# Bank of America
# Second Quarter 2008 Results

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**July 21, 2008**

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## Forward Looking Statements

**This presentation contains forward-looking statements, including statements about the financial conditions, results of operations and earnings outlook of Bank of America Corporation. The forward-looking statements involve certain risks and uncertainties. Factors that may cause actual results or earnings to differ materially from such forward-looking statements include, among others, the following: 1) projected business increases following process changes and other investments are lower than expected; 2) competitive pressure among financial services companies increases significantly; 3) general economic conditions are less favorable than expected; 4) political conditions including the threat of future terrorist activity and related actions by the United States abroad may adversely affect the company's businesses and economic conditions as a whole; 5) changes in the interest rate environment and market liquidity reduce interest margins, impact funding sources and effect the ability to originate and distribute financial products in the primary and secondary markets; 6) changes in foreign exchange rates increases exposure; 7) changes in market rates and prices may adversely impact the value of financial products; 8) legislation or regulatory environments, requirements or changes adversely affect the businesses in which the company is engaged; 9) changes in accounting standards, rules or interpretations; 10) litigation liabilities, including costs, expenses, settlements and judgments, may adversely affect the company or its businesses; 11) mergers and acquisitions and their integration into the company; and 12) decisions to downsize, sell or close units or otherwise change the business mix of any of the company. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made. Bank of America does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements are made. For further information regarding Bank of America Corporation, please read the Bank of America reports filed with the SEC and available at www.sec.gov.**



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## Important Presentation Format Information

- **Certain prior period amounts have been reclassified to conform to current period presentation**
- **The Corporation reports its Global Consumer & Small Business Banking (GCSBB) results, specifically Card Services, on a managed basis.  Refer to Exhibit A in the Supplemental Package for a reconciliation from Managed to Held results**



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## 2Q08 Summary Items

- Diluted EPS of $0.72, $0.75 excluding merger and restructuring charges
  - Good business growth and strong expense management offset by higher credit costs
  - Merger and restructuring charges - $134 million (after-tax), $.03 per share
- Record revenue quarter at $20.3 billion
- Net interest income up due to beneficial impact of the expanded net interest yield, loan and deposit growth, and market-based activity
- Capital markets disruption charges of $1.2 billion, $1.6 billion lower than 1Q08, including:
  - CDO and subprime - $645 million, net of hedge activities
  - Commercial real estate capital markets - $263 million
  - Leveraged lending - $64 million
- Provision expense of $5.8 billion (includes $2.2 billion reserve increase)
- Efficiency ratio of 47%
- Capital position improved with a Tier 1 capital ratio of 8.25% and tangible equity ratio of 4.62%
- Closed Countrywide acquisition on July 1st

## Consolidated Highlights

($ in millions)

| | 2Q08 | Increase (decrease) over 2Q07 | Increase (decrease) over 1Q08 |
|---|---|---|---|
| Net interest income (FTE) | **$ 10,937** | $ 2,153 | $ 646 |
| Noninterest income | **9,694** | (1,542) | 2,682 |
| Total revenue, net of interest expense (FTE) | **20,631** | 611 | 3,328 |
| Provision for credit losses | **5,830** | 4,020 | (180) |
| Noninterest expense | **9,564** | 409 | 369 |
| Pre-tax income | **5,237** | (3,818) | 3,139 |
| Income tax expense (FTE) | **1,827** | (1,467) | 939 |
| Net income | **$ 3,410** | $ (2,351) | $ 2,200 |
| | | | |
| Preferred dividends | **$ 186** | $ 146 | $ (4) |
| Diluted EPS | **0.72** | (0.56) | 0.49 |
| After tax effect of merger charge | **134** | 87 | 27 |
| Return on common equity [1] | **9.63 %** | (807) bps | 643 bps |
| Tangible return on equity [1] | **17.05** | N/M | N/M |

[1] Measures shown on an operating basis. Please refer to the Supplemental Information Package for more information.



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# Consolidated Highlights Adjusted to a Managed Basis[1,2]

($ in millions)

| | 2Q08 | Increase (decrease) over 2Q07 | Increase (decrease) over 1Q08 |
|---|---|---|---|
| Net interest income (FTE) | **$ 13,191** | $ 2,455 | $ 810 |
| Noninterest income | **9,084** | (1,462) | 2,746 |
| Total revenue, net of interest expense (FTE) | **22,275** | 993 | 3,556 |
| Provision for credit losses[3] | **7,474** | 4,402 | 48 |
| Noninterest expense | **9,564** | 409 | 369 |
| Pre-tax income | **5,237** | (3,818) | 3,139 |
| Income tax expense (FTE) | **1,827** | (1,467) | 939 |
| Net income | **$ 3,410** | $ (2,351) | $ 2,200 |
| Preferred dividends | **$ 186** | $ 146 | $ (4) |
| Diluted EPS | **0.72** | (0.56) | 0.49 |
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| Return on common equity[4] | **9.63 %** | (807) bps | 643 bps |
| Tangible return on equity[4] | **17.05** | N/M | N/M |

[1] Managed basis assumes that loans that have been securitized were not sold and presents earnings on these loans in a manner similar to the way loans that have not been sold (i.e., held loans) are presented. Noninterest income, both on a held and managed basis, includes the impact of adjustments to the interest-only strip that are recorded in card income.

[2] Represents the Consolidated FTE results plus the loan securitization adjustments, related to Card Services, utilizing actual bond costs. This is different from GCSBB which utilizes fund transfer pricing methodology. See Reconciliation of Presented Held to Managed Basis on pages 38-40.

[3] Represents the provision for credit losses on held loans combined with realized credit losses associated with the Card Services securitized loan portfolio.

[4] Measures shown on an operating basis. Please refer to the Supplemental Information Package for more information.



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# Global Consumer & Small Business Banking (GCSBB) – Managed Basis

($ in millions)

| | 2Q08 | Increase (decrease) over 2Q07 | Increase (decrease) over 1Q08 |
|---|---|---|---|
| Net interest income (FTE) | **$ 8,015** | $ 906 | $ 331 |
| Card income | **2,560** | (36) | (165) |
| Service charges | **1,743** | 255 | 177 |
| Mortgage banking income | **409** | 112 | (247) |
| All other income | **365** | 34 | (310) |
| Total noninterest income | **5,077** | 365 | (545) |
| Total revenue, net of interest expense (FTE) | **13,092** | 1,271 | (214) |
| Provision for credit losses [1] | **6,545** | 3,451 | 90 |
| Noninterest expense | **5,293** | 383 | 160 |
| Net income | **$ 812** | $ (1,610) | $ (280) |
| Efficiency ratio | **40.43 %** | (111) bps | 185 bps |
| Return on equity | **4.89** | (1,087) | (176) |

**2Q08 Highlights:**

- Excluding the impact of Visa related transactions recorded in 1Q08, earnings improved 11% as higher net interest income was partially offset by lower fee income and higher credit costs
- Net interest income increased due to growth in organic loan balances for both Card Services and Home Equity.
- Noninterest income includes:
  - Strong service charge growth
  - Improved card fees offset by lower I/O valuations
  - Improved mortgage banking production revenue
- Higher credit losses were driven by ongoing weakness in the housing market as well as growth and seasoning in card and unsecured lending.
- Costs were well managed producing 40% efficiency ratio

[1] Represents the provision for credit losses on held loans combined with realized credit losses associated with the Card Services securitized loan portfolio.



