Bank of America Second Quarter 2009 Results

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Forward-looking statements speak only as of the date they are made, and Bank of America undertakes no obligation to update any forward-looking statement to reflect the impact of circumstances or events that arise after the date the forward-looking statement was made.



Important Presentation Format Information

- Certain prior period amounts have been reclassified to conform to current period presentation
- This information is preliminary and based on company data available at the time of the presentation



Summary

- 2Q09 net income of \$3.2 billion
- Diluted EPS of \$0.33 after preferred dividends
- 2Q09 revenue and pre-tax pre-provision earnings of \$33.1 billion and \$16.1 billion on a fully taxable-equivalent basis
- Record investment banking revenue of \$1.6 billion, up nearly \$600 million from 1Q09
- Sales and Trading revenue, excluding change in credit valuation adjustment on derivative liabilities and market disruption charges, rose above strong 1Q09 revenue
- Mortgage banking income of \$2.5 billion driven by increased production due to a favorable interest rate environment
 - Home loan production of \$114 billion increased 28% from 1Q09 and 237% from 2Q08
- 2Q09 included the following items on a pre-tax basis (except for tax item):
 - \$5.3 billion gain on sale of partial ownership in China Construction Bank
 - \$3.8 billion gain related to the sale of merchant processing business into a joint venture
 - \$3.6 billion negative fair value credit adjustment on Merrill Lynch structured notes
 - \$1.6 billion negative valuation adjustment on derivative liabilities due to our credit spreads tightening
 - \$1.3 billion capital markets disruption charges
 - \$760 million FDIC special assessment
 - Income tax benefit primarily resulting from release of deferred tax asset valuation allowance
 - Lower preferred dividends from preferred exchanges
 - Higher share count from capital raising
- Given the continued deterioration in the economy the company strengthened reserves for credit losses by \$4.7 billion in the quarter
 - Allowance now covers 3.61% of loans and including reserve for unfunded lending commitments stands at \$36 billion
 - Net charge-offs of \$8.7 billion and provision expense of \$13.4 billion
 - Total credit costs, including losses on securitized receivables, were \$16.4 billion
- Some signs of stabilization are beginning to show in early stage consumer delinquencies
- Retail deposits grew \$10.5 billion, or 1.7% (excluding expected Countrywide runoff)
- Credit extended in the quarter totaled \$211 billion
- Tier 1 Common improved to 6.9% while Tier 1 Capital Ratio improved to 11.9%
- Tangible Book Value Per Share improved to \$11.66 from \$10.88 in 1Q09
- Company continues to successfully operate in a tough economic environment



Consolidated Highlights - 2Q09

| (\$ in millions) | | Increase (decrease) over | | | | | |
|--|-----------|--------------------------|---------|-----|---------|-----------|--|
| | 2Q09 | 2Q08 | | | | 1Q09 | |
| Net interest income (FTE) | \$ 11,942 | \$ | 1,005 | | \$ | (877) | |
| Noninterest income | 21,144 | | 11,355 | | | (2,117) | |
| Total revenue, net of interest expense (FTE) | 33,086 | | 12,360 | | (2,994) | | |
| Provision for credit losses | 13,375 | | 7,545 | | (5) | | |
| Noninterest expense | 17,020 | | 7,361 | | | 18 | |
| Pre-tax income | 2,691 | | (2,546) | | | (3,007) | |
| Income tax benefit (FTE) | (533) | | (2,360) | | | (1,984) | |
| Net income | \$ 3,224 | \$ | (186) | | \$ | (1,023) | |
| Preferred stock dividends | 805 | | 619 | | | (628) | |
| Net income applicable to common shareholders | \$ 2,419 | \$ | (805) | | \$ | (395) | |
| Diluted EPS | \$ 0.33 | \$ | (0.39) | | \$ | (0.11) | |
| Return on common equity | 5.59 % | | (366) I | bps | | (151) bps | |
| Tangible return on equity | 8.86 | | (926) I | bps | | (356) bps | |



Summary of Large Items Impacting Earnings ¹

| (\$ in billions) | | | | | | | | |
|--|----|-------|----|-------|----|--------|--|--|
| | 2 | 2Q09 | 1 | Q09 | С | Change | | |
| Net interest income (FTE) | \$ | 11.9 | \$ | 12.8 | \$ | (0.9) | | |
| Noninterest income | | 21.1 | | 23.3 | | (2.1) | | |
| Total revenue (FTE) | | 33.1 | | 36.1 | | (3.0) | | |
| Noninterest expense | | 17.0 | | 17.0 | | - | | |
| Pre-tax pre-provision for credit loss income (FTE) | \$ | 16.1 | \$ | 19.1 | \$ | (3.0) | | |
| Large items: | | | | | | | | |
| Pre-tax gain on sale of CCB shares Pre-tax gain on sale of merchant processing | \$ | 5.3 | \$ | 1.9 | \$ | 3.4 | | |
| business to a joint venture Fair value credit adjustment on Merrill Lynch | | 3.8 | | - | | 3.8 | | |
| structured notes | | (3.6) | | 2.2 | | (5.8) | | |
| Counterparty valuation adjustment on derivative | | | | | | | | |
| liabilities | | (1.6) | | 1.7 | | (3.3) | | |
| FDIC special assessment | | (8.0) | | - | | (8.0) | | |
| Capital markets disruption charges | | (1.3) | | (1.7) | | 0.5 | | |
| Total large items | \$ | 1.8 | \$ | 4.1 | \$ | (2.3) | | |
| Pre-tax pre-provision excluding large items (FTE) | \$ | 14.2 | \$ | 15.0 | \$ | (0.7) | | |
| Provision expense | | | | | | | | |
| Net charge-offs | \$ | 8.7 | \$ | 6.9 | \$ | 1.8 | | |
| Increase in allowance for credit losses | | 4.7 | | 6.4 | | (1.8) | | |
| Total provision expense | \$ | 13.4 | \$ | 13.4 | \$ | - | | |

Other items impacting EPS but not pre-tax pre-provision earnings

- Higher share count as a result of capital raising in response to supervisory stress test results
- Income tax benefit primarily resulting from release of deferred tax asset valuation allowance
- Higher net income available to common shareholders as a result of lower preferred dividends
 - \$250 million lower quarterly dividends from preferred exchanges going forward, with \$65 million realized during 2Q09
 - \$576 million net benefit resulting from exchanges



Strategic Alliance with First Data to form World Class Merchant Payments Solution Company

Bank of America

Contributed Assets

240,000 merchant relationships Approximately \$500 million revenue stream Sales force of roughly 350

Key Attributes

Bank of America brand name
Many large trusted client relationship opportunities
Distribution platform
6,100 banking centers

2,500 Commercial / corporate bankers

First Data

Contributed Assets

140,000 merchant relationships Approximately \$500 million revenue stream Sales force of roughly 200

Key Attributes

Superior product capabilities Global presence State of the art technology Sales expertise

- Joint Venture will be approximately 46.5% owned by Bank of America, 48.5% First Data and 5% investment vehicle controlled by a third party investor
- The alliance creates an industry-leading business model blending First Data's cutting-edge technology and expertise with the scope and reach of Bank of America to deliver payment products and services to merchants.
- Customers will be migrated to First Data platform after a transition period
- First Data will consolidate the joint venture
- Bank of America will account for the joint venture under the equity method of accounting
- Bank of America recorded a \$3.8 billion pre-tax gain on the sale
- The joint venture will benefit from both companies' leading attributes to provide clients the most comprehensive suite of payment solutions globally across all channels



