## Global Consumer & Small Business Banking Highlights

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- Net income \$9.4 billion, down 17%
- Total revenue up 6%
- Fee income up 13%
- Card Services loans up 12%
- #1 in Direct-to-consumer mortgage
- Provision expense up 51%

**Note: Card Services loans are shown on a Managed, period-end basis. On a held, period-end basis, Card Services loans were up 23%**

## Global Corporate & Investment Banking Highlights

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- Net income approximately \$500 million, down 91%
- Business Lending loans up 12% - Organic Growth
- Deposits up 9% - Business Lending / Treasury Services
- Investment Banking fees up 2.5%
- Provision expense up approximately \$650 million
- CDO and subprime related trading losses of \$5.6 billion

## Global Wealth & Investment Management Highlights

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- Net income \$2.1 billion, down 6%
- Loans and leases up 21%
- Brokerage income up 15%
- Named among top mutual fund families in the U.S. by *Barron's*
- Assets under management up 19%
- Losses related to the support of certain cash funds totaled approximately \$800 million, \$400 million was recorded in GWIM

# Asset Quality

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\$ in billions

	<u>2007</u>	<u>2006</u>	<u>%Change</u>
Provision	\$8.4	\$5.0	67%
Net charge-offs	6.5	4.5	43
Nonperforming assets	5.9	1.9	220
Allowance for loan and lease losses	11.6	9.0	29

## Financial Strength of Bank of America

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- \$12.9 billion preferred securities
- Target for Tier 1 of 8%
- 20 months liquidity
- Diversified revenue stream

## 2008 First Quarter Results

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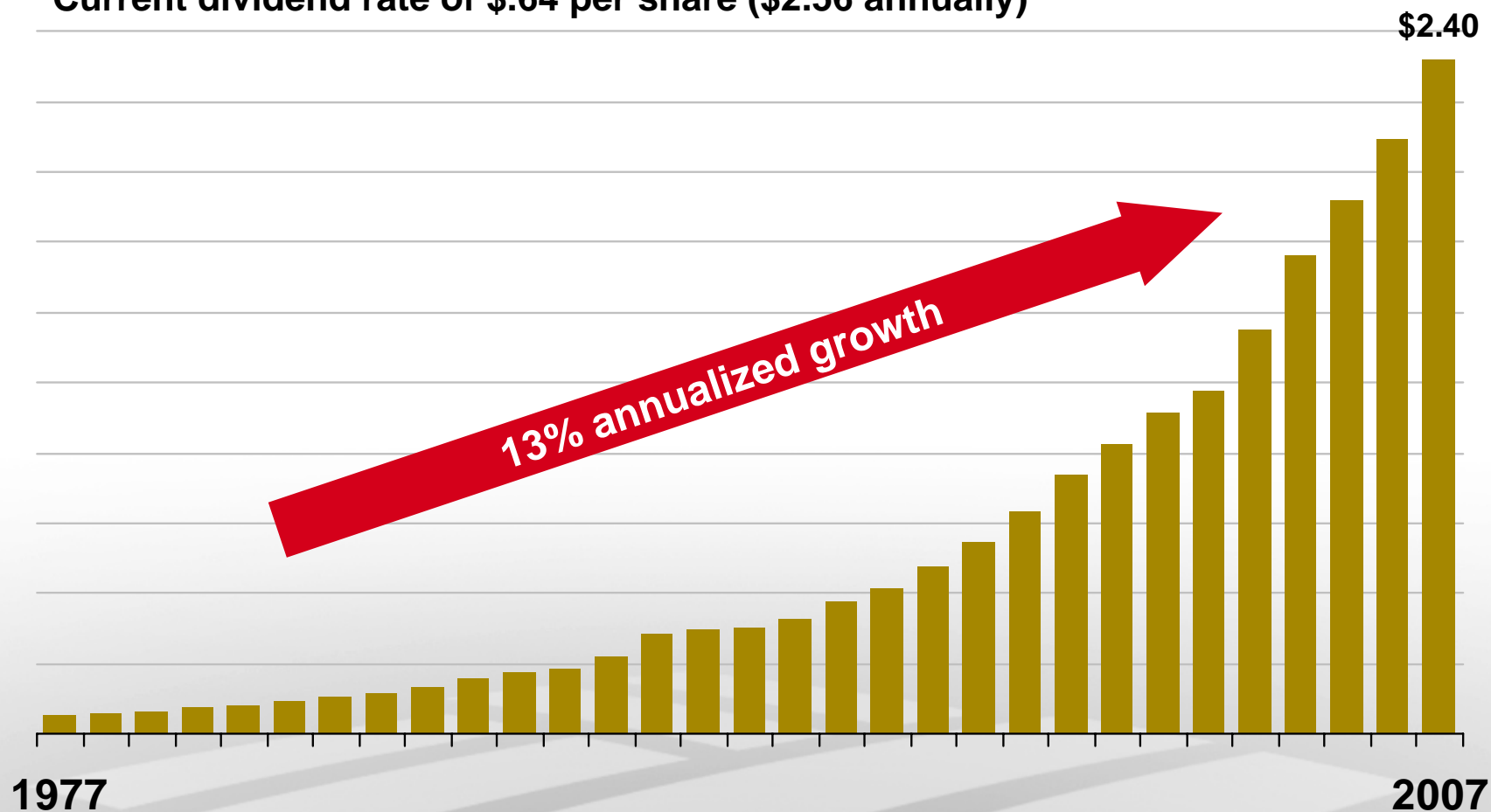
\$ in billions, except per share data

