

Excessive or Luxury Expenditures Policy

September 2009

Finance Services Group



Approved by Bank of America Board of Directors on August 21, 2009

Overview:

Bank of America Corporation is committed to fiscal responsibility and doing the right thing for its customers, associates and shareholders. Based on our normal business practices, we have created policies that manage expenditures and ensure appropriate management oversight. These policies are reviewed and updated regularly to reflect changing business practices, laws and regulations.

The expense policies at Bank of America are designed to provide principles for prudent spending across multiple expense types, while also allowing reasonable flexibility to accomplish business goals. These existing policies reasonably limit excessive or luxury expenditures.

The “Excessive or Luxury Expenditures Policy” applies to Bank of America Corporation and each of the lines of business in its global operations (herein referred to as “Bank of America” or the “corporation.”) It supplements other Bank of America policies and is intended to address:

- What the corporation may consider an excessive or luxury expenditure
- Pre-approval for any potential excessive or luxury expenditure when applicable
- What is a prohibited excessive or luxury expenditure
- Applicable reporting of excessive or luxury expenditures
- Mandatory results of non-compliance with this policy

For the purpose of this policy, excessive expenditures are those that Bank of America would reasonably consider as beyond normal limits or lacking restraint for the normal course of the corporation’s business. As such, expenditure limits may differ between the lines of business.

The Excessive or Luxury Expenditures Policy is effective for all expenses or goods and services procured on or after September 13, 2009. Associates are required to read, understand, and adhere to this global policy as it applies to every line of business. Failure to adhere to this policy could result in the associate not being reimbursed and could further result in disciplinary action up to and including termination. Violations and perceived violations to, and exceptions from, this policy will be reported monthly to Executive Management up to and including the CEO and the CFO.

Covered Expenditures

This policy covers reasonable expenditures for

- Entertainment or events
- Office or facility renovations
- Aviation or other transportation services
- Other similar activities or events related to associate or business development, reasonable performance recognition, or other similar activities for which we provide reimbursement to associates in the normal course of the corporation’s business operations

Reporting

Each month, reporting will be compiled and reviewed for the following:

- Excessive or luxury expenditures that required and received prior approval
- Expenditures that reasonably appeared to be or were deemed to be excessive or luxury and did not receive prior approval
- Expenditures that were prohibited

Reporting will be reviewed by senior and risk management functions as needed. Any expenditure confirmed to be excessive or luxury will be forwarded to the CEO, the CFO and other senior officers as deemed appropriate.

Entertainment or Events

Bank of America utilizes entertainment or events to drive business and revenue growth, build shareholder value and help advance our community and philanthropic objectives. These activities are carefully and thoughtfully evaluated to ensure that they are primarily focused on legitimate business purposes and not on extraneous recreational or non-business activities. Locations, venues, activities, food selections and entertainment are determined based on (1) the revenue-generating potential of the event, (2) whether it is an appropriate use of company resources and (3) whether there are alternatives available that would maximize cost savings and benefits.

Reasonable expenditures occur when the costs of entertainment or events do not exceed the expected benefit to the corporation. Expected benefit will be measured by quantitative factors - including but not limited to the return on investment, return on objective, or value to the shareholder - and qualitative factors such as the business relationship or competitive advantage.

Entertainment or events that are focused on non-business activities or that are not intended to help advance our community and philanthropic objectives are prohibited. Exceptions will be captured through self-reporting of all entertainment or events and elevated to senior management.

Policy violations will be identified through periodic reviews of entertainment or events. Non-compliant expenditures may be rejected and will be reported to senior management up to and including the CEO and the CFO.

Office or Facility Renovations

Bank of America facility related building and work space renovations are managed internally with standards for alignment of associate workstation, office size and interior finishes. Facility build-outs and interior renovations meet the functional needs of the business, customers and associates, as well as optimize real estate use across the portfolio in a manner consistent with normal operations for our industry. Additionally, Bank of America is committed to being a socially responsible company and considers the use of "green" materials and practices to be reasonable, prudent, and the right thing to do for our customers and communities.

Excessive expenditures for interior space build-out would include any component, finish or workstation/office size unreasonably above and beyond the standard. Any request for exception to the standard (i.e. office size, finish or component) is reviewed for business functional need and cost impact to the project. Although requests for exceptions are rarely granted, one could potentially be escalated to senior management for approval before committing to the expenditure.

Anything in excess or beyond reasonable variation of standard and not having senior management approval is considered "prohibited" and not acceptable for implementation. Examples include expenditures for specialty or antique furniture, customized finishes, and construction of non-standard office sizes or private restrooms.

Exceptions will be captured and reported monthly. There are multiple controls in place to verify alignment to standards and to document reasonable exceptions. In addition to oversight by functional and internal subject matter experts, formal tollgates are used to evaluate projects several times during the project lifecycle. A project cannot move forward and commit dollars to prohibited items; therefore, violations to this policy should not occur during the course of building or renovating.

Corporate Aviation and Other Transportation

Bank of America maintains and controls usage of corporate aircraft. Senior management is encouraged to use corporate aircraft when traveling on business for the corporation for safety and efficiency purposes. Controls are in place to capture and report information consistent with regulations and good business practices. Other upgraded transportation services are also allowed when reasonable for business purposes, business development, safety or when it is the most cost effective method of transportation.

Reasonable usage of the aircraft and other upgraded transportation services for conducting the business of Bank of America is allowed. Use outside of reasonable business development or associate safety would be considered excessive and not allowed. Any exceptions would only be for emergency reasons, and at no time would an emergency exception be considered as excessive. Other upgraded transportation services outside of what is reasonable for business development, associate safety, or cost containment are not allowed. Therefore no pre-approval process or reporting will be developed for purposes of this policy.

All usage of corporate aircraft is controlled and scheduled centrally with periodic reporting of usage to senior management, thereby eliminating the likelihood of a violation. Other upgraded transportation services reimbursements are subject to sampling techniques and any violations found will be reported to senior management up to and including the CEO and the CFO.

Other Similar Activities

Bank of America, as a normal course of business, encourages associates to manage expenses carefully. We also have a pay-for-performance culture that believes reasonable recognition awards and staff development opportunities are appropriate when rewarding significant achievements or increasing associate knowledge and business acumen. Any expenditure that would reasonably be considered beyond normal limits or lacking restraint in the normal course of the corporation's business would be considered excessive and would be prohibited. As such no pre-approval process will be developed for purposes of this policy.

Managers review and approve significant spend prior to payment request submission. Sampling of expenses submitted for payment or reimbursement are further reviewed centrally for reasonableness. Any sampled expense that appears to be excessive will be escalated to management for review and may be escalated further to senior management and could result in the payment not being made. Such items will be reviewed monthly by senior and risk management functions as needed. Any expenditure confirmed to be excessive, will be reported to the CEO, the CFO or other senior management as deemed appropriate.