

# **Bank of America Global Corporate and Investment Banking**

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## Forward Looking Statements

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This presentation contains forward-looking statements, including statements about the financial condition, 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) changes in general economic conditions and economic conditions in the geographic regions and industries in which the company operates; 2) changes in the interest rate environment which may reduce interest margins and impact funding sources; 3) changes in foreign exchange rates; 4) adverse movements and volatility in debt and equity capital markets; 5) changes in market rates and prices which may adversely impact the value of financial products; 6) political conditions and related actions by the United States abroad which may adversely affect the company's businesses and economic conditions as a whole; 7) liabilities and actions resulting from litigation and regulatory investigations, including costs, expenses, settlements and judgments; 8) changes in domestic or foreign tax laws, rules and regulations; 9) various monetary and fiscal policies and regulations; 10) changes in accounting standards, rules and interpretations; 11) competition from other financial institutions; 12) ability to grow core businesses; 13) ability to develop and introduce new banking-related products, services and enhancements, and gain market acceptance thereof; 14) mergers and acquisitions and their integration into the company; 15) decisions to downsize, sell or close units or otherwise change the business mix of the company; and 16) management's ability to manage these and other risks. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak as of the date they are made. Bank of America does not undertake to update any 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 and these and other risks and uncertainties, please read the company's reports filed with the SEC and available at [www.sec.gov](http://www.sec.gov).

## Key Takeaways

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- **Delivered solid 2Q results across all business segments**
- **Continue to work through illiquid capital markets positions**
- **Majority of business restructuring efforts are complete**
- **Economic environment continues to be challenging**
- **Commercial asset quality is softening; homebuilder credit quality poor**
- **Continue to invest in all business areas...commercial banking, treasury management, investment banking and capital markets, while managing expenses carefully**
- **In process of driving growth strategies**

## GCIB Overview

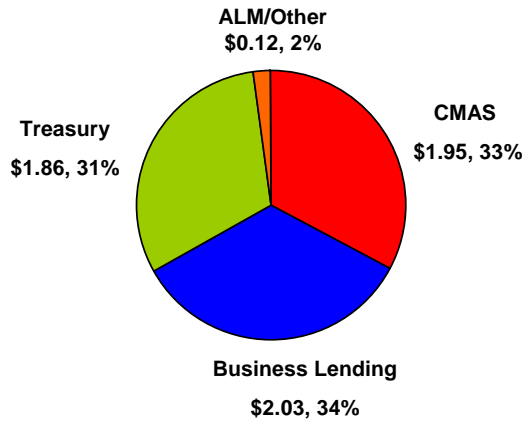
<u>Clients Served</u>	Businesses up to \$2B in revenues	Larger companies and sponsors	Investors
<u>Relationship Management Team</u>	Global Commercial Bank	Global Investment Bank	Capital Market Sales Trading Teams
<u>Capabilities</u>	Lending Treasury Management Strategic Advice Debt/Equity Capital Markets	Lending Treasury Management Strategic Advice Debt/Equity Capital Markets	Research Trading Financing
<u>Key 2Q08 Stats (1)</u>	157,600 Clients \$256B Loans \$102B Deposits \$3.2B Revenue	8,100 Clients \$79B Loans \$132B Deposits \$1.7B Revenue	5,500 Clients \$337B Trading Related Assets \$1.1B Revenue

(1 ) Client counts exclude LaSalle and Consumer DFS

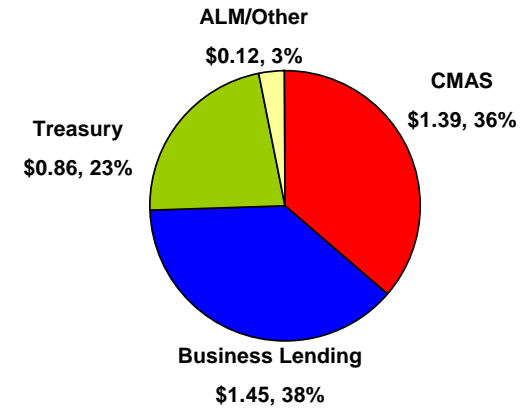
# GCIB 2Q Overview

(\$ in Billions)