Deposits Highlights – 2Q09

| (\$ in millions) | Increase (decrease) over | | | | | |
|--|--------------------------|----|---------|------|-------|--|
| | 2Q09 | | 2Q08 | 1Q09 | | |
| Net interest income (FTE) | \$ 1,748 | \$ | (877) | \$ | (163) | |
| Noninterest income | 1,747 | | (28) | | 246 | |
| Total revenue, net of interest expense (FTE) | 3,495 | | (905) | | 83 | |
| Noninterest expense | 2,649 | | 325 | | 290 | |
| Pre-tax pre-provision for credit loss income | \$ 846 | \$ | (1,230) | \$ | (207) | |
| Provision for credit losses | \$ 96 | \$ | 7 | \$ | 5 | |
| Net income | \$ 505 | \$ | (733) | \$ | (96) | |

- Deposits net income was down \$96 million from 1Q09
- Lower net interest income as residual net interest income allocations outweighed the benefits of deposit growth and spread improvement
- This quarter also reflects the migration of customers from GWIM to the Deposits segment, where they can be serviced more efficiently
 - This migration contributed \$32 billion of linked quarter balance growth
- Continuing to drive deposit growth (excluding expected runoff from Countrywide deposits)
 - Within the Deposits segment, average balances grew \$13 billion organically from 1Q09
 - Total Retail deposits¹ grew \$10.5 billion from 1Q09
 - Affinity sales represent 39% of checking sales in 2Q09
- 2Q09 noninterest income driven by higher service charges
- Noninterest expense included charges for the FDIC special assessment

| Key Stats ² | 2Q0 | <u>)9</u> | <u>1Q09</u> | | |
|---|--------|-----------|-------------|---------|--|
| Consumer and small business relationships | 53 | million | 55 | million | |
| Online banking customers | 29.2 | million | 29.5 | million | |
| Banking stores | 6,109 | | 6,145 | | |
| ATMs (branded) | 18,426 | | 18,532 | | |
| States in footprint | 32 | | 32 | | |



¹ Retail deposits include GWIM deposits, certain deposits from Global Banking and All Other

² Excluding Countrywide and Merrill Lynch

Continued Momentum Growing Retail Deposits

Bank of America Retail Deposits ¹

| | | | | | | | | | _ | 2Q09 | VS | |
|--|----|-------|----|-------|----|-------|---------------------|----|---------------|-------------|--------------|-------------|
| Average (\$ in billions) Retail | : | 2Q08 | : | 3Q08 | : | 4Q08 | 1Q09 | : | 2Q09 | <u>2Q08</u> | <u>1Q09</u> | |
| Legacy Bank of America Legacy Merrill Lynch | \$ | 529.4 | \$ | 537.4 | \$ | 556.2 | \$ 554.5 81.0 | \$ | 561.4 84.6 | 6.0% | 1.2% 4.4% | 1.7% growth |
| Legacy Countrywide | | | | 38.7 | | 31.6 | 26.0 | | 19.7 | | -24.2% | |
| Total Retail | \$ | 529.4 | \$ | 576.1 | \$ | 587.8 | \$ 661.5 | \$ | 665.7 | 25.7% | 0.6% | |

- Average retail deposits improved \$10.5 billion or 1.7% excluding the expected runoff of high yielding Countrywide balances compared to 1Q09
- Merrill Lynch retail deposits have increased \$6.6 billion since acquisition as financial advisors are successful in providing customers the benefits of an expanded product suite
- Legacy Countrywide retail balances are declining as expected as pricing strategies are being aligned with Legacy Bank of America
- Product mix continues to shift towards high margin checking products, which now represent over 40% of retail deposit balances (excluding Countrywide)
- Average retail deposits are up \$136.3 billion from 2Q08
- Merrill Lynch and Countrywide average retail balances contributed \$104.3 billion year over year
- Legacy Bank of America average deposits grew 6% compared to 2Q08



¹ Retail deposits include GWIM deposits, certain deposits from Global Banking and All Other

Global Card Services Highlights – 2Q09

| (\$ in millions) | | Inc | ncrease (decrease) over | | | | |
|--|-----------|----------|-------------------------|---------|----|-------|--|
| | 2Q09 | | | 2Q08 | | 1Q09 | |
| Net interest income (FTE) | \$ 5,049 | • | \$ | 307 | \$ | (210) | |
| Noninterest income | 2,288 | 3 | | (470) | | 38 | |
| Total revenue, net of interest expense (FTE) | 7,337 | 7 | | (163) | | (172) | |
| Noninterest expense | 1,976 | <u> </u> | | (399) | | (101) | |
| Pre-tax pre-provision for credit loss income | \$ 5,361 | <u> </u> | \$ | 236 | \$ | (71) | |
| Provision for credit losses | \$ 7,741 | | \$ | 3,482 | \$ | (700) | |
| Net income (loss) | \$ (1,618 | 3) | \$ | (2,200) | \$ | 258 | |

- Global Card Services recorded a net loss of \$1.6 billion driven by a \$7.7 billion provision for credit losses
 - The loss narrowed from 1Q09 primarily driven by a lower addition to reserve
- Ending loans of \$216 billion are down 2.7% from 1Q09 and 10.3% from 2Q08, primarily as a result of continued risk mitigation efforts
 - Unused commitments were reduced over \$31 billion or 5% in the quarter
- Retail volume is up 8% from 1Q09 due to seasonality and down 10% compared to 2Q08, primarily as a result of the economic driven reductions in consumer spending
 - Retail credit card volumes up 7% from 1Q09 and down 19% from 2Q08
 - Debit card volume up 8% from 1Q09 and 2% from 2Q08
- Credit costs continue to remain elevated as consumer stress remains high as a result of increased unemployment and underemployment levels, and higher bankruptcies
 - Managed losses increased \$1.7 billion or 31% from 1Q09 reflective of the higher delinquency levels experienced in prior quarters coupled with increased bankruptcy filings
 - Added \$645 million to reserves, related primarily to maturing securitizations, decreased \$2.4 billion from 1Q09 as a result of the stabilization of consumer loss trends
 - Early stage delinquency performance improved in 2Q09, with overall linked quarter 30+ day dollars decreasing by over \$600 million in managed Consumer Card

| Key Stats | | |
|---|-------------|-------------|
| (\$ in Millions; Accounts in Thousands) | <u>2Q09</u> | <u>1Q09</u> |
| Managed Credit Card Data | | |
| Gross interest yield | 11.3% | 11.7% |
| Risk adjusted margin | 1.3% | 4.6% |
| New account growth | 958 | 1,230 |
| Purchase volumes | 51,944 | 48,056 |
| | | |
| Debit Card Data | | |
| Debit purchase volumes | 55,158 | 51,133 |



Home Loans & Insurance Highlights – 2Q09

| (\$ in millions) | Increase (decrease) over | | | | | |
|--|--------------------------|-------|----|-------|----|-------|
| | | 2Q09 | | 2Q08 | | Q09 |
| Net interest income (FTE) | \$ | 1,197 | \$ | 577 | \$ | 18 |
| Noninterest income | | 3,264 | | 2,623 | | (780) |
| Total revenue, net of interest expense (FTE) | | 4,461 | | 3,200 | | (762) |
| Noninterest expense | | 2,829 | | 2,097 | | 179 |
| Pre-tax pre-provision for credit loss income | \$ | 1,632 | \$ | 1,103 | \$ | (941) |
| Provision for credit losses ¹ | \$ | 2,726 | \$ | 692 | \$ | (646) |
| Net income (loss) | \$ | (725) | \$ | 223 | \$ | (227) |