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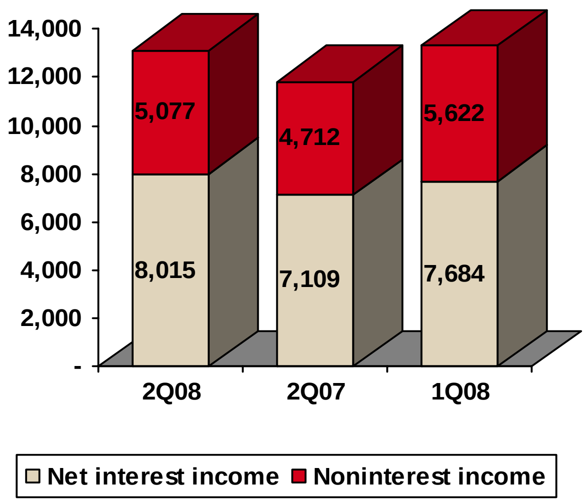
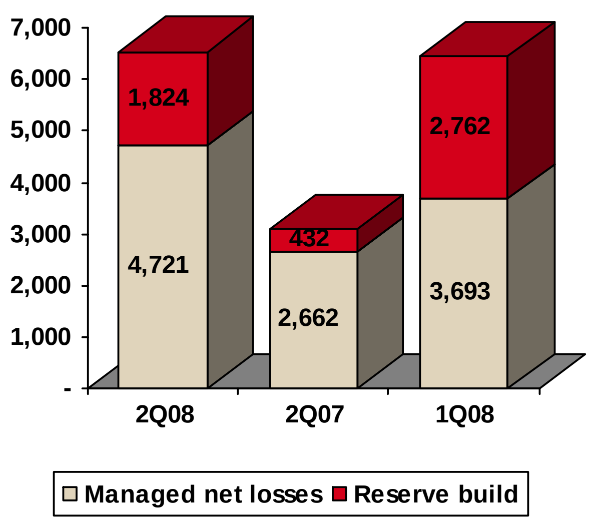
# Global Consumer & Small Business Banking (GCSBB) – Managed Basis

($ in millions)




($ in millions)




## Revenue of $13.1 billion, 11% over 2Q07

- Net interest income of $8.0 billion increased 13%
  - Avg. loan growth of 16% from 2Q07
  - Avg. deposits grew 5% over 2Q07
  - Spreads expanded 38 bps
- Noninterest income of $5.1 billion improved 8%
  - Service charge revenue grew 17% driven by account growth.
  - Mortgage banking income increased due to production income driven by improved margins on mortgage volume originated for distribution and higher servicing income.

## Managed credit costs of $6.5 billion, up $3.5 billion from 2Q07, and $90 million from 1Q08

- Managed net losses of $4.7 billion in 2Q08
  - Total Corp., home equity net loss ratio rose to 3.08% from 1.71% in 1Q08
  - Consumer credit card managed net loss ratio increased to 5.96% from 5.19% in 1Q08
- Increased reserves, in GCSBB, $1.8 billion in 2Q08
  - $1.2 billion home equity
  - $0.5 billion unsecured lending
  - $0.1 billion residential mortgage



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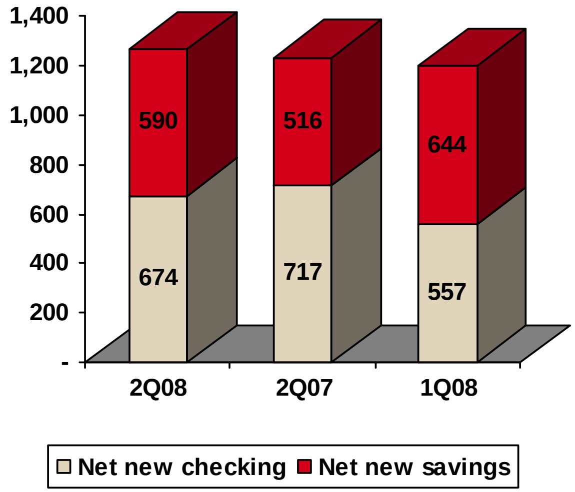
# Global Consumer & Small Business Banking (GCSBB) – Managed Basis

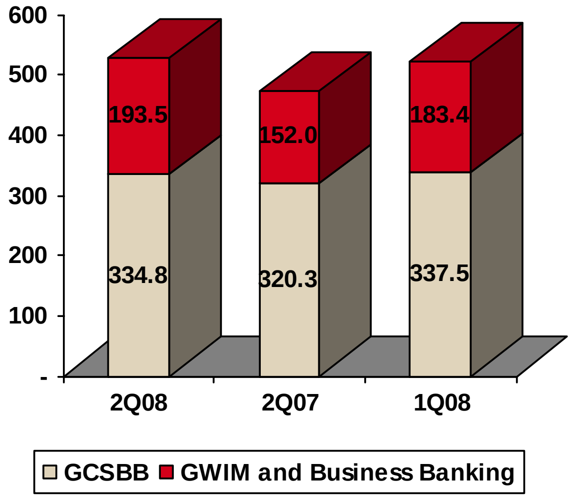
(units in thousands)




**Gross product sales of 13 million, 4% over 2Q07**

- Strong growth in deposits, debit and online banking
- Banking center channel represented 63% of sales in 2Q08
- Consumer real estate production down reflecting current environment

($ in billions)




**Average retail deposits of $528.3 billion, 12% over 2Q07 and 1.4% over 1Q08**

- Year-over-year increase driven by growth in core retail and the addition of LaSalle and U.S. Trust.
- Linked quarter growth driven by consumer checking as well as traditional savings products
- GCSBB successfully migrated $5.6 billion to Premier Banking and Investments in 2Q08.

# Global Wealth & Investment Management (GWIM)

| ($ in millions) | 2Q08 | Increase (decrease) over 2Q07 | Increase (decrease) over 1Q08 |
|---|---|---|---|
| Net interest income (FTE) | **$ 1,133** | $ 184 | $ 135 |
| Inv. & brokerage services | **1,095** | 232 | 14 |
| All other income (loss) | **51** | (26) | 208 |
| Total noninterest income | **1,146** | 206 | 222 |
| Total revenue, net of interest expense (FTE) | **2,279** | 390 | 357 |
| Provision for credit losses | **119** | 132 | (124) |
| Noninterest expense | **1,241** | 248 | (74) |
| Net income | **$ 573** | $ (3) | $ 344 |
| | | | |
| Efficiency ratio | **54.44 %** | 187 bps | (1,399) bps |
| Return on equity | **19.58** | (677) | 1,163 |

**2Q08 Highlights:**

- Net Interest Income increased due to higher loan and deposit levels and benefits of the rate environment.
- Noninterest income increased $206 million or 22% from 2Q07 driven by:
  - Asset management fees increased 31% primarily due to the U.S. Trust and LaSalle acquisitions.
  - Brokerage income increased 10% to $193 million.
- Lower cash funds support provided in 2Q08 vs. 1Q08 ($36 million vs. $220 million)
- The increase in provision for credit losses from 2Q07 was driven by higher losses and reserve increases from the impact of deterioration in the housing market.