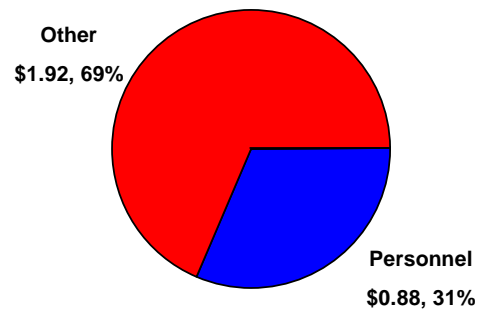
## Revenue \$5.96



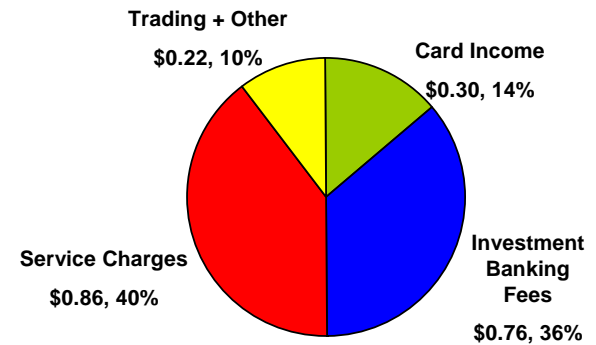
## Net Interest Income \$3.82



## Expenses \$2.80



## Non Interest Income \$2.14



## Competitive Advantages

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- **Customer base**
- **Broad product set**
- **Capital strength and stability**
- **Business Diversity**
  - Revenue
  - Risk
  - Regions

## GCIB 2Q Results

(\$ in millions)	2Q08	Increase (decrease) over	
		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
Pre-tax income	2,796	122	2,624
Income tax expense	1,050	69	985
Net income	\$ 1,746	\$ 54	\$ 1,639
Efficiency ratio	46.99 %	(732) bps	3,101 bps
Return on equity	11.57	(458)	1,084
(\$ in billions)			
Loans	\$ 335	\$ 81	\$ 10
Deposits	235	14	(1)
Average Assets	814	49	(20)
Trading Assets	337	(40)	(25)
Equity	61	19	2

### Highlights:

- Net interest income increased 6.5 % from 1Q08
  - Average loans were up \$10 billion from 1Q08 (or 3 %)
  - Average deposits up 6 % YOY, flat from 1Q08
- Noninterest income increased 594 % from 1Q08
  - Service charges: up 9% from 1Q08 and 19% from 2Q07 (excluding LaSalle)
  - \$1.6 billion lower charges for capital market disruptions
  - Strong investment banking fees
- Increased provision for credit losses
- Trading assets down 11 % YOY, reflecting more efficient balance sheet usage

## Treasury Services

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### Key Facts

- Scaled transaction platform to support all corporate customers on worldwide basis
- 140,800 customers
- 24 million customer transactions per day
- 23 countries
- \$340B total liquidity balances
- Key areas of focus:
  - World Class Sales & Services
  - Unified Client View
  - Integrated Debt and Liquidity
  - Low Cost Producer
  - Payments Transformation and Business Process Improvement

### 2Q Performance

- Net Income \$600MM
- Drivers:
  - Revenue Increase of 5%
  - Organic Deposit growth of 7%
  - Service Fee growth of 28 %
  - Expense growth of 3%
- Customer satisfaction improved to 50% from 44%
- Transitions on schedule

## Business Lending

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### Key Facts

- Lending to large and middle market companies and business banking
- 68,600 customers
- \$306B in loans, \$327B unfunded/contingent commitments
- Diverse loan portfolio
- 23 countries

### 2Q Performance

- Net Income of \$650MM
- Drivers:
  - Organic Loan growth of 16%
  - Fee growth of 26%
- Organic margin growth of 14%
- Provision \$397MM
- Transitions on schedule