- Home Loans & Insurance net income decreased \$227 million to a net loss of \$725 million as 1Q09 included higher net MSR results
 - Mortgage banking income decreased \$766 million from 1Q09
 - Production revenue, while remaining at high levels, was relatively flat compared to 1Q09 as higher volume offset lower margins
 - Servicing income decreased \$780 million compared to 1Q09 primarily due to a lower favorable result on MSR performance including hedge results
 - Provision expense of \$2.7 billion decreased \$646 million from 1Q09
 - Losses of \$1.6 billion and additions to reserve of \$1.1 billion
 - Net charge-offs increased \$106 million from 1Q09
 - Additions to reserve declined by \$752 million from 1Q09 due mainly to lower provision on impaired loans acquired in the Countrywide acquisition

| Key Stats | : | 2Q09 | <u>1Q09</u> | | |
|-----------------------------------|----|-------|-------------|-------|--|
| (\$ in billions) | | | | | |
| Total Corp Home Loan Originations | | | | | |
| First Mortgage | \$ | 110.6 | \$ | 85.2 | |
| Home Equity | | 3.6 | | 4.0 | |
| MSR, Ending Balance | \$ | 18.5 | \$ | 14.1 | |
| Capitalized MSR, bps | | 109 | | 83 | |
| Serviced for Others, EOP | \$ | 1,703 | \$ | 1,699 | |

¹ Provision expense in this segment represents home equity provisioning in HL&I as the majority of residential mortgages utilized by our treasury group in managing the interest rate risk of the company are included in All Other



Global Wealth & Investment Management Highlights – 2Q09

| (\$ in millions) | Inci | Increase (decrease) over | | | | |
|--|------|--------------------------|----|-------|------|-------|
| | | 2Q09 | 2 | 2Q08 | 1Q09 | |
| Net interest income (FTE) | \$ | 1,291 | \$ | 142 | \$ | (364) |
| Noninterest income | | 2,905 | | 1,759 | | 197 |
| Total revenue, net of interest expense (FTE) | | 4,196 | | 1,901 | | (167) |
| Noninterest expense | | 3,304 | | 2,060 | | 14 |
| Pre-tax pre-provision for credit loss income | \$ | 892 | \$ | (159) | \$ | (181) |
| Provision for credit losses | \$ | 238 | \$ | 119 | \$ | (16) |
| Net income | \$ | 441 | \$ | (140) | \$ | (69) |

- GWIM reported net income of \$441 million as the impact of reduced net interest income was partially offset by increased noninterest income
 - Net interest income was pressured as a result of interest rate risk and liquidity actions related to our corporate ALM activities and the migration of customers to the Deposit and the Home Loans & Insurance segments
 - Noninterest income improved from 1Q09
 - Recorded \$167 million lower costs associated with the support of certain cash funds
 - Higher transactional brokerage and seasonal tax preparation fees
 - Assets under management of \$705 billion increased \$8 billion during the quarter as market valuation improvements were mostly offset by outflows from money market funds



Global Banking Highlights – 2Q09

| (\$ in millions) | Inc | rease (de | ecrease) over 1Q09 \$ (77) | | | | |
|--|-------------|-----------|----------------------------------|----|-------|--|--|
| | 2Q09 | | 2Q08 | | 1Q09 | | |
| Net interest income (FTE) | \$ 2,738 | \$ | 221 | \$ | (77) | | |
| Noninterest income | 5,920 | | 3,982 | | 4,095 | | |
| Total revenue, net of interest expense (FTE) | 8,658 | | 4,203 | | 4,018 | | |
| Noninterest expense | 2,232 | | 485 | | (283) | | |
| Pre-tax pre-provision for credit loss income | \$ 6,426 | \$ | 3,718 | \$ | 4,301 | | |
| Provision for credit losses | \$ 2,584 | \$ | 2,184 | \$ | 736 | | |
| Net income | \$ 2,487 | \$ | 1,054 | \$ | 2,315 | | |

- Global Banking net income of \$2.5 billion increased \$2.3 billion compared to 1Q09
 - Revenue increase of \$4.0 billion compared to 1Q09 driven by a \$3.8 billion gain on sale of merchant processing business into a joint venture
 - Record investment banking income (shared mostly between Global Banking and Global Markets)
 - Net interest income was negatively impacted by allocations driven by interest rate risk and liquidity actions related to our corporate ALM activities
 - Noninterest expense decrease of \$283 million compared to 1Q09
 - Lower personnel, occupancy and litigation related expenses
 - Partially offset by costs of the FDIC special assessment
 - Provision increased \$736 million compared to 1Q09
 - Net charge-offs increased \$355 million
 - 2Q09 reserve addition of \$1.1 billion was up \$381 million from 1Q09 (primarily within commercial real estate and commercial domestic portfolios)
 - Average loans were down \$7.8 billion compared to 1Q09 as demand softened
 - Average deposits increased \$3.8 billion compared to 1Q09



Investment Banking Fees – 2Q09

| (\$ in millions) | ; | 2Q09 | Increase (decrease) over 1Q09 | | | | |
|-------------------------------|----|-------|----------------------------------|------|--|--|--|
| Advisory | \$ | 292 | \$ | (37) | | | |
| Debt Issuance | | 944 | | 289 | | | |
| Equity Issuance | | 508 | | 351 | | | |
| Gross Fees | | 1,744 | | 603 | | | |
| Other ¹ | | (98) | | (12) | | | |
| Total Investment Banking Fees | \$ | 1,646 | \$ | 591 | | | |

- Investment banking fees in 2Q09 were up \$591 million from 1Q09 as high yield, leveraged loan syndication and equity capital markets experienced significant growth
- Bank of America Merrill Lynch was No. 3 in global and No. 2 in U.S. investment banking fees during the first half of 2009
- Bank of America Merrill Lynch was No. 1 based on first half volume in global and U.S.:
 - High-yield debt
 - Leveraged loans
 - Mortgage-backed securities
- Bank of America Merrill Lynch was No. 5 on announced mergers and acquisitions globally and in the U.S.
- · Lead advisor and/or underwriter in many well known deals announced during the quarter

Source for rankings – Dealogic



¹ Includes the offset to fees paid on the Corporation's own transactions

Global Markets Highlights – 2Q09

| (\$ in millions) | | | Inc | rease (de | creas | se) over |
|--|----------|--------------------|----------|-------------|------------|-----------------|
| | | 2Q09 2Q08 1 | | 1Q09 | | |
| Net interest income (FTE) | \$ | 1,507 | \$ | 310 | \$ | (382) |
| Noninterest income | | 2,945 | | 2,764 | | (2,065) |
| Total revenue, net of interest expense (FTE) | | 4,452 | | 3,074 | ' <u>-</u> | (2,447) |
| Noninterest expense | | 2,559 | | 1,608 | | (497) |
| Pre-tax pre-provision for credit loss income | \$ | 1,893 | \$ | 1,466 | \$ | (1,950) |
| Provision for credit losses Net income | \$ \$ | (1) 1,377 | \$ \$ | 37 1,079 | \$ \$ | (52) (1,058) |

- Global Markets net income of \$1.4 billion decreased \$1.1 billion from 1Q09 as the credit valuation adjustment on derivative liabilities in 2Q09 was a negative \$1.6 billion versus a positive \$1.7 billion in 1Q09
 - Excluding change in credit valuation adjustment on derivative liabilities and capital markets disruption charges, sales and trading results were above strong 1Q09 revenue
 - Quarter included a decrease in market-based disruption charges, including CDO, CMBS and leveraged finance-related losses. 2Q09 capital market disruption charges were \$1.3 billion compared to \$1.7 billion in 1Q09, of which \$900 million and \$1.6 billion was included in Global Markets
 - Noninterest expense decreased \$497 million compared to 1Q09 driven by lower performance based compensation and continued benefits of merger related savings
 - Trading related assets declined 6% on average as deleveraging and risk reduction continued



Sales & Trading Revenue – 2Q09

| (\$ in millions) | | 2Q09 | Increase (decrease) | | |
|--|----|---------------|---------------------|-----------|--|
| | Sa | les & Trading | • | over 1Q09 | |
| Fixed Income, Currency and Commodities | \$ | 2,685 | \$ | (2,118) | |
| Equity Income | | 1,165 | | (284) | |
| Total Sales and Trading | \$ | 3,850 | \$ | (2,402) | |