# Global Corporate & Investment Banking (GCIB)

| ($ in millions) | | Increase (decrease) over | |
|---|---|---|---|
| | **2Q08** | 2Q07 | 1Q08 |
| Net interest income (FTE) | **$ 3,824** | $ 1,215 | $ 233 |
| Card income | **296** | 9 | 46 |
| Service charges | **856** | 173 | 68 |
| Inv. & brokerage services | **210** | (11) | (35) |
| Investment banking income | **765** | (56) | 100 |
| Trading account profits (losses) | **369** | (568) | 2,159 |
| All other income (loss) | **(360)** | (745) | 230 |
| Total noninterest income | **2,136** | (1,198) | 2,568 |
| Total revenue, net of interest expense (FTE) | **5,960** | 17 | 2,801 |
| Provision for credit losses | **363** | 321 | (160) |
| Noninterest expense | **2,801** | (426) | 337 |
| Net income | **$ 1,746** | $ 54 | $ 1,639 |
| Efficiency ratio | **46.99 %** | (732) bps | 3,101 bps |
| Return on equity | **11.57** | (458) | 1,084 |

**2Q08 Highlights:**

- Net interest income increased due to benefits of the interest rate environment, broad based strength in lending as well as strong deposit growth in Treasury Services.
- Average loans were up $10 billion from 1Q08
- Noninterest income increased from 1Q08 including $1.6 billion lower charges for capital market disruptions and a strong investment banking quarter.
  - Service charges were up 9% from 1Q08 and 19% from 2Q07 (excluding LaSalle) on good volume growth
- The decrease in provision for credit losses was driven by a lower reserve build in the second quarter.

# All Other – Including GCSBB Securitization Eliminations [1]

| ($ in millions) | 2Q08 | Increase (decrease) over 2Q07 | Increase (decrease) over 1Q08 |
|---|---|---|---|
| Net interest income (FTE) | **$ (2,035)** | $ (152) | $ (53) |
| Card income | **595** | (81) | (69) |
| Equity investment income | **710** | (1,009) | 442 |
| Gains on sales of debt securities | **131** | 129 | (89) |
| All other income (loss) | **(101)** | 46 | 153 |
| Total noninterest income | **1,335** | (915) | 437 |
| Total revenue, net of interest expense (FTE) | **(700)** | (1,067) | 384 |
| Provision for credit losses [2] | **(1,197)** | 116 | 14 |
| Noninterest expense | **17** | 67 | (96) |
| Merger charges | **212** | 137 | 42 |
| Net income (loss) | **$ 279** | $ (792) | $ 497 |

**2Q08 Highlights:**

- Noninterest income declined from 2Q07 primarily as a result of lower gains from Principal Investing including the $600 million increase in value of private equity funds during 2Q07, which were sold to Conversus Capital, L.P.

[1] All Other's results include a "securitization offset" which removes the impact of *Card Services'* securitized loans in order to present the consolidated results on a GAAP basis (i.e., held basis).

[2] Represents the provision for credit losses in All Other combined with the GCSBB securitization offset.



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## Summary

- **Environment**
  - **Good underlying consumer and commercial business flows**
  - **Deposits growing**
  - **Capital markets disruption costs abating**
  - **Credit costs continue to rise**
- **Gaining share in key products**
- **Balance sheet**
  - **Tier 1 Capital ratio improved to 8.25 percent**
  - **Parent company liquidity improved to 22 months**
  - **Increased credit reserves**

# Capital Markets Records Strong Investment Banking

- **Sales and trading favorability was largely driven by lower charges for market disruption impacts during 2Q08 vs. 1Q08, but also include core product favorability.**

($ in millions)

| | 2Q08 | | |
|---|---|---|---|
| | **Total** | **Sales & Trading** | **Investment Banking** |
| Liquid Products | **$ 1,323** | **$ 1,290** | **$ 33** |
| Credit Products | **913** | **495** | **418** |
| Structured Products | **(801)** | **(923)** | **122** |
| Equities | **408** | **298** | **110** |
| Other | **82** | **-** | **82** |
| Total | **$ 1,925** | **$ 1,160** | **$ 765** |

| | Change in revenue from 1Q08 | | |
|---|---|---|---|
| | Total | Sales & Trading | Investment Banking |
| Liquid Products | $ 579 | $ 568 | $ 11 |
| Credit Products | 1,194 | 1,008 | 186 |
| Structured Products | 976 | 930 | 46 |
| Equities | (165) | (35) | (130) |
| Other | (13) | - | (13) |
| Total | $ 2,571 | $ 2,471 | $ 100 |

- Excludes $25 million and $27 million margin from FVO loan book for 2Q08 and 1Q08

# Key Capital Markets Risk Exposures

| ($ in millions) | Exposures | |
|---|---|---|
| | **6/30/2008** | 3/31/2008 |
| Leveraged lending related: | | |
| Net new commitments | 3,207 | |
| Prior commitments – funded/terminated/changed | (3,039) | |
| **EOP Unfunded commitments** | **4,061** | **3,893** |
| Net new additions | 122 | |
| Sold or syndicated | (3,518) | |
| **EOP Funded commitments** | **6,154** | **9,550** |
| *Net writedown* | **(64)** | **(439)** |
| Capital markets commercial mortgage related: | | |
| Unfunded commitments | **717** | 877 |
| Funded commitments | **8,487** | 11,144 |
| *Net writedown* | **(79)** | (191) |
| *Other capital markets commercial mortgage writedowns* | **(184)** | |
| Super Senior CDO and other subprime related: | | |
| Super senior subprime, net of insurance | **3,501** | 5,935 |
| Super senior nonsubprime, net of insurance | **3,260** | 3,350 |
| Retained positions from terminated deals | **1,667** | 264 |
| *Net writedown* | **(645)** | (1,465) |



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# Super Senior CDO Exposure

*(Dollars in millions)*

| | Total CDO Exposure at June 30, 2008 | | | | | | | | | | Total CDO Net Exposure | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Subprime Exposure [1] | | | | | Non-Subprime Exposure [2] | | | | | | |
| | Gross | Insured | Net of Insured Amount | Cumulative Writedowns [3] | Net Exposure | Gross | Insured | Net of Insured Amount | Cumulative Writedowns [3] | Net Exposure | June 30 2008 | March 31 2008 |
| **Super senior liquidity commitments** | | | | | | | | | | | | |
| High grade | $ - | $ - | $ - | $ - | $ - | $714 | $ - | $714 | $ - | $714 | $714 | $2,892 |
| Mezzanine | 363 | - | 363 | (5) | 358 | - | - | - | - | - | 358 | 358 |
| CDO-squared | - | - | - | - | - | - | - | - | - | - | - | 414 |
| **Total super senior liquidity commitments** | 363 | - | 363 | (5) | 358 | 714 | - | 714 | - | 714 | 1,072 | 3,664 |
| **Other super senior exposure** | | | | | | | | | | | | |
| High grade | 5,170 | (3,741) | 1,429 | (367) | 1,062 | 3,463 | (735) | 2,728 | (182) | 2,546 | 3,608 | 3,429 |
| Mezzanine | 1,019 | - | 1,019 | (742) | 277 | - | - | - | - | - | 277 | 495 |
| CDO-squared | 5,107 | - | 5,107 | (3,303) | 1,804 | 365 | (365) | - | - | - | 1,804 | 1,697 |
| **Total other super senior exposure** | 11,296 | (3,741) | 7,555 | (4,412) | 3,143 | 3,828 | (1,100) | 2,728 | (182) | 2,546 | 5,689 | 5,621 |
| **Total super senior exposure excluding retained securities on CDOs that have since been liquidated** | $11,659 | $(3,741) | $7,918 | $(4,417) | $3,501 | $4,542 | $(1,100) | $3,442 | $(182) | $3,260 | $6,761 | $9,285 |
| **Retained securities on CDOs that have since been liquidated** | | | | | $1,667 | | | | | | $1,667 | $264 |
| **Total super senior CDO exposure and retained securities** | | | | | $5,168 | | | | | | $8,428 | $9,549 |