# Capital Markets and Advisory Services

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## Key Facts

- In close alignment with GCIB client management groups; Global Markets product specialists serve more than 3,000 institutional investors and 4,000 issuer clients
- Debt Market Leadership, YTD 2008:
  - #1 U.S. Leveraged Loans (21% mkt share)
  - #1 U.S. Mortgage-Backed Securities (17% mkt share)
  - #2 U.S. Syndicated Loans (18% mkt share)
  - #2 U.S. High Yield Corp Debt (18% mkt share)
- Increasing Equity presence
- Recent Successes
  - Best Debt House – North America 2008
    - Euromoney 2008
  - US Dollar HY deal of the Year – Credit 2007
    - Platinum Equity's acquisition of Ryerson, Inc
  - Best Investment Grade Corporate Bond House
    - Credit 2007
  - US Loan House of the Year 2007
    - IFR 2007

## 2Q Highlights

- Earnings of \$450MM decreased \$178MM YOY due to write downs on illiquid positions (primarily CDOs)
- Excluding write downs, core Sales and Trading revenue (\$2.4B) was strong driven by Liquid Products
- Investment banking revenue had 2<sup>nd</sup> best quarter ever (\$0.76B)

## Working through Illiquid Positions

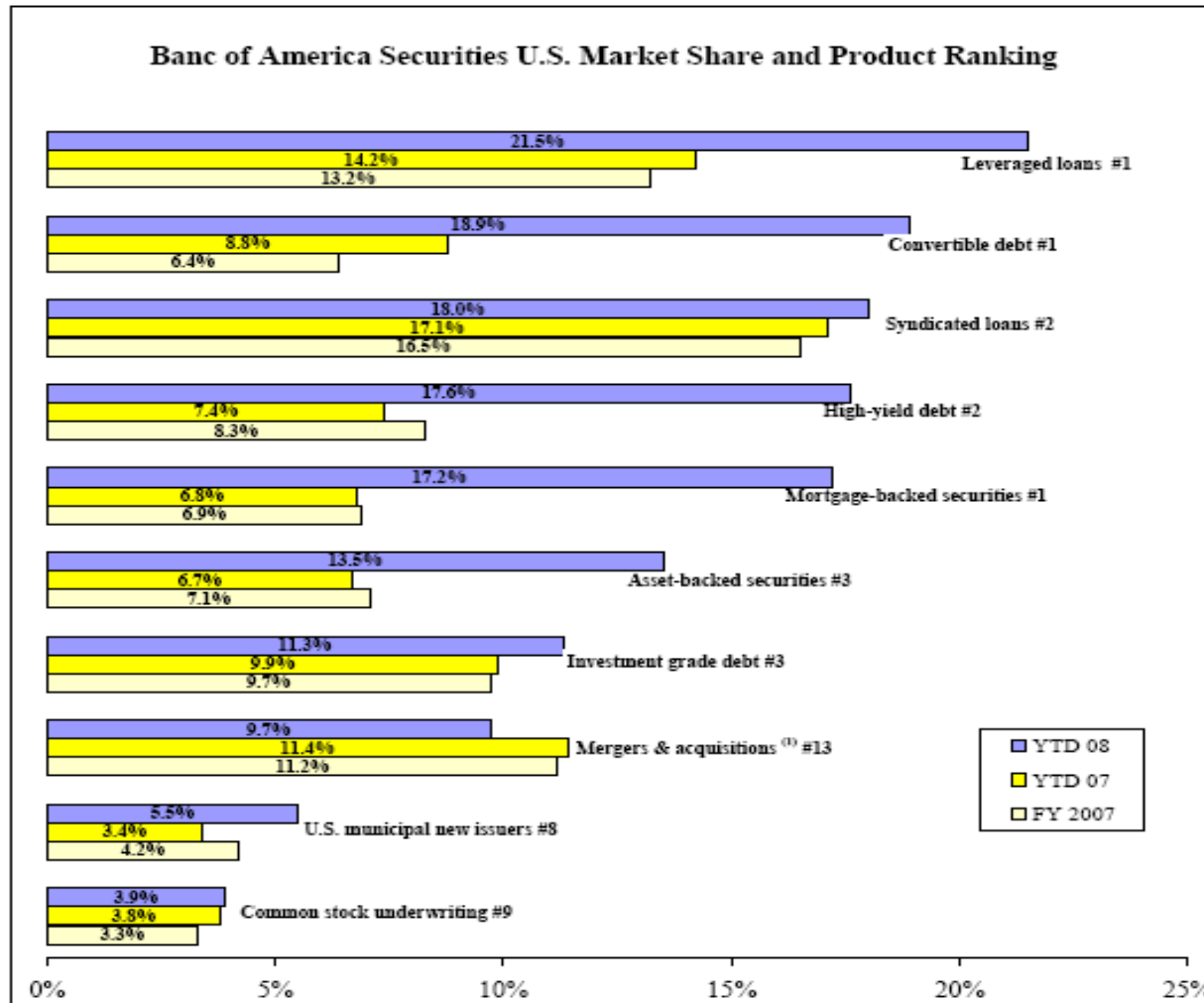
- CDOs – Active participation in Monoline restructurings; CDO liquidations upon events of default
- Leverage Finance/CMBS – Opportunistic sale of positions; Limited financing provided to investors
- ARS - Assisting issuer clients in refinancing/restructuring opportunities
- CMBS – Cleared out fixed rate conduit portfolios, continuing to work on large floating rate loans