- Total Sales and Trading revenue of \$3.9 billion, a decrease of \$2.4 billion from 1Q09
- The change in credit valuation adjustment on derivative liabilities between quarters was \$3.3 billion, a \$1.6 billion charge in 2Q09 versus a \$1.7 billion gain in 1Q09
- Decreased market disruption charges of \$400 million compared to 1Q09, \$1.3 billion charges in 2Q09 versus \$1.7 billion charges in 1Q09
- Strong credit trading results, equity trading and distressed debt offset a reduction in mortgage products and a step down from strong 1Q09 rates and currency results



Key Capital Markets Risk Exposures – 2Q09

Super Senior CDO related

| (\$ in million | s) | | | | | | | | | 2Q09 Total | | 1Q09 Total |
|----------------|----|--------|----|---------|----|--------|-----|----------|------|---------------|------|---------------|
| | | | Re | etained | - | Total | | | Supe | er Senior | Supe | er Senior |
| | Su | bprime | Po | sitions | Su | bprime | Non | subprime | (| CDO | | CDO |
| | | | | | | | | | | | | |
| Unhedged | \$ | 670 | \$ | 1,241 | \$ | 1,911 | \$ | 1,558 | \$ | 3,469 | \$ | 5,135 |
| Hedged | | 1,044 | | - | | 1,044 | | 768 | | 1,812 | | 2,028 |
| Total | \$ | 1,714 | \$ | 1,241 | \$ | 2,955 | \$ | 2,326 | \$ | 5,281 | \$ | 7,163 |

- Total super senior CDO exposure reduced \$1.9 billion, or 26% from 1Q09
- 2Q09 markdown of \$813 million excluding monoline insurance marks
- \$1.9 billion unhedged subprime exposure carried at 17%
- \$1.0 billion hedged subprime exposure carried at 15%
- \$1.6 billion unhedged non-subprime exposure carried at 52%
- \$768 million hedged non-subprime exposure carried at 74%

Credit Default Swaps with Monoline Financial Guarantors

| (\$ in millions) | Su | iper Senior | Other |
|--|----|-------------|--------------|
| | | CDOs | Positions |
| Notional | \$ | 5,573 | \$ 44,899 |
| Mark to market or guarantor receivable | | 4,168 | 11,270 |
| Credit Valuation Adjustment | | (2,867) | (5,729) |
| Net mark to market of receivable | | 1,301 | 5,541 |
| Credit valuation adjustment % | | 69% | 51% |
| 2Q09 (writedown) gain | | (353) | 223 |

Other notional positions of \$45 billion were reduced \$11.0 billion, or 20% from 1Q09



Key Capital Markets Risk Exposures – 2Q09

Leveraged Loans

- Funded commitments carried at \$3.0 billion or 44% of gross value
 - Exposure reduced 32% from 1Q09
 - 2Q09 markdown of \$107 million
 - Pre-market disruption exposure carried at \$2.8 billion or 43% of gross value
 - 90% of remaining funded commitments at book value are senior secured facilities

Capital Markets Commercial Mortgage related

- Total commitments carried at \$6.9 billion with \$6.6 billion funded
 - Carrying \$5.6 billion of acquisition related large floating rate loans at roughly 69% of gross value
 - 2Q09 markdown of \$458 million predominantly floating rate positions
 - 2Q09 markdown of \$113 million on equity positions from acquisition related exposures



All Other Highlights – 2Q09

| (\$ in millions) | | | Inci | rease (ded | rea | se) over | |
|--|----|---------|------|------------|------|----------|--|
| | 2 | 2Q09 | | 2Q08 | 1Q09 | | |
| Net interest income (FTE) | \$ | (1,588) | \$ | 325 | \$ | 301 | |
| Noninterest income | | 2,075 | | 725 | | (3,848) | |
| Total revenue, net of interest expense (FTE) | | 487 | | 1,050 | | (3,547) | |
| Noninterest expense | | 1,471 | | 1,185 | | 416 | |
| Pre-tax pre-provision for credit loss income (FTE) | \$ | (984) | \$ | (135) | \$ | (3,963) | |
| Provision for credit losses | \$ | (9) | \$ | 1,024 | \$ | 668 | |
| Net income | \$ | 757 | \$ | 531 | \$ | (2,146) | |

- All Other net income decreased \$2.1 billion to \$757 million in 2Q09 compared to net income of \$2.9 billion in 1Q09, primarily as a result of the following:
 - \$3.6 billion negative fair value credit adjustment on Merrill Lynch structured notes, compared to a 1Q09 pre-tax gain of \$2.2 billion
 - Provision expense increased \$668 million mainly due to deterioration in the residential mortgage portfolio
 - Partially offset by \$5.3 billion pre-tax gain on sale of a portion of our investment in CCB compared to a 1Q09 pre-tax gain of \$1.9 billion



Asset Quality – Held Basis*

| (\$ in millions) | 2Q09 | | | | | | | | | |
|------------------------------|-----------------|-------------------|-----------|--|--|--|--|--|--|--|
| | Net Charge-offs | Reserve Additions | Provision | | | | | | | |
| Residential mortgage | \$ 1,085 | \$ 1,139 | \$ 2,224 | | | | | | | |
| Home equity | 1,839 | 886 | 2,725 | | | | | | | |
| Credit card | 2,064 | 945 | 3,009 | | | | | | | |
| Consumer lending | 1,208 | (56) | 1,152 | | | | | | | |
| SOP 03-3 impaired | - | 750 | 750 | | | | | | | |
| Other consumer | 401 | 57 | 458 | | | | | | | |
| Total consumer | 6,597 | 3,721 | 10,318 | | | | | | | |
| Small business | 773 | (254) | 519 | | | | | | | |
| Commercial real estate | 629 | 640 | 1,269 | | | | | | | |
| Other commercial | 702 | 539 | 1,241 | | | | | | | |
| Total commercial | 2,104 | 925 | 3,029 | | | | | | | |
| Unfunded lending commitments | - | 28 | 28 | | | | | | | |
| Total | \$ 8,701 | \$ 4,674 | \$ 13,375 | | | | | | | |

| Increase (decrease) from 1Q09 in | | | | | | | | |
|----------------------------------|-----------|-------------------|-----------|--|--|--|--|--|
| Net Cha | arge-offs | Reserve Additions | Provision | | | | | |
| \$ | 300 | \$ 5 | \$ 305 | | | | | |
| | 158 | 243 | 401 | | | | | |
| | 452 | (597) | (145) | | | | | |
| | 287 | (831) | (544) | | | | | |
| | - | (103) | (103) | | | | | |
| | (39) | (197) | (236) | | | | | |
| | 1,158 | (1,480) | (322) | | | | | |
| | 140 | (929) | (789) | | | | | |
| | 174 | 350 | 524 | | | | | |
| | 287 | 295 | 582 | | | | | |
| | 601 | (284) | 317 | | | | | |
| | - | - | - | | | | | |
| \$ | 1,759 | \$ (1,764) | \$ (5) | | | | | |

- Credit quality deteriorated further during the quarter as the impacts of the recessionary environment worsened. Consumers continued to experience high unemployment and underemployment and declining home prices.
- Although bankruptcies continue to increase, now approaching pre-bankruptcy reform levels, some signs of stabilization are evident in early stage delinquencies
- The commercial portfolio experienced broad-based deterioration from a customer and industry standpoint.
- Held net charge-offs increased \$1.8 billion, to 3.64% of average loans, up 79 basis points from 1Q09
- Managed net losses increased \$2.6 billion, to 4.42% of average loans, up 102 basis points from 1Q09
- Allowance for loan losses of \$33.8 billion covers 3.61% of loans and, including the reserve for unfunded commitments, is \$35.8 billion
 - Consumer allowance is \$25.2 billion, or 4.27% of loans
 - Commercial allowance is \$8.5 billion, or 2.48% of loans



Schedule reflects a held basis. Managed losses would add \$2,983 in 2Q09, an increase of \$801 million from 1Q09