*(1) Classified as subprime when subprime consumer real estate loans make up at least 35 percent of the ultimate underlying collateral.*

*(2) Includes highly-rated collateralized loan obligations and commercial mortgage-backed securities super senior exposure.*

*(3) Net of insurance. Represents remaining CDOs.*

# Super Senior CDO Exposure Rollforward

*(Dollars in millions)*

| | March 31, 2008 Net Exposure | Paydowns / Liquidations / Other | Second Quarter 2008 Net Writedowns [1] | Reclassifications [2] | June 30, 2008 Net Exposure |
|---|---|---|---|---|---|
| **Super senior liquidity commitments** | | | | | |
| High grade | $2,892 | $(51) | $(32) | $(2,095) | $714 |
| Mezzanine | 358 | - | - | - | 358 |
| CDO-squared | 414 | - | (80) | (334) | - |
| **Total super senior liquidity commitments** | **3,664** | **(51)** | **(112)** | **(2,429)** | **1,072** |
| **Other super senior exposure** | | | | | |
| High grade | 3,429 | (1,842) | (74) | 2,095 | 3,608 |
| Mezzanine | 495 | (174) | (44) | - | 277 |
| CDO-squared | 1,697 | (13) | (214) | 334 | 1,804 |
| **Total other super senior exposure** | **5,621** | **(2,029)** | **(332)** | **2,429** | **5,689** |
| **Total super senior exposure excluding retained securities on CDOs that have since been liquidated [3]** | **$9,285** | **$(2,080)** | **$(444)** | **$ -** | **$6,761** |

*(1) Net of insurance.*

*(2) Represents CDO exposure that was reclassified from super senior liquidity commitments to other super senior exposure as the Corporation is no longer providing liquidity.*

*(3) At June 30, 2008 and March 31, 2008, the Corporation held $1.7 billion and $264 million in assets acquired from liquidated CDO vehicles. During the three months ended June 30, 2008 and March 31, 2008 the Corporation recognized $115 million and $25 million in impairment charges on these assets.*



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# Subprime Super Senior CDO Exposure Carrying Values

*(Dollars in millions)*

| | June 30, 2008 | | | | |
|---|---|---|---|---|---|
| | | | | Vintage of Subprime Collateral | |
| | Subprime Net Exposure | Carrying Value as a percent of original net exposure | Subprime Content of Collateral [1] | Percent in 2006/2007 Vintages | Percent in 2005/prior Vintages |
| **Super senior liquidity commitments** | | | | | |
| High grade | $ - | - % | - % | - % | - % |
| Mezzanine | 358 | 99 | 34 | 55 | 45 |
| CDO-squared | - | - | - | - | - |
| **Total super senior liquidity commitments** | **358** | **99** | | | |
| **Other super senior exposure** | | | | | |
| High grade | 1,062 | 73 | 53 | 13 | 87 |
| Mezzanine | 277 | 28 | 81 | 59 | 41 |
| CDO-squared | 1,804 | 33 | 23 | 71 | 29 |
| **Total other super senior exposure** | **3,143** | **39** | | | |
| **Total super senior exposure excluding retained securities on CDOs that have since been liquidated** | **$3,501** | **42** | | | |
| **Retained securities on CDOs that have since been liquidated** | **$1,667** | 44 | 51 | 43 | 57 |
| **Total super senior CDO exposure and retained securities** | **$5,168** | 43 | | | |

1 Based on current net exposure value.



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## Asset Quality

- **Sustained stress from housing markets and other economic pressures including increasing fuel and food prices drove consumer losses higher. Additional weakening came from seasoning of growth portfolios.**
- **Managed net credit loss ratio across all businesses was 2.15%, up 46 basis points from 1Q08**
  - Held net charge-offs increased to 1.67%, up 42 basis points from 1Q08
- **Provision was higher than net charge-offs by $2.2 billion increasing allowance for loans and leases ratio to 1.98% from 1.71% in 1Q08**
  - Housing market related
    - $1.3 billion in home equity
    - $0.4 billion residential mortgage
    - $0.1 billion commercial homebuilder deterioration
  - Seasoning and deterioration
    - $0.5 billion unsecured lending
- **Consumer card losses trended higher**
  - Managed consumer credit card net loss rate increased to 5.96% from 5.19% in 1Q08. 30+ day delinquencies decreased to 5.53% from 5.61% in 1Q08. 90+ day delinquencies decreased to 2.82% from 2.83% in 1Q08.
- **Small business net loss ratio increased 222 basis points to 9.53%.**
- **Commercial net charge-off ratio excluding small business increased slightly from 0.26% in 1Q08 to 0.28%.**

# Consumer Asset Quality Key Indicators – Managed Basis

($ in millions)

| | Credit Card | | Home Equity | | Residential Mortgage | | Other [1] | | Total Consumer | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2Q08** | 1Q08 | **2Q08** | 1Q08 | **2Q08** | 1Q08 | **2Q08** | 1Q08 | **2Q08** | 1Q08 |
| Loans EOP | **$187,162** | $183,758 | **$121,523** | $118,505 | **$238,861** | $269,727 | **$ 89,816** | $ 85,430 | **$637,362** | $657,420 |
| Loans Avg | **185,659** | 183,694 | **120,386** | 116,748 | **259,675** | 274,263 | **87,680** | 84,210 | **653,400** | 658,915 |
| Net losses | **$ 2,751** | $ 2,372 | **$ 923** | $ 496 | **$ 151** | $ 66 | **$ 749** | $ 650 | **$ 4,574** | $ 3,584 |
| % of avg loans | **5.96 %** | 5.19 % | **3.08 %** | 1.71 % | **0.23 %** | 0.10 % | **3.43 %** | 3.10 % | **2.82 %** | 2.19 % |
| 90+ Performing DPD [2] | **$ 5,278** | $ 5,192 | **N/A** | N/A | **$ 278** | $ 248 | **$ 1,006** | $ 869 | **$ 6,562** | $ 6,309 |
| % of Loans | **2.82 %** | 2.83 % | **N/A** | N/A | **0.12 %** | 0.09 % | **1.12 %** | 1.02 % | **1.03 %** | 0.96 % |
| Nonperforming loans [3] | **N/A** | N/A | **$ 1,851** | $ 1,786 | **$ 3,269** | $ 2,576 | **$ 100** | $ 97 | **$ 5,220** | $ 4,459 |
| % of Loans [3] | **N/A** | N/A | **1.52 %** | 1.51 % | **1.39 %** | 0.97 % | **0.11 %** | 0.11 % | **1.00 %** | 0.82 % |
| Allowance for loan losses [3] | **$ 3,684** | $ 3,654 | **$ 3,812** | $ 2,549 | **$ 792** | $ 394 | **$ 3,150** | $ 2,647 | **$ 11,438** | $ 9,244 |
| % of Loans [3] | **4.68 %** | 4.81 % | **3.14 %** | 2.15 % | **0.34 %** | 0.15 % | **3.55 %** | 3.14 % | **2.18 %** | 1.70 % |
| Avg. refreshed (C)LTV | **N/A** | N/A | **78** | 74 | **65** | 62 | **N/A** | N/A | **N/A** | N/A |
| 90%+ refreshed (C)LTV | **N/A** | N/A | **35** | 26 | **16** | 10 | **N/A** | N/A | **N/A** | N/A |
| Avg. refreshed FICO [4] | **686** | 685 | **716** | 718 | **733** | 733 | **N/A** | N/A | **N/A** | N/A |
| % below 620 FICO [4] | **16 %** | 16 % | **10 %** | 10 % | **6 %** | 6 % | **N/A** | N/A | **N/A** | N/A |

[1] Other primarily consists of the following portfolios of loans: Consumer lending and dealer financial services.