## **Restructuring Efforts Proceeding in All Businesses**

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- **GCIB Reduced approximately 3,400 (15%) headcount October 2007 – June 2008**
- **Capital Markets & Advisory Key Initiatives**
  - **Negotiated Prime Brokerage sale**
  - **Resized Europe**
  - **Reduced balance sheet by \$40B YOY**
  - **Continued to exit complex trading products**
  - **Better aligned Investment Banking industry capabilities across the platform**
  - **Targeted reduction in expenses achieved**
- **Continue to fill talent gaps in Investment Banking, Research, Capital Markets**
- **Treasury and Business Lending Key Initiatives**
  - **Completed alignment of relationship management teams**
  - **Efforts for driving further efficiencies in progress**

## Investment Banking Market Share Gains while Restructuring in Process



Source: Thomson Financial except syndicated Loans and Leveraged Loans from Loan Pricing Corporation. Ranked based on deal size.

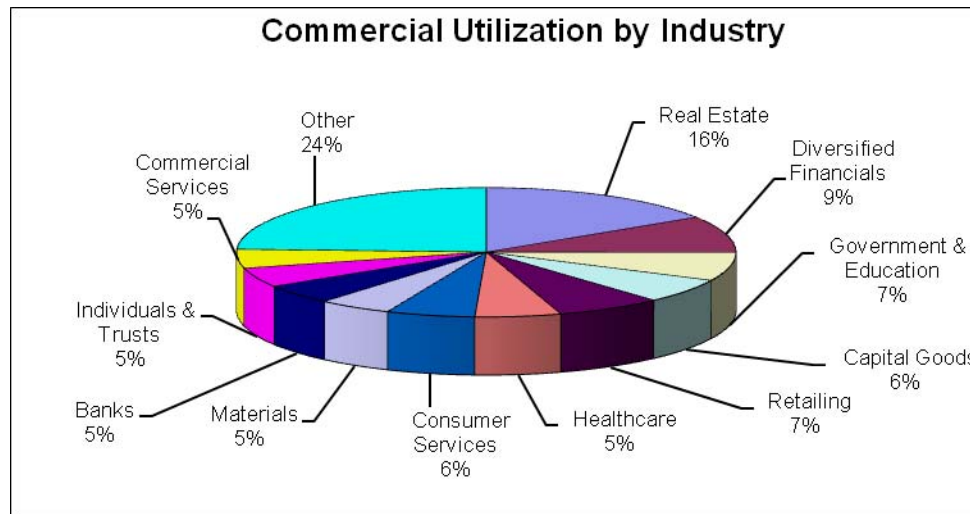
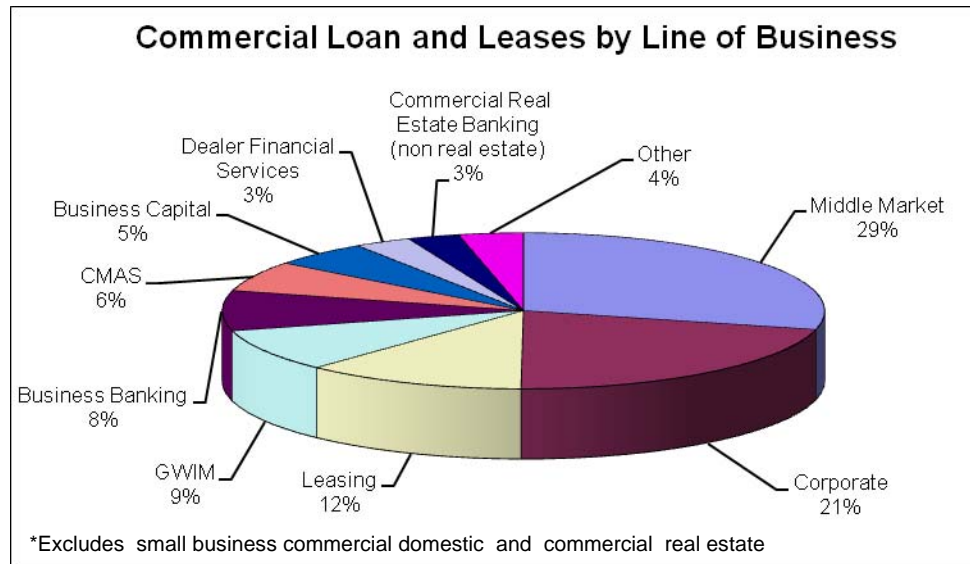
(1) M&A Announced Advisor Rankings

## Asset Quality

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- **Economic environment driving consumer losses higher**