Consumer Credit Card Asset Quality

| | Consumer Credit Card | | | | | | | | | |
|---------------------------|----------------------|---------|---------|---------|---------|----------|--|--|--|--|
| • | | | | | | 2Q09 | | | | |
| (\$ in mil, loans in bil) | 2Q08 | 3Q08 | 4Q08 | 1Q09 | 2Q09 | vs. 1Q09 | | | | |
| Loans EOP* | \$187.2 | \$183.4 | \$182.2 | \$173.4 | \$169.8 | \$ (3.5) | | | | |
| Net loss | 2,751 | 2,996 | 3,263 | 3,794 | 5,047 | 1,253 | | | | |
| 30+ past due | 10,347 | 10,801 | 12,168 | 13,611 | 12,969 | (642) | | | | |
| Net loss % | 6.0% | 6.4% | 7.2% | 8.6% | 11.7% | 311 bps | | | | |
| 30+ past due % | 5.5% | 5.9% | 6.7% | 7.9% | 7.6% | (21) bps | | | | |

^{*} Loans are shown on a managed basis

Consumer Credit Card – Managed Basis 1

- Net losses increased \$1.3 billion to \$5.0 billion as the loss ratio climbed 311 basis points to 11.73%
 - US credit card portfolio refreshed FICO of 691 while originated average FICO was 771 in 2Q09
 - California and Florida represent 24% of balances but 34% of managed losses
 - Losses impacted by unemployment and remain higher in geographies of housing stress
- 30+ delinquencies decreased \$642 million, or 21 basis points to 7.64% of loans
- 90+ delinquencies increased \$235 million, or 22 basis point to 4.21% of loans
- Unused commitments were reduced over \$30 billion in 2Q09



¹ Credit Card includes U.S., Europe and Canada consumer credit card

Home Loan Asset Quality ¹

| Residential Mortgage | | | | | | | Home Equity | | | | | |
|---------------------------|---------|---------|---------|---------|---------|-----------|-------------|---------|---------|---------|---------|----------|
| • | | | | | | 2Q09 | · | | | | | 2Q09 |
| (\$ in mil, loans in bil) | 2Q08 | 3Q08 | 4Q08 | 1Q09 | 2Q09 | vs. 1Q09 | 2Q08 | 3Q08 | 4Q08 | 1Q09 | 2Q09 | vs. 1Q09 |
| Loans EOP | \$235.5 | \$257.1 | \$248.1 | \$261.6 | \$246.0 | \$ (15.6) | \$121.4 | \$151.8 | \$152.5 | \$157.6 | \$155.1 | \$ (2.6) |
| Net charge-off | 151 | 242 | 466 | 785 | 1,085 | 300 | 923 | 963 | 1,114 | 1,681 | 1,839 | 158 |
| 30+ past due | 4,956 | 6,002 | 7,927 | 7,926 | 7,536 | (390) | 1,548 | 1,939 | 2,661 | 2,647 | 2,001 | (646) |
| Net charge-off % | 0.2% | 0.4% | 0.7% | 1.2% | 1.7% | 52 bps | 3.1% | 2.5% | 2.9% | 4.3% | 4.7% | 41 bps |
| 30+ past due % | 2.1% | 2.3% | 3.2% | 3.0% | 3.1% | 3 bps | 1.3% | 1.3% | 1.8% | 1.7% | 1.3% | (39) bps |

Residential Mortgage

- Net charge-offs increased \$300 million to \$1.1 billion as the loss ratio climbed 52 basis points to 1.72%
 - Adjusted for the expected benefit of Resi Wrap protection, the loss rate would be 1.38%
 - Loans with >90% RLTV represented 34% of the portfolio reflecting home price deterioration
 - CA and FL represented 44% of the portfolio but 61% of losses
 - CRA portfolio still drove a disproportionate share of losses (7% of loans with 21% of losses)
- Allowance of \$4.1 billion was increased and covers 1.67% of loans
- Nonperforming assets increased \$2.8 billion from 1Q09 to \$14.5 billion and now represents 5.89% of loans and foreclosed properties
 - 60% of NPAs are greater than 180 days past due and are carried at appraised value
 - Nonperforming TDRs increased \$1.3 billion and comprise 14% of residential mortgage NPAs
 - Approximately 35% of the increase was from loans that were performing at the time of modification
- 30+ performing past dues decreased \$390MM compared to 1Q09 but, with a decline in loan balances, the ratio rose 3 bps to 3.06% of loans

Home Equity

- Net charge-offs increased \$158 million to \$1.8 billion as the loss ratio climbed 41 basis points to 4.71%
 - Loans with >90% RCLTV represent 50% of portfolio reflecting home price deterioration
 - CA and FL represent 41% of the portfolio but 61% of losses
- Allowance of \$8.7 billion was increased and covers 5.59% of loans
- Nonperforming assets increased \$308 million from 1Q09 to \$4.0 billion and now represents 2.56% of loans and foreclosed properties
 - 35% of NPAs are greater than 180 days past due and are carried at appraised value
 - Nonperforming TDRs increased \$700 million and comprise 36% of home equity NPAs
 - Approximately 75% of the increase was from loans that were performing at the time of modification
- 30+ performing past dues declined \$646MM compared to 1Q09 and the ratio to loans declined 39bps to 1.29%



Direct/Indirect

| Direct/Indirect | | | | | | | Consumer Lending (Included in Direct/Indirect) | | | | | |
|-------------------------|---------------|---------|---------|---------|---------|----------|--|---------|---------|---------|---------|----------|
| | | | | | | 2Q09 | | | | | | 2Q09 |
| (\$ in mil, loans in bi |) 2Q08 | 3Q08 | 4Q08 | 1Q09 | 2Q09 | vs. 1Q09 | 2Q08 | 3Q08 | 4Q08 | 1Q09 | 2Q09 | vs. 1Q09 |
| Loans EOP | \$ 84.9 | \$ 82.8 | \$ 83.4 | \$ 99.7 | \$ 99.2 | \$ (0.5) | \$ 28.4 | \$ 28.7 | \$ 28.2 | \$ 26.6 | \$ 24.2 | \$ (2.4) |
| Net charge-off | 660 | 845 | 1,053 | 1,249 | 1,475 | 226 | 486 | 608 | 746 | 921 | 1,208 | 287 |
| 30+ past due | 2,706 | 3,211 | 3,980 | 4,145 | 4,019 | (126) | 1,621 | 1,982 | 2,449 | 2,687 | 2,405 | (282) |
| Net charge-off % | 3.2% | 3.9% | 5.0% | 5.0% | 5.9% | 87 bps | 7.1% | 8.4% | 10.4% | 13.5% | 18.9% | 537 bps |
| 30+ past due % | 3.2% | 3.9% | 4.8% | 4.2% | 4.1% | (11) bps | 5.7% | 6.9% | 8.7% | 10.1% | 9.9% | (17) bps |

Direct/Indirect Loans

- Net charge-offs increased \$226 million to \$1.5 billion and the loss ratio rose 87 basis points to 5.90%
 - Driven by borrower stress within the Consumer Lending portfolio
- Allowance of \$5.4 billion covers 5.41% of loans
- Dealer Finance portfolio¹of \$40.9 billion had a decline of 82 basis point in loss rate to 1.96%, in part seasonal
 - The auto portfolios of \$27.8 billion had a 89 basis points decrease in loss rate to 1.58%
- 30+ delinquencies decreased \$126 million, or 11 basis points to 4.05% of loans

Consumer Lending (part of Direct/Indirect)

- Consumer Lending portfolio of \$24.2 billion had increased losses of \$287 million with a 2Q09 loss rate of 18.90%
- Allowance of \$4.2 billion covers 17.24% of loans
- 30+ delinquencies declined \$282 million, or 17 basis points to 9.94% of loans
- 90+ delinquencies declined \$75 million but the ratio increased 21 basis points to 5.50% with a decline in the balances