[2] Includes loans delinquent more than 90 days old and still accruing interest.

[3] Nonperforming loans and allowance for loan losses, as well as their corresponding ratios are presented on a held basis.

[4] Credit card shown on a managed, domestic basis.



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# Consumer Real Estate Asset Quality – Managed Basis

**Home Equity**

- **Net loss ratio climbed 137 basis points from 1Q08 to 3.08%**
  - Net losses of $923 million driven by high CLTV loans
  - Loans with >90% CLTV represents 35% of portfolio
  - 17% in first lien position, 27% have a first lien position with BAC in front of BAC second
  - CA and FL represent 41% of the portfolio
- **Allowance was increased to cover 3.14% of loans**
- **Nonperforming loans were largely unchanged at 1.52% of loans**
- **30+ performing delinquencies improved 6 basis points to 1.27%**

**Residential Mortgage**

- **Net loss ratio climbed 13 basis points from 1Q08 to .23%**
  - Net losses of $151 million largely driven by CRA portfolio (8% of loans) and housing stressed states
  - Loans with >90% CLTV represents 16% of portfolio
  - CA and FL represent 41% of the portfolio
- **Allowance was increased to cover .34% of loans**
- **Nonperforming loans increased $693 million to 1.39% of loans**
- **30+ performing delinquencies increased to 2.07%**



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## Other Consumer Lending Asset Quality – Managed Basis

**Consumer Credit Card**

- **Net loss ratio climbed 77 basis points to 5.96%**
  - Increase centered in geographies of housing stress
- **30+ delinquencies improved 8 basis points to 5.53% of loans**
- **90+ delinquencies improved 1 basis point to 2.82% of loans**
- **CA and FL represent 24% of the domestic card portfolio**

# Commercial Asset Quality Key Indicators [1]

($ in millions)

| | Commercial [2] | | Commercial Real Estate | | Small Business | | Commercial Lease Financing | | Total Commercial | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2Q08** | 1Q08 | **2Q08** | 1Q08 | **2Q08** | 1Q08 | **2Q08** | 1Q08 | **2Q08** | 1Q08 |
| Loans EOP | **$235,541** | $219,171 | **$ 62,897** | $ 62,739 | **$ 19,908** | $ 20,142 | **$ 22,815** | $ 22,132 | **$341,161** | $324,184 |
| Loans Avg | **227,488** | 218,467 | **62,640** | 61,890 | **20,123** | 20,022 | **22,276** | 22,227 | **332,527** | 322,606 |
| Net charge-offs | **$ 75** | $ 70 | **$ 136** | $ 107 | **$ 477** | $ 364 | **$ 6** | $ 15 | **$ 694** | $ 556 |
| % of avg loans | **0.13 %** | 0.13 % | **0.88 %** | 0.70 % | **9.53 %** | 7.31 % | **0.11 %** | 0.27 % | **0.84 %** | 0.69 % |
| 90+ Performing DPD | **$ 278** | $ 191 | **$ 262** | $ 223 | **$ 594** | $ 547 | **$ 27** | $ 32 | **$ 1,161** | $ 993 |
| % of Loans | **0.12 %** | 0.09 % | **0.42 %** | 0.36 % | **2.98 %** | 2.72 % | **0.12 %** | 0.14 % | **0.34 %** | 0.31 % |
| Nonperforming loans | **$ 1,127** | $ 1,034 | **$ 2,616** | $ 1,627 | **$ 153** | $ 169 | **$ 40** | $ 44 | **$ 3,936** | $ 2,874 |
| % of Loans | **0.48 %** | 0.47 % | **4.16 %** | 2.59 % | **0.77 %** | 0.84 % | **0.18 %** | 0.20 % | **1.15 %** | 0.89 % |
| Allowance for loan losses | **$ 2,083** | $ 2,180 | **$ 1,333** | $ 1,206 | **$ 2,078** | $ 2,034 | **$ 199** | $ 227 | **$ 5,693** | $ 5,647 |
| % of Loans | **0.88 %** | 0.99 % | **2.12 %** | 1.92 % | **10.44 %** | 10.10 % | **0.87 %** | 1.03 % | **1.67 %** | 1.74 % |
| Criticized Utilized Exposure [3] | **$ 15,630** | $ 11,857 | **$ 10,776** | $ 9,208 | **$ 1,060** | $ 1,021 | **$ 870** | $ 647 | **$ 28,336** | $ 22,733 |
| % of Total Exposure | **4.48 %** | 3.59 % | **15.62 %** | 13.36 % | **5.29 %** | 5.04 % | **3.81 %** | 2.92 % | **6.15 %** | 5.15 % |

- Homebuilder utilized balances at 6/30/08, included in commercial real estate, down slightly from 1Q08 to $13 billion. These utilized balances are included in total binding exposure which was $19 billion.
  - Criticized utilized exposure increased $863 million to $7.5 billion (57% of utilized exposure)
  - NPAs rose $868 million to $2.2 billion
  - 2Q08 charge-offs of $130 million (vs $107 million in 1Q08)

[1] Does not include certain commercial loans measured at fair value in accordance with SFAS 159.
[2] Includes Commercial – Domestic and Commercial – Foreign.
[3] Excludes Assets Held for Sale.



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# Net Interest Income

## Linked Quarter Net Interest Income & Yield

($ in millions)

| | 2Q08 | 1Q08 | $ Change |
|---|---|---|---|
| Reported net interest income (FTE) | **$ 10,937** | $ 10,291 | **$ 646** |
| Market-based NII | **(1,369)** | (1,308) | **(61)** |
| Core net interest income (FTE) | **9,568** | 8,983 | **585** |
| Impact of securitizations | **2,254** | 2,090 | **164** |
| Core NII – Managed Basis | **$ 11,822** | $ 11,073 | **$ 749** |
| Average earning assets | **$ 1,500,234** | $ 1,510,295 | **$ (10,061)** |
| Market-based earning assets | **(375,274)** | (403,733) | **28,459** |
| Impact of securitizations | **103,131** | 102,577 | **554** |
| Reported net interest yield | **2.92 %** | 2.73 % | **19 bps** |
| Core net interest yield | **3.41** | 3.25 | **16** |
| Core net interest yield – Managed Basis | **3.86** | 3.67 | **19** |

- Change in core net interest income – ***managed basis*** driven by:
  - Rate benefit from the short-end led steepener
  - Benefits of solid loan and deposit growth
- Market based increase driven by improved spreads and trading strategies
- Average earnings assets reflect trading asset reductions as well as strong loan growth

# Net Interest Income – Managed Sensitivity

($ in millions)

| | Managed net interest income impact for next 12 months | |
| --- | --- | --- |
| | **@ 6/30/08** | **@ 3/31/08** |
| Forward curve interest rate scenarios | | |
| +100 bp parallel shift | **$ (1,189)** | $ (865) |
| - 100 bp parallel shift | **1,113** | 527 |
| Flattening scenario from forward curve | | |
| + 100 bp flattening on short end | **(1,283)** | (1,153) |
| - 100 bp flattening on long end | **(234)** | (614) |
| Steepening scenario from forward curve | | |
| + 100 bp steepening on long end | **93** | 275 |
| - 100 bp steepening on short end | **1,350** | 1,112 |