- **Commercial asset quality softening from recent historic low points**
- **Primary driver of problem assets continues to be homebuilder exposure and residential real estate related industries**
- **Total commercial criticized exposure represented 6.15% of total exposure at 2Q08, an increase of 100 bps from 1Q08**
  - **Excluding commercial real estate the increase was 85 bps to 4.48%**
- **Solid coverage ratios against NPLs and C/Os**

## Diverse Portfolio of Commercial and Industrial Loans – 2Q08



## Commercial Asset Quality - Commercial Loan & Leases

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### Commercial Loan & Leases <sup>(1)</sup>

(\$ in millions)	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>	<u>2Q08</u>
Avg Balance	\$ 188,468	\$ 200,163	\$ 241,893	\$ 240,694	\$ 249,764

### **Ratios:**

Net charge-offs	0.05%	0.01%	0.14%	0.14%	0.13%
90+ performing DPD	0.04%	0.06%	0.07%	0.09%	0.12%
Nonperforming loans	0.22%	0.32%	0.37%	0.48%	0.44%
Criticized utilized exposure <sup>2</sup>	2.40%	2.72%	2.95%	3.55%	4.44%
Allowance	1.03%	0.99%	0.96%	0.99%	0.88%

(1) Excludes Small Business (managed in Global Consumer) and Commercial Real estate and FVO loans