Consumer Asset Quality Key Indicators

| (\$ in millions) | Resider | ntial Mortgage | Home | Equity | Discontinue | d Real Estate |
|---|--|--|------------------------------------|---|---------------------------------------|-------------------------------------|
| , | 2Q09 | 1Q09 | 2Q09 | 1Q09 | 2Q09 | 1Q09 |
| | As SOP 03-3 | As SOP 03-3 | As SOP 03-3 | Excluding SOP 03-3 | As SOP 03-3 | Excluding As SOP 03-3 |
| | Reported Portfolio 1 | Reported Portfolio 1 | Reported Portfolio 1 | Reported Portfolio 1 | Reported Portfolio ¹ | Reported Portfolio 1 |
| Loans EOP Loans Avg | \$ 245,967 \$ 235,555 253,803 243,097 | | \$ 155,058 | \$157,645 \$ 143,754 158,575 144,594 | \$ 17,490 \$ 2,104 18,309 \$ 1,793 | \$19,000 \$ 2,222 19,386 1,885 |
| Net losses % of avg loans ² | \$ 1,085 \$ 1,085 1.72 % 1.79 | | 1,839 \$ 1,839 % 4.71 % 5.17 | 1,681 \$ 1,681 % 4.30 % 4.71 % | 35 \$ 35 0.76 % 7.81 | 15 \$ 15 % 0.31 % 3.15 % |
| Allowance for loan losses % of Loans | \$ 4,119 \$ 4,119 1.67 % 1.75 | 9 \$ 2,856 \$ 2,856 5 % 1.09 % 1.14 9 | \$ 8,664 \$ 6,756 % 5.59 % 4.78 | \$ 7,457 \$ 5,862 % 4.73 % 4.08 | \$ 398 \$ 82 2.28 % 3.92 | \$ 67 \$ 59 % 0.35 % 2.18 |
| Avg. refreshed (C)LTV ³ | 83 | 3 76 | 95 | 87 | 88 | 82 |
| 90%+ refreshed (C)LTV ³ | 34 | 4 % 27 % | % 50 | 42 % | 21 9 | % 16 % |
| Avg. refreshed FICO | 721 | 1 725 | 713 | 715 | 644 | 653 |
| % below 620 FICO | 11 | 1 % 10 % | % 12 | % 11 % | 24 | % 25 % |

³ Loan to value (LTV) calculations apply to the residential mortgage and discontinued real estate portfolio. Combined loan to value (CLTV) calculations apply to the home equity portfolio



¹ Represents the SOP 03-3 portfolio acquired from Countrywide

² Adjusting for the benefit of Resi Wrap protection, the residential mortgage as reported loss rate would be 1.38% in 2Q09 and 0.95% in 1Q09

Consumer Asset Quality Key Indicators (cont'd)

| (\$ in millions) | Credit | : Card | Other ¹ | Total Managed Consumer | | |
|--------------------------------------|---|--|---|---|--|--|
| | Held | Managed | | | | |
| | 2Q09 1Q09 | 2Q09 1Q09 | 2Q09 1Q09 | 2Q09 1Q09 | | |
| Loans EOP | \$ 69,378 \$ 67,960 | \$169,815 \$173,352 | \$102,544 \$102,993 | \$690,874 \$714,573 | | |
| Loans Avg | 70,546 75,818 | \$172,592 \$178,490 | \$103,600 \$104,148 | \$704,903 \$725,721 | | |
| Net losses % of avg loans | \$ 2,064 \$ 1,612 11.74% 8.62% | \$ 5,047 \$ 3,794 11.73% 8.62% | \$ 1,574 \$ 1,347 6.09% 5.24% | \$ 9,580 \$ 7,621 5.45% 4.26% | | |
| Allowance for loan losses % of Loans | \$ 6,473 \$ 5,463 9.33% 8.04% | | 5,579 \$ 5,583 5.42% | \$ 25,233 | | |

The average refreshed FICO for the U.S. Credit Card portfolio was 691 at 2Q09 compared to 681 at 1Q09; the
percentage below 620 FICO was 17% at 2Q09 compared to 19% at 1Q09. 2Q09 included an update to the
process for obtaining refreshed FICO scores.



¹ Other primarily consists of the following portfolios of loans: Consumer Lending and Dealer Financial Services

Consumer Asset Quality Key Indicators – SOP 03-3 Countrywide Portfolio 1

| (\$ in millions) | | | | | | | | | | | | |
|------------------|----------|--------|--------|-------|------|--------|----------|--------------------------|------|--------|------|--------|
| | | Reside | ential | | | | | | | | | |
| | Mortgage | | | | | Home I | <u>'</u> | Discontinued Real Estate | | | | |
| | | 2Q09 | | 1Q09 | 2Q09 | | 1Q09 | | 2Q09 | | 1Q09 | |
| Loans EOP | \$ | 10,412 | \$ | 9,946 | \$ | 13,774 | \$ | 13,891 | \$ | 15,386 | \$ | 16,778 |
| Net losses | | 305 | | 264 | | 964 | | 890 | | 1,006 | | 936 |

- The net losses shown on this table are not included in the net losses reported by the company as these loans were considered impaired and written down to fair value at acquisition in accordance with SOP 03-3
- 2Q09 includes an increase in the valuation allowance through provision of \$621 million compared to \$853 million in 1Q09
- The carrying value at June 30, 2009 of the impaired loan portfolio, including the valuation allowance is 73% of the outstanding unpaid principal balance



¹ The table presents outstandings net of purchase accounting adjustments and net losses

Consumer Nonperforming Asset Activity

(\$ in millions)

| (v) | 2Q09 | | 1Q09 | | 4Q08 | | 3Q08 | | 2Q08 |
|---------------------------------|------|---------|------|---------|------|---------|------|---------|-------------|
| Consumer | | _ | | | | | | | |
| Beginning Balance NPLs | \$ | 14,592 | \$ | 9,888 | \$ | 6,822 | \$ | 5,220 | \$ 4,459 |
| Additions | | 6,807 | | 8,218 | | 5,444 | | 3,518 | 2,540 |
| Return to performing & paydowns | | (902) | | (1,064) | | (610) | | (595) | (523) |
| Charge-offs | | (2,517) | | (2,069) | | (1,436) | | (1,092) | (999) |
| Other | | (208) | | (381) | | (332) | | (229) | (257) |
| Ending Balance NPLs | | 17,772 | | 14,592 | | 9,888 | | 6,822 | 5,220 |
| Foreclosed properties | | 1,330 | | 1,356 | | 1,506 | | 1,656 | 475 |
| Total NPAs | \$ | 19,102 | \$ | 15,948 | \$ | 11,394 | \$ | 8,478 | \$ 5,695 |

Consumer NPAs increased \$3.2 billion or 20% from 1Q09

- Increased at a reduced rate from 1Q09
- Increase remains centered in residential mortgage with primary drivers being the troubled housing markets of CA and FL, high LTV and 2006-2007 vintages
- Nonperforming Troubled Debt Restructurings (TDRs) represent 18% of total 2Q09 consumer NPAs, up from 10% in 1Q09
- Of the \$3.2 billion increase in nonperforming assets 35% was from loans that were performing at the time
 of TDR modification