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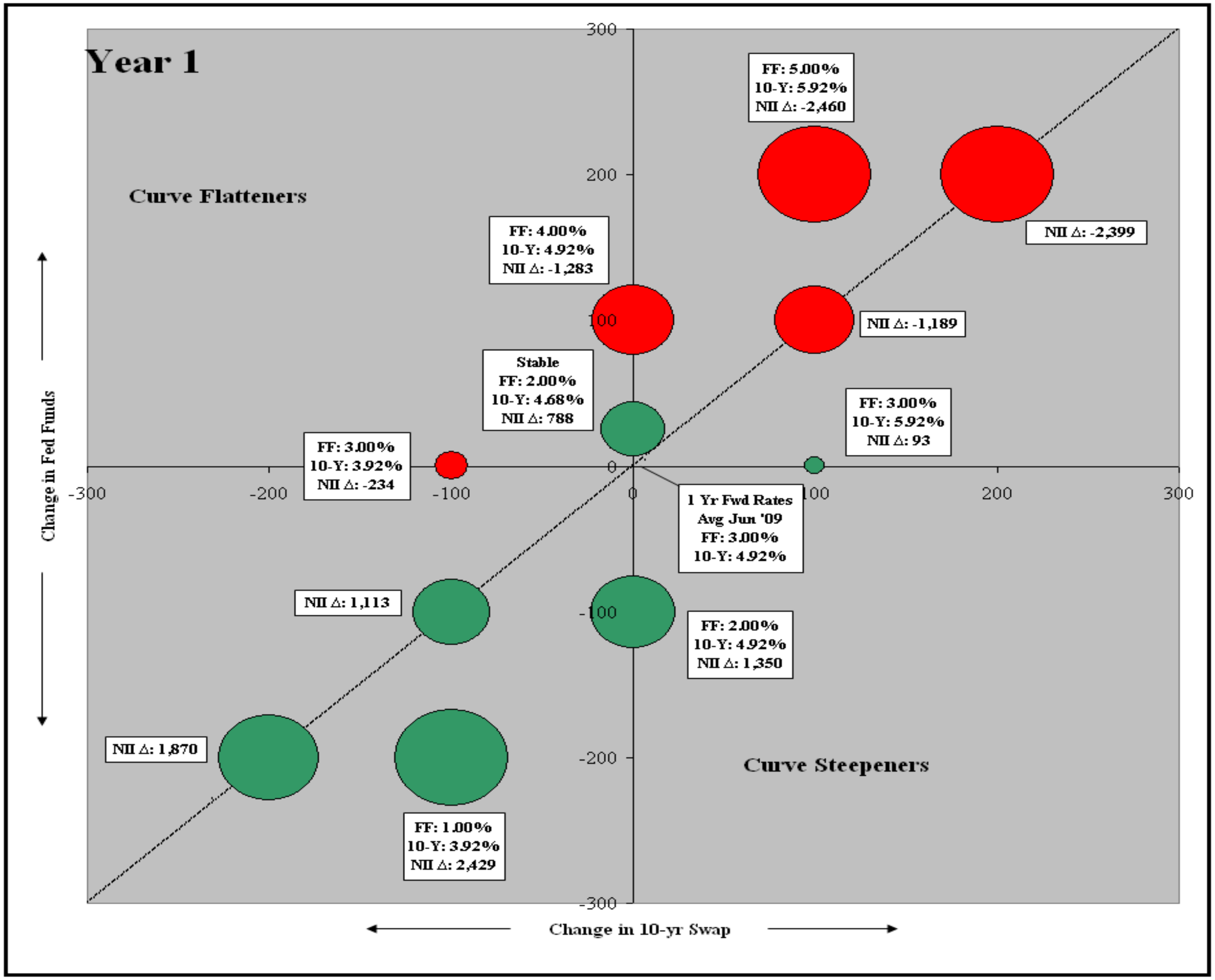
**Bank of America**
**NII Sensitivity on a Managed Basis**
**First Rolling 12 Months**
**June 30, 2008**



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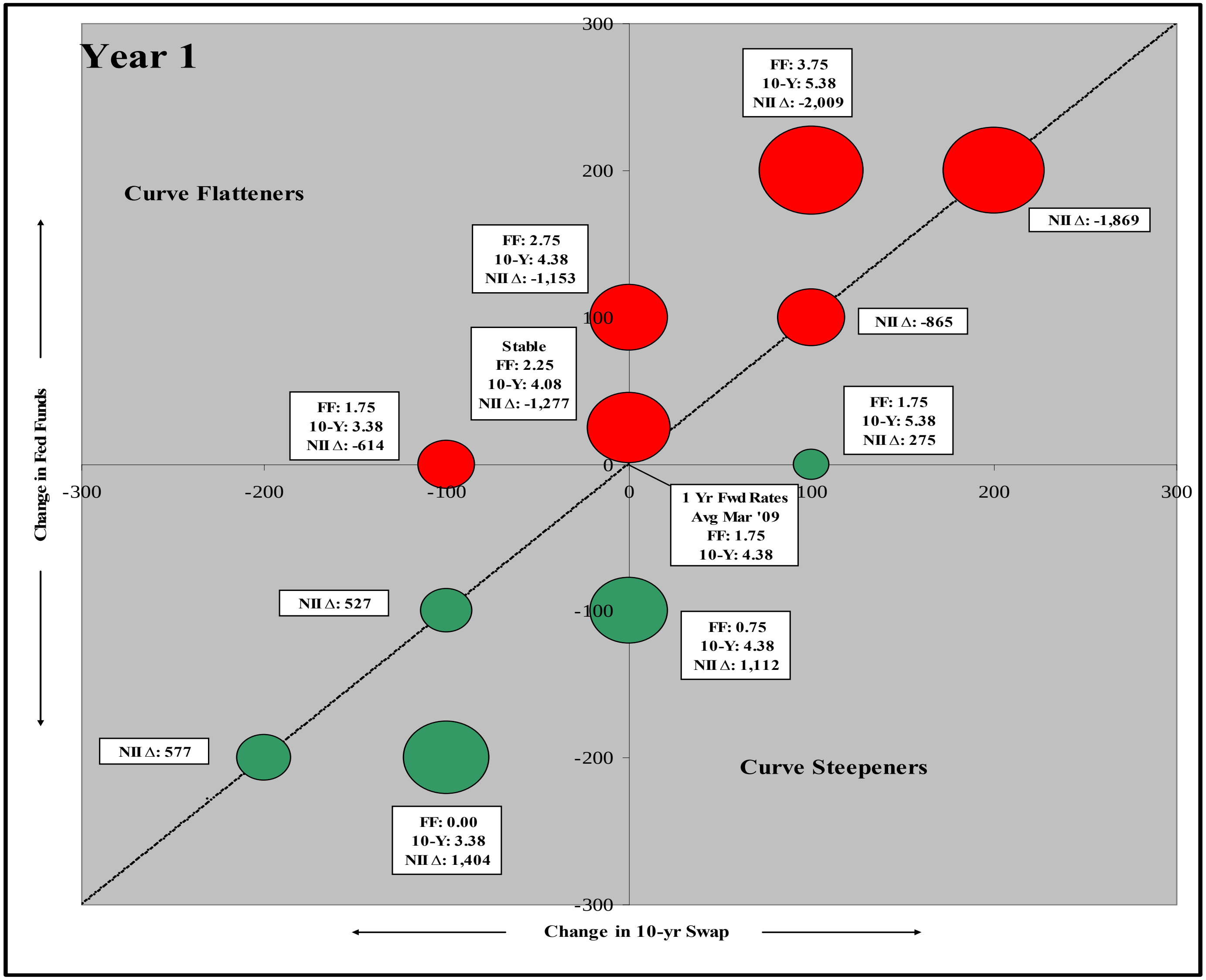
**Bank of America**
**NII Sensitivity on a Managed Basis**
**First Rolling 12 Months**
**March 31, 2008**