(2) Excludes FVO loans and assets held for sale

## Commercial Asset Quality – Real Estate

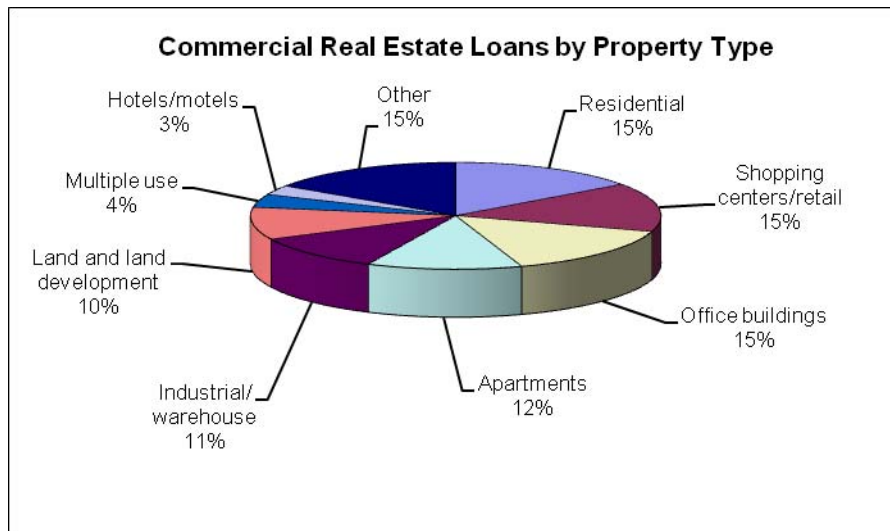
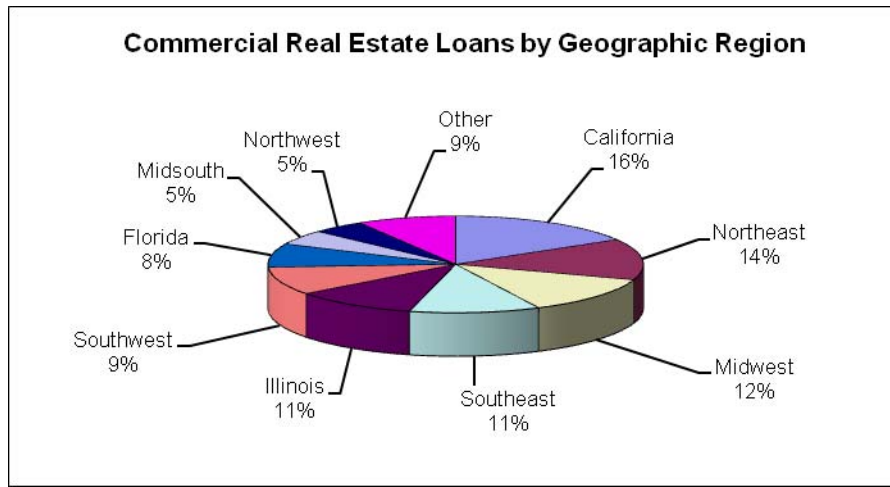
### Commercial Real Estate <sup>(1)</sup>

(\$ in millions)	<u>2Q07</u>	<u>3Q07</u>	<u>4Q07</u>	<u>1Q08</u>	<u>2Q08</u>	Excl. Homebuilders <u>2Q08</u>
Avg Balance	\$ 36,589	\$ 38,732	\$ 59,486	\$ 61,890	\$ 62,640	\$ 49,203
<b>Ratios:</b>						
Net charge-offs	-0.01%	0.28%	0.12%	0.70%	0.88%	0.06%
90+ performing DPD	0.00%	0.06%	0.06%	0.36%	0.42%	NA
Nonperforming loans	0.76%	0.87%	1.79%	2.59%	4.16%	0.97%
Criticized utilized exposure <sup>(2)</sup>	2.96%	7.63%	10.35%	13.36%	15.62%	4.98%
Allowance	1.63%	1.60%	1.77%	1.92%	2.12%	NA

(1) Excludes FVO loans

(2) Excludes FVO loans and assets held for sale

## Commercial Real Estate Diversity – 2Q08



## Strategies for Growth

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- **Leverage restructured platforms**
- **Focus primarily on our U.S. client base and extensions of their businesses internationally**
- **Drive client strategies that**
  - **Leverage the strength of our franchise**
  - **Deliver an integrated sales and service experience**
  - **Prioritize markets and industry sectors**
  - **Balance risk and reward**
- **Effective utilization of balance sheet and capital**
- **Continue to invest in people and technology**

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