Commercial Asset Quality Key Indicators ¹

| (\$ in millions) | Commercial ² | Commercial Real Estate | | ercial Lease ancing Total Commercial |
|---|--|--|---|--|
| | 2Q09 1Q09 | 2Q09 1Q09 | 2Q09 1Q09 2Q09 | 1Q09 2Q09 1Q09 |
| Loans EOP Loans Avg | \$229,290 \$244,414 239,753 250,411 | \$ 75,081 | \$ 18,092 | \$ 22,017 \$344,850 \$360,472 22,056 355,862 363,531 |
| Net charge-offs % of avg loans | \$ 658 \$ 348 1.10 % 0.56 | \$ 629 \$ 455 % 3.34 % 2.56 % | \$ 773 \$ 633 \$ 44 6 16.69 % 13.47 % 0.81 | \$ 67 \$ 2,104 \$ 1,503 % 1.22 % 2.37 % 1.68 % |
| 90+ Performing DPD % of Loans 3 | \$ 277 \$ 505 0.12 % 0.21 | \$ 308 \$ 86 % 0.41 % 0.11 % | \$ 804 \$ 797 \$ 35 6 4.44 % 4.24 % 0.15 | \$ 26 \$ 1,424 \$ 1,414 % 0.12 % 0.41 % 0.39 % |
| Nonperforming loans % of Loans | \$ 4,454 \$ 3,322 1.94 % 1.36 | \$ 6,651 \$ 5,662 % 7.52 % | \$ 200 \$ 224 \$ 104 6 1.11 % 1.19 % 0.46 | \$ 104 \$ 11,409 \$ 9,312 % 0.47 % 3.31 % 2.58 % |
| Allowance for loan losses % of Loans | 3,087 \$ 2,561 1.35 % 1.05 | \$ 2,396 \$ 1,756 % 3.19 % 2.33 % | \$ 2,814 \$ 3,067 \$ 255 6 15.55 % 16.34 % 1.14 | \$ 238 |
| Reservable Criticized Utilized Exposure 3,4 % of Total Exposure | \$ 32,512 | \$ 21,166 \$ 17,553 % 26.40 % 21.81 % | \$ 1,767 \$ 1,533 \$ 1,735 6 9.74 % 8.14 % 7.75 | \$ 1,474 |

⁴ Excludes utilized exposure which is marked to market including Derivatives, Foreclosed Property, Assets Held for Sale and FVO loans



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 the Merrill Lynch SOP 03-3 portfolio

Commercial Nonperforming Asset Activity

| (\$ | in | mil | lio | ns) |
|-----|----|-----|-----|-----|
|-----|----|-----|-----|-----|

| (\$ III IIIIII0113) | | | | | | | | | |
|---------------------------------|------|---------|------|-------|------|-------|------|-------|-------------|
| | 2Q09 | | 1Q09 | | 4Q08 | | 3Q08 | | 2Q08 |
| Commercial | | | | | | | | | |
| Beginning Balance NPLs | \$ | 9,312 | \$ | 6,497 | \$ | 4,922 | \$ | 3,936 | \$ 2,874 |
| Additions | | 4,416 | | 4,434 | | 3,095 | | 1,997 | 1,752 |
| Return to performing & paydowns | | (685) | | (545) | | (333) | | (400) | (377) |
| Charge-offs | | (1,429) | | (976) | | (896) | | (495) | (248) |
| Other | | (205) | | (98) | | (291) | | (116) | (65) |
| Ending Balance NPLs | | 11,409 | | 9,312 | | 6,497 | | 4,922 | 3,936 |
| Foreclosed properties | | 471 | | 372 | | 321 | | 176 | 118 |
| Total NPAs | \$ | 11,880 | \$ | 9,684 | \$ | 6,818 | \$ | 5,098 | \$ 4,054 |
| | | | | | | | | | |

Commercial NPAs increased \$2.2 billion or 23% from 1Q09

- Commercial real estate made up 50% of the NPA increase and represented nearly 60% of the NPA balance at June 30, 2009
 - While homebuilders make up 52% of the commercial real estate NPAs, the net increase in 2Q was driven by non-residential exposures
- Commercial and industrial loans drove the other half of the increase from 1Q09 and reflects more broadbased deterioration in 2Q09
 - Most impacted were housing related and consumer dependent sectors
- Approximately 90% of NPAs are collateralized
- Roughly 40% are contractually current
- In the aggregate, the carrying value is around 75 cents on the dollar, before loan loss reserves



Commercial Real Estate

Homebuilders

- Homebuilder utilized balances at 2Q09, included in commercial real estate, decreased \$790 million to \$10.6 billion compared to 1Q09. These utilized balances are included in total exposure of \$13.8 billion
 - Reservable criticized utilized exposure decreased \$330 million to \$7.3 billion (35% of reservable criticized utilized commercial real estate exposure)
 - NPAs were flat at \$3.7 billion (52% of commercial real estate NPAs)
 - 2Q09 charge-offs were \$382 million compared to \$301 million in 1Q09
- Homebuilder construction and land development utilized balances at 2Q09 decreased \$782 million to \$8.0 billion compared to 1Q09
 - Reservable criticized utilized exposure decreased \$279 million to \$6.6 billion

Non-Residential

- Non-residential utilized balances at 2Q09 increased \$622 million to \$76.1 billion compared to 1Q09
 - Reservable criticized utilized exposure increased \$3.9 billion to \$13.8 billion (65% of reservable criticized utilized commercial real estate exposure) driven by retail and office
 - NPAs rose \$1.1 billion to \$3.4 billion (48% of commercial real estate NPAs) driven by office, commercial land and retail
 - 2Q09 charge-offs were \$246 million compared to \$154 million in 1Q09



Net Interest Income Analysis

| (\$ in millions) | | | | | | |
|---|--------|---|------|--|--|------------|
| | | 2Q09 | 1Q09 | | Change | _ |
| Net interest income (FTE) Reported Securitizations Managed NII Market-based Managed Core NII | \$ | 11,942 2,734 14,676 (1,455) 13,221 | \$ | 12,819 2,749 15,568 (1,820) | \$ (877) (15) (892) 365 \$ (527) | <u>-</u> |
| Reported Core NII | • | 10,487 | • | 10,999 | (512) | |
| Average assets Reported Securitized receivables Managed assets Market-based Managed Core | \$ | 1,811,981 <u>86,154</u> 1,898,135 (475,761) 1,422,374 | | 1,912,483 91,567 2,004,050 (489,024) 1,515,026 | \$(100,502) (5,413) (105,915) 13,263 \$ (92,652) | - |
| Reported Core | | 1,336,220 | | 1,423,459 | (87,239) | |
| Net interest yields Reported Securitized receivables Managed assets Market-based Managed Core Reported Core | | 2.64% 12.73 3.10 1.23 3.72 3.14 | | 2.70% 12.18 3.15 1.51 3.65 3.11 | (6) 55 (5) (28) 7 3 | bps bps |

- Core net interest income declined \$527 million on a <u>managed</u> basis as deleveraging the discretionary portfolio without yet fully reinvesting cost roughly \$700 million
- Lower loan levels from softer demand and deteriorating credit cost roughly \$500 million
- Credit related cost impacts were roughly \$1.1 billion in the current period
- An improved yield curve and favorable hedging results benefited net interest income
- Market Based NII fell \$365 million due to spread compression and continued declines in the balance sheet
- Core managed assets fell \$93 billion
 - Consumer loans declined \$20 billion led by residential mortgage and card
 - Commercial loans declined \$11 billion centered in domestic C & I
- Average AFS securities declined by \$30 billion from deleveraging primarily in 1Q09
- Market related assets declined 3%
- Managed core NIY increased 7bps to 3.72%
- Increase was due to favorable rate environment and pricing partially offset by declines in discretionary portfolio and loan levels



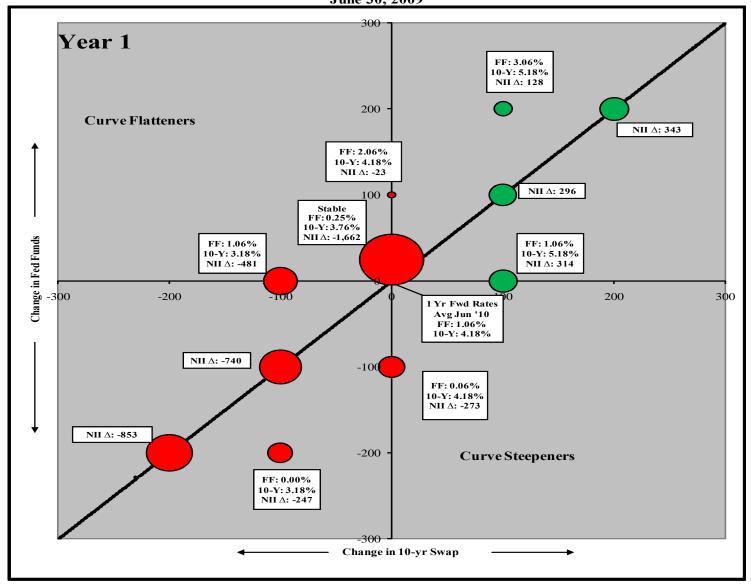
Net Interest Income – Managed Sensitivity