	<u>1Q 2008</u>	<u>1Q 2007</u>	<u>%Change</u>
Revenue	\$17.3	\$18.5	(6)%
Expense	9.2	9.1	1
Provision	6.0	1.2	387
Net Income	1.2	5.3	(77)
EPS (diluted)	\$0.23	\$1.16	(80)

Note: Revenue is on a fully taxable-equivalent basis FTE adjustment was \$300 million for 1Q 2008 and \$330 million for 1Q 2007.

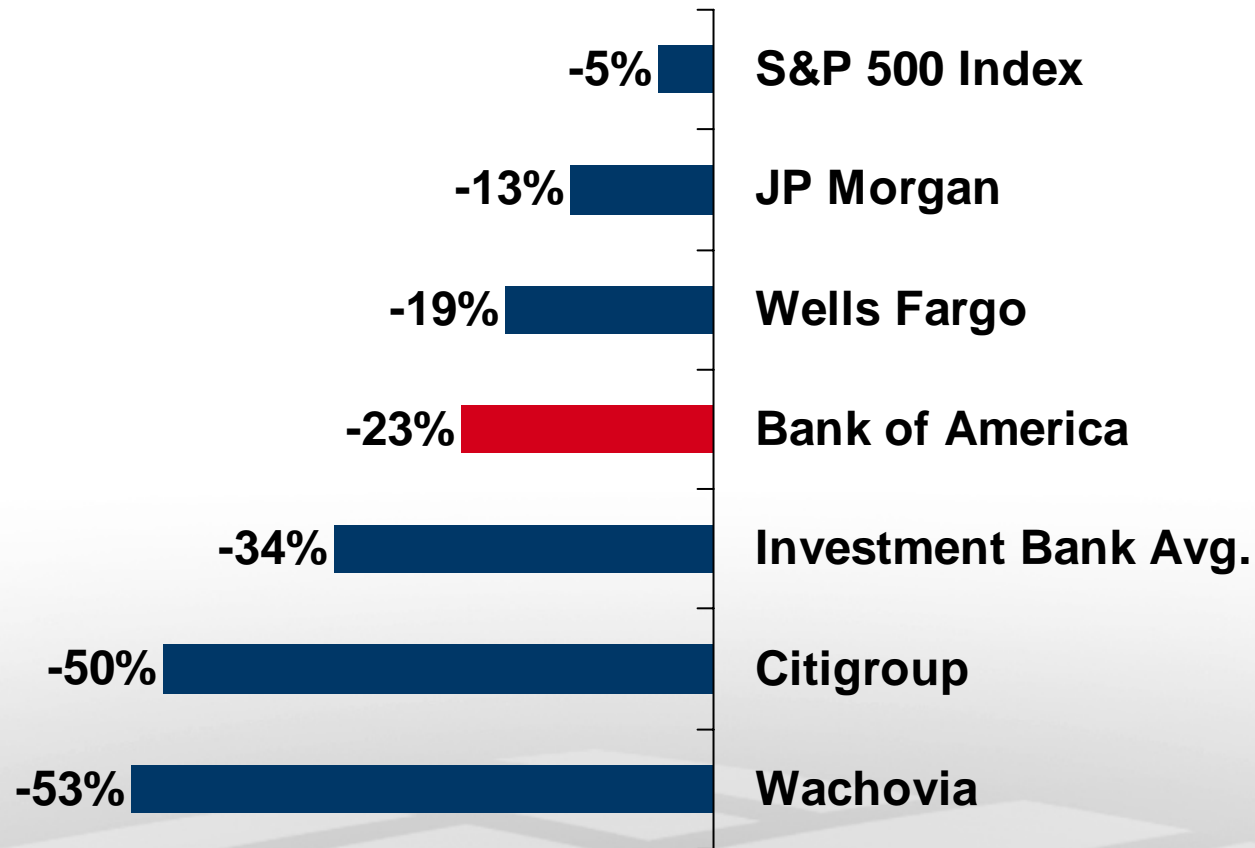
## 30 Consecutive Years of Dividend Increases

Current dividend rate of \$.64 per share (\$2.56 annually)



# 12 Month Total Shareholder Return Comparison

12 months ending 4/22/08



**Bank of America**