## Capital Strength

($ in millions)

| | **2Q08** | | 2Q07 | | 1Q08 | |
|---|---|---|---|---|---|---|
| Tier 1 Capital | **$ 101,541** | | $ 94,979 | | $ 93,899 | |
| Risk Weighted Assets | **1,230,421** | | 1,115,150 | | 1,250,942 | |
| Tier 1 Capital Ratio | **8.25** | **%** | 8.52 | % | 7.51 | % |
| Total Capital Ratio | **12.60** | | 12.11 | | 11.71 | |
| Tier 1 Leverage Ratio | **6.09** | | 6.33 | | 5.59 | |
| Tangible Equity | **75,328** | | 61,186 | | 68,616 | |
| Tangible Equity Ratio | **4.62** | **%** | 4.19 | % | 4.16 | % |
| Tangible Equity Ratio Adj. for OCI | **4.73** | | 4.82 | | 4.21 | |
| Months to required funding – Parent Co. | **22** | | 26 | | 20 | |
| | | | | | | |
| Common dividends paid | **$ 2,858** | | $ 2,494 | | $ 2,859 | |
| Cost of net share repurchases | **-** | | 273 | | - | |
| Dividend yield | **10.72** | **%** | 4.58 | % | 6.75 | % |
| | | | | | | |
| Preferred dividends paid | **$ 186** | | $ 40 | | $ 190 | |

# Conclusions

- **Environment remains challenging**
  - **Credit costs reflect economic environment**
  - **Capital markets still fragile**
- **Momentum remains strong in most businesses**
  - **Retail deposits and lending growing**
  - **Commercial lending and treasury services remain steady**
  - **Wealth management showing steady customer activity and performance**
- **Balance sheet remains strong**
- **Integration of acquisitions on track**

## Countrywide Operational Update

- Transaction closed July 1, 2008
- Consumer real estate headquarters will be in Calabasas
- Barbara Desoer named as consumer real estate executive based in California
- Management teams largely in place with balance between both legacy organizations
- Announced 7,500 positions to be reduced as a result of the acquisition
- Operational consolidation on track:
  - Consolidated many back office and risk management operational activities
  - Aligning deposit pricing with Bank of America processes
  - Consolidated much of the capital markets platforms immediately
  - Implementing management and sales routines across all products
- Business model commitments
  - Reaffirmed commitment to Wholesale and Correspondent channels in mortgage
  - Will continue to offer Conforming loans underwritten to standard guidelines of government-sponsored enterprises and the government including CRA
  - No subprime mortgage origination
  - Discontinue certain nontraditional mortgages, including option-ARMs, and significantly curtail use of low documentation loans
  - Expect to modify or workout $40 billion in troubled mortgage loans over the next 2 years
  - Creating $35 million "Neighborhood Preservation Program" for counseling and foreclosure prevention

## Countrywide 2Q08 Preliminary Results

- **Recorded a $2.3 billion loss in 2Q08**
- **Countrywide 2Q08 charges include:**
  - **$2.3 billion provision for credit losses**
  - **$760 million provision for rep and warranties**
  - **$630 million losses from securities impairments and capital markets activities**
- **Production in the quarter of $59 billion down from 1Q08**
  - **Purchase volumes increased 22%**
  - **Refi volumes dropped 35%**
- **Servicing portfolio held steady at $1.485 trillion**

## Countrywide Cost Savings and Other Impacts Update

- Expect to exceed original cost save target
  - Announcement - $670 million after tax, fully realized in 2011
  - Now expected to be $900 million after tax, fully realized in 2011
  - Cost saves equal 13% of combined legacy consumer real estate and insurance base
- Merger related expense still targeted at $1.2 billion after tax
  - 2/3rds expected to impact the income statement
  - 1/3rd expected to be capitalized in purchase accounting
  - Incurred through 2010 with bulk in 2009

## Preliminary Countrywide Results

**($ in millions)**

| | Quarters ended | | | Six months ended | |
|---|---|---|---|---|---|
| | **June 30, 2008** | June 30, 2007 | March 31, 2008 | **June 30, 2008** | June 30, 2007 |
| Net interest income | **$ 656** | $ 728 | $ 731 | **$ 1,387** | $ 1,459 |
| Noninterest income: | | | | | |
| (Loss) gain on sale of loans | **(127)** | 1,494 | 289 | **162** | 2,727 |
| Net loan servicing fees and other income | **(23)** | 100 | 456 | **433** | 199 |
| Net insurance premiums | **485** | 352 | 489 | **974** | 687 |
| Loss on AFS securities | **(468)** | (5) | (24) | **(492)** | (4) |
| Other | **185** | 172 | 239 | **424** | 331 |
| Total noninterest income | **52** | 2,113 | 1,449 | **1,501** | 3,940 |
| Total Revenue | **708** | 2,841 | 2,180 | **2,888** | 5,399 |
| Provision for loan losses | **2,331** | 293 | 1,501 | **3,832** | 445 |
| Noninterest expense | **2,193** | 1,884 | 2,171 | **4,364** | 3,589 |
| Pre - tax income (loss) | **(3,816)** | 664 | (1,492) | **(5,308)** | 1,365 |
| Income tax expense | **(1,486)** | 179 | (599) | **(2,085)** | 446 |
| Net Income (loss) | **$ (2,330)** | $ 485 | $ (893) | **$ (3,223)** | $ 919 |
| | | | | | |
| Mortgage loan fundings | **$ 59,012** | $ 130,163 | $ 73,013 | **$ 132,025** | $ 245,127 |
| Non-purchase | **33,818** | 74,916 | 52,319 | **86,137** | 146,714 |
| Purchase | **25,194** | 55,247 | 20,694 | **45,888** | 98,413 |
| Mortgage loan pipeline | **25,727** | 68,533 | 45,529 | | |
| Loan servicing portfolio [1] | **1,485,285** | 1,415,472 | 1,484,157 | | |
| MSR portfolio [2] | **1,365,869** | 1,304,250 | 1,361,945 | | |
| MSR Value | **18,402** | 20,087 | 17,155 | | |

[1] Includes loans held for sale, loans held for investment and loans serviced for others, including those under subservicing agreements

[2] Represents loan servicing portfolio reduced for loans held for sale, loans held for investment and subservicing



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# Preliminary Countrywide Balance Sheet

**($ in billions)**

| | June 30, 2008 | | March 31, 2008 | |
|---|---|---|---|---|
| Loans: | | | | |
| Held for sale | **$** | **11.8** | $ | 15.7 |
| Held for investment | | **99.3** | | 98.6 |
| Total Loans | | **111.1** | | 114.3 |
| Allowance for loan losses | | **(5.1)** | | (3.4) |
| Securites purchased under agreement to resell, securities borrowed and fed funds sold | | **6.6** | | 7.8 |
| Investments in other financial instruments | | **18.8** | | 20.9 |
| MSR, at estimated fair value | | **18.4** | | 17.2 |
| Other assets | | **22.3** | | 42.2 |
| Total assets | **$** | **172.1** | $ | 199.0 |
| | | | | |
| Deposits | **$** | **62.8** | $ | 63.3 |
| Securities sold under agreement to repurchase | | **3.5** | | 17.9 |
| Notes payable | | **82.3** | | 87.7 |
| Other liabilities | | **13.1** | | 16.9 |
| Total liabilities | | **161.7** | | 185.8 |
| Shareholders' equity | | **10.4** | | 13.2 |
| Total liabilities and shareholders' equity | **$** | **172.1** | $ | 199.0 |