Managed net interest income impact for next 12 months

| Forward curve interest rate scenarios + 100 bp parallel shift - 100 bp parallel shift | <u>@6/30/09</u> \$ 296 (740) | <u>@3/31/09</u> \$ 401 (553) |
|--|------------------------------------|------------------------------------|
| Flattening scenarios from forward curve + 100 bp flattening on short end - 100 bp flattening on long end | (23) (481) | (42) (466) |
| Steepening scenarios from forward curve + 100 bp steepening on long end - 100 bp steepening on short end | 314 (273) | 440 (91) |

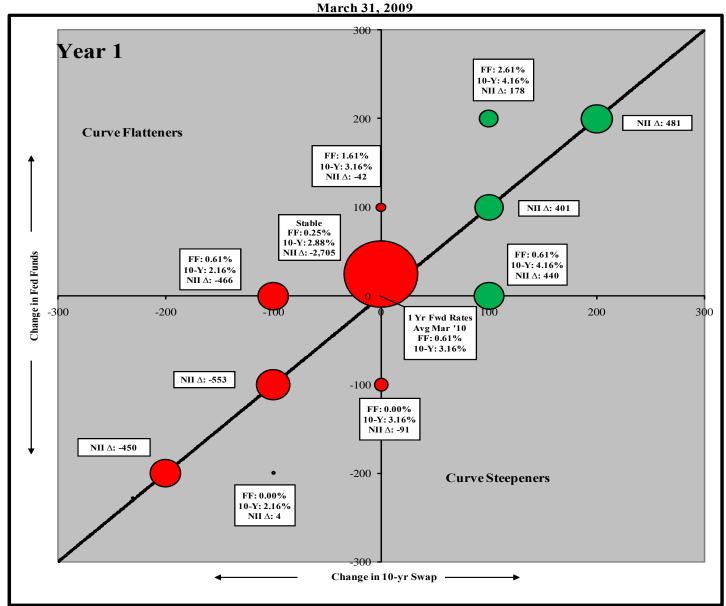


Bank of America NII Sensitivity on a Managed Basis First Rolling 12 Months June 30, 2009





Bank of America NII Sensitivity on a Managed Basis First Rolling 12 Months





Capital Strengthened

| (\$ in millions) | | | | | | | | |
|--------------------------|---------------|-----------|-------------|--------------|-------|----|----------|-----|
| | June 30, 2009 | | March 31, 2 | 2009 | | Э | | |
| | | Amount | Ratio | Amount | Ratio | P | Amount | bps |
| Regulatory-based Capital | <u> </u> | | | | | | | |
| Tier 1 common | \$ | 110,383 | 6.9% | \$ 76,145 | 4.5% | \$ | 34,238 | 241 |
| Tier 1 total | | 190,874 | 11.9% | 171,061 | 10.1% | | 19,813 | 184 |
| Risk-weighted assets | | 1,599,569 | | 1,695,192 | | | (95,623) | |
| GAAP-based Capital | | | | | | | | |
| Tangible common equity | | 100,844 | 4.7% | 69,617 | 3.1% | | 31,227 | 154 |
| Tangible total equity | | 159,504 | 7.4% | 142,894 | 6.4% | | 16,610 | 97 |
| Tangible assets | | 2,158,746 | | 2,225,308 | | | (66,562) | |

- Capital measures benefited from capital raised to meet SCAP buffer
 - Tier 1 capital shows a \$95 billion excess compared to well-capitalized 6% minimum SCAP requirement
 - Tier 1 common shows a \$46 billion current excess compared to the new 4% adverse scenario buffer established by the regulators
- Amendments to FAS140 are scheduled to become effective January 1, 2010



Capital Raising Activity – 2Q09

| (\$ in billions, shares in millions) | SCAP Announcement | | Tier 1 Common Benefit Completed 2Q09 | | | | Tier 1 | | Tangible Common Equity/Assets | |
|---|----------------------|------|--------------------------------------|----------------|----------------------------------|----|--------|-----|-------------------------------|----------|
| Common stock issuance | | | \$ | Amount 13.5 | Common Shares Issued 1,250 | \$ | 13.5 | \$ | 13.5 | <u> </u> |
| Preferred exchange - Private | | | | 10.9 3.9 | 800 200 | | - | | 10.9 3.9 | |
| Preferred exchange - Public Lower preferred dividends ¹ | | | | 3.9 1.6 | 200 | | 1.6 | | 3.9 1.6 | |
| Total from preferred exchanges | | | | 16.4 | 1,000 | | 1.6 | | 16.4 | , |
| Total from common and preferred share activity | \$ | 17.0 | | 29.9 | 2,250 | | 15.1 | _ | 29.9 | _ |
| Sale of China Construction Bank shares | | | | 4.4 | | | 4.4 | | 0.9 | , |
| Bank of America Merchant Services JV | | | | 3.2 | | | 3.2 | | 3.2 | |
| Business dispositions | | 10.0 | | 7.6 | | | 7.6 | | 4.1 | |
| Reduction in deferred tax disallowance from | | | | | | | | | | |
| above items | | | | 2.2 | | | 2.2 | | - | |
| Other | | 7.0 | | | | | | | | |
| Total | \$ | 33.9 | \$ | 39.7 | 2,250 | \$ | 24.9 | \$ | 34.0 | <u> </u> |
| Beneficial impact on ratios from capital raising act | ivity | | | 248 bp | os | | 156 | bps | 157 | , |

¹ Recognized through 12/31/10

- As a result of the stress test performed by the regulatory supervisors Bank of America was required to increase Tier 1 Common capital by \$34 billion
- Through the capital actions listed above Tier 1 common capital increased by nearly \$40 billion increasing the Tier 1 common ratio by nearly 250 basis points



Components of Capital Structure

| (\$ in billions, shares in millions) | 6/30/2009 | | | 1/2009 | Change | | |
|---------------------------------------|-----------|-------|----|--------|--------|--------|--|
| | 0/00/2003 | | | 1/2000 | | larige | |
| Common | | | | | | | |
| Tangible Common | \$ | 100.8 | \$ | 69.6 | \$ | 31.2 | |
| Goodwill and intangibles ¹ | | 95.7 | | 96.7 | | (1.0) | |
| Total common | | 196.5 | | 166.3 | | 30.2 | |
| Preferred | | | | | | | |
| Private | | | | | | | |
| Convertible | | 4.9 | | 8.5 | | (3.6) | |
| Nonconvertible | | 13.1 | | 24.3 | | (11.2) | |
| Total Private preferred | | 18.0 | | 32.8 | | (14.8) | |
| Government investments | | 40.7 | | 40.5 | | 0.2 | |
| Total preferred stock | | 58.7 | | 73.3 | | (14.6) | |
| Total shareholder's equity | \$ | 255.2 | \$ | 239.5 | \$ | 15.6 | |

- 3Q09 preferred cash dividends are expected to be \$1.1 billion²
 - Private preferred dividends roughly \$350 million
 - Government preferred dividends of \$712.5 million

² An estimate of third quarter 2009 potential cash dividends on various series of preferred stock, subject to the Board of Directors' future declaration and assuming no conversion of convertible shares



¹ Net of related deferred tax liabilities

Bank of America ***