# Preliminary Countrywide Purchase Accounting Estimates

| ($ in billions, except per share amounts) | | |
|---|---|---|
| **Purchase price** | | |
| Countrywide common stock exchanged (in millions) | | 583 |
| Exchange ratio | | 0.1822 |
| Corporation's common stock exchanged (in millions) | | 106 |
| Purchase price per share of the corporation's common stock [1] | | $38.73 |
| **Total purchase price** | | **$4.1** |
| | | |
| **Preliminary allocation of the purchase price** | | |
| Countrywide stockholder's equity [2] | | 8.4 |
| Pretax adjustments to reflect assets acquired and liabilities assumed at fair value [3] | | |
| Loans [4] | (8.1) | |
| Mortgage servicing rights | (1.7) | |
| Deferred costs and currency adjustments on loans and debt | 1.6 | |
| All other | (4.6) | |
| Pretax total adjustments | (12.8) | |
| Deferred income taxes | 4.5 | |
| After tax total adjustments | | (8.3) |
| Fair value of net assets acquired | | 0.1 |
| **Preliminary goodwill resulting from the Countrywide merger** | | **$4.0** |

(1) The value of the shares of common stock exchanged with Countrywide shareholders was based upon the average of the closing prices of the corporation's common stock for the period commencing two trading days before, and ending two trading days after January 11, 2008, the date of the Countrywide merger agreement.

(2) The value of the remaining Countrywide shareholder's equity after the cancellation of the Series B convertible preferred shares owned by the corporation prior to the merger.

(3) Adjustments shown in the preliminary purchase price allocation are based on values within current estimated ranges.

(4) Loan portfolio credit adjustment of $14.3 billion less the allowance for loan and lease losses of $5.1 billion less $1.1 billion of loss exposure for non-impaired loans that will flow through consolidated earnings over time, if incurred.

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## Preliminary Countrywide Asset Quality – 2Q08

(Loans in billions, other $ in millions)

**Mortgage and Home Equity Loans**

| | Loans | % Loans | Net C/O | C/O Ratio | 30+ and performing | NPL |
|---|---|---|---|---|---|---|
| Prime Firsts | $ 29.6 | 32 % | $ 107 | 1.45 % | 3.8 % | 6.3 % |
| Prime Pay Options | 26.4 | 29 | 259 | 3.92 | 7.7 | 12.7 |
| HELOCs | 14.5 | 16 | 290 | 7.99 | 3.2 | 3.5 |
| Fixed Rate Seconds | 18.9 | 20 | 182 | 3.86 | 3.1 | 2.1 |
| Sub-prime | 2.4 | 3 | 91 | 14.92 | 18.4 | 26.7 |
| Total | $ 91.8 | 100 % | $ 929 | 4.05 % | 5.1 % | 7.4 % |

**Mortgage and Home Equity Loans**

| | Loans | % Loans | % CA /FL | Refreshed Avg. CLTV (1) | Loans Refreshed >90 CLTV (1) | Refreshed Avg. FICO (1) |
|---|---|---|---|---|---|---|
| Prime Firsts | $ 29.6 | 32 % | 53 % | 71 % | 26 % | 723 |
| Prime Pay Options | 26.4 | 29 | 66 | 95 | 62 | 680 |
| HELOCs | 14.5 | 16 | 45 | 88 | 50 | 697 |
| Fixed Rate Seconds | 18.9 | 20 | 29 | 91 | 66 | 716 |
| Sub-prime | 2.4 | 3 | 37 | 90 | 53 | 574 |
| Total | $ 91.8 | 100 % | 50 % | 85 % | 48 % | 703 |
| Defaulted FHA-insured and VA-guaranteed loans eligible for repurchase from securities | 2.8 | | | | | |
| Mortgage loans held in SPEs | 3.4 | | | | | |
| Other | 1.3 | | | | | |
| **Total Loans Held for Investment** | **$ 99.3** | | | | | |

(1) Excludes $6 billion of loans serviced by others. CLTV computed off remaining balances. If computed from values after purchase accounting adjustments the average CLTV percentage for the portfolio would be in the low 70's.

# Appendix

## Reconciliation of Presented Held to Managed Basis – Consolidated 2Q08[1]

($ in millions)

| | 2Q08 | | |
|---|---|---|---|
| | Held Basis | Securitization Impact | Managed Basis[2] |
| Net interest income (FTE) | $ 10,937 | $ 2,254 | $ 13,191 |
| Noninterest income | 9,694 | (610) | 9,084 |
| Total revenue, net of interest expense (FTE) | 20,631 | 1,644 | 22,275 |
| Provision for credit losses | 5,830 | 1,644 | 7,474 |
| Noninterest expense | 9,564 | - | 9,564 |
| Pre-tax income | 5,237 | - | 5,237 |
| Income tax expense | 1,827 | - | 1,827 |
| Net income | $ 3,410 | $ - | $ 3,410 |

[1] Represents the Consolidated FTE results plus the loan securitization adjustments, related to Card Services, utilizing actual bond costs. This is different from GCSBB which utilizes fund transfer pricing methodology.

[2] Provision for credit losses on a managed basis represents the provision for credit losses on held loans combined with realized credit losses associated with the Card Services securitized loan portfolio.



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# Reconciliation of Presented Held to Managed Basis – Consolidated 2Q07[1]

($ in millions)

| | 2Q07 | | |
|---|---|---|---|
| | Held Basis | Securitization Impact | Managed Basis [2] |
| Net interest income (FTE) | $ 8,784 | $ 1,952 | $ 10,736 |
| Noninterest income | 11,236 | (690) | 10,546 |
| Total revenue, net of interest expense (FTE) | 20,020 | 1,262 | 21,282 |
| Provision for credit losses | 1,810 | 1,262 | 3,072 |
| Noninterest expense | 9,155 | - | 9,155 |
| Pre-tax income | 9,055 | - | 9,055 |
| Income tax expense | 3,294 | - | 3,294 |
| Net income | $ 5,761 | $ - | $ 5,761 |

[1] Represents the Consolidated FTE results plus the loan securitization adjustments, related to Card Services, utilizing actual bond costs. This is different from GCSBB which utilizes fund transfer pricing methodology.

[2] Provision for credit losses on a managed basis represents the provision for credit losses on held loans combined with realized credit losses associated with the Card Services securitized loan portfolio.



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# Reconciliation of Presented Held to Managed Basis – Consolidated 1Q08[1]

($ in millions)

| | 1Q08 | | |
|---|---|---|---|
| | Held Basis | Securitization Impact | Managed Basis [2] |
| Net interest income (FTE) | $ 10,291 | $ 2,090 | $ 12,381 |
| Noninterest income | 7,012 | (674) | 6,338 |
| Total revenue, net of interest expense (FTE) | 17,303 | 1,416 | 18,719 |
| Provision for credit losses | 6,010 | 1,416 | 7,426 |
| Noninterest expense | 9,195 | - | 9,195 |
| Pre-tax income | 2,098 | - | 2,098 |
| Income tax expense | 888 | - | 888 |
| Net income | $ 1,210 | $ - | $ 1,210 |

[1] Represents the Consolidated FTE results plus the loan securitization adjustments, related to Card Services, utilizing actual bond costs. This is different from GCSBB which utilizes fund transfer pricing methodology.

[2] Provision for credit losses on a managed basis represents the provision for credit losses on held loans combined with realized credit losses associated with the Card Services securitized loan portfolio.



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