Bank of America

Bruce Thompson - Chief Financial Officer

Morgan Stanley Financial Services Conference

June 12, 2012

Forward-Looking Statements

Bank of America and its management may make certain statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as “anticipates,” “targets,” “expects,” “hopes,” “estimates,” “intends,” “plans,” “goals,” “believes,” “continue” and other similar expressions or future or conditional verbs such as “will,” “should,” “would” and “could.”

The forward-looking statements made in this presentation represent Bank of America's current expectations, plans or forecasts of its future results and revenues and include statements about: the company's belief that Legacy Assets & Servicing costs appear to be peaking; the company's expectations about year-end 2012 Basel III Tier 1 common ratio and risk-weighted assets; the company’s preparation to address $40 billion of parent company maturities, tenders and redemptions and the resulting positive impact on net interest income of approximately $230 million per quarter beginning in 3Q12; expected completion of the call redemption of $1.8 billion of subordinated debt securities; low expected new debt issuances; successful implementation of the company's strategies to reduce costs, including through New BAC, increase efficiency and deepen relationships; continued improvement in charge-offs and net losses; the growth across all of the company’s businesses and earnings power; and other similar matters.

These statements are not guarantees of future results or performance and involve certain risks, uncertainties and assumptions that are difficult to predict and are often beyond Bank of America's control. Actual outcomes and results may differ materially from those expressed in, or implied by, any of these forward-looking statements. You should not place undue reliance on any forward-looking statement and should consider all of the following uncertainties and risks, as well as those more fully discussed under Item 1A. “Risk Factors” of Bank of America's 2011 Annual Report on Form 10-K and in any of Bank of America's subsequent SEC filings; our resolution of certain representations and warranties obligations with the government-sponsored enterprises (GSEs) and our ability to resolve the GSEs’ remaining claims; our ability to resolve our representations and warranties obligations, and any related servicing, securities, fraud, indemnity or other claims with monolines, and private-label investors and other investors, including those monolines and investors from whom we have not yet received claims or with whom we have not yet reached any resolutions; our mortgage modification policies and related results; adverse changes to the company’s credit ratings from the major credit ratings agencies; estimates of the fair value of certain of our assets and liabilities; the identification and effectiveness of any initiatives to mitigate the negative impact of new regulations; our ability to limit liabilities acquired as a result of the Merrill Lynch & Co., Inc. and Countrywide Financial Corporation acquisitions; the effectiveness of cost-saving initiatives, including Project New BAC; and decisions to downsize, sell or close units or otherwise change the business mix of the company.

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

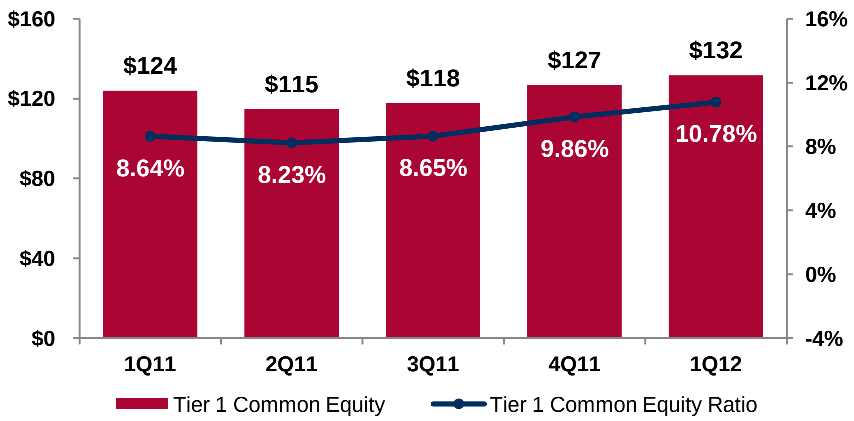
Key Takeaways

- Tier 1 common equity and liquidity are at record levels
  - Tier 1 common equity of $131.6B and Tier 1 common ratio (Basel I) at 10.78%
  - Global Excess Liquidity Sources at $406B
  - Continued progress on Basel III
- Cost savings initiatives are underway
  - Funding costs
  - "New BAC" projects
  - Legacy Assets & Servicing costs
- Credit quality continues to improve
  - 1Q12 provision expense lowest since 3Q07
  - Delinquencies continue positive trends
- Focused on core earnings

Note: Data is as of March 31, 2012 unless otherwise indicated.

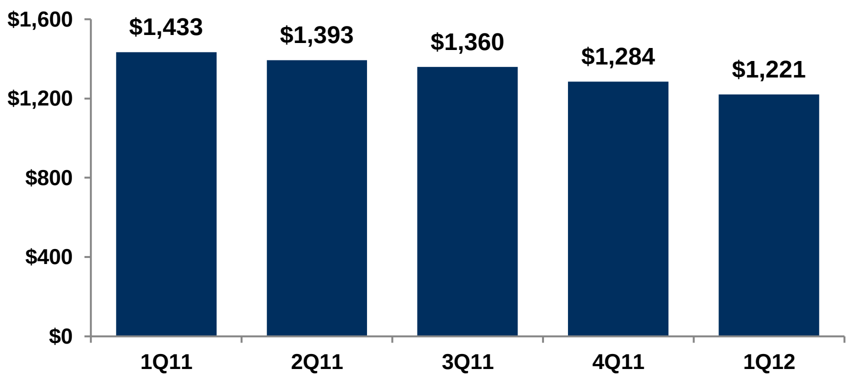
Record Level and Ratio of Tier 1 Common Equity

Tier 1 Common Equity ($B)



Increased Tier 1 common equity $8B and Tier 1 common equity ratio by 214 bps year-over-year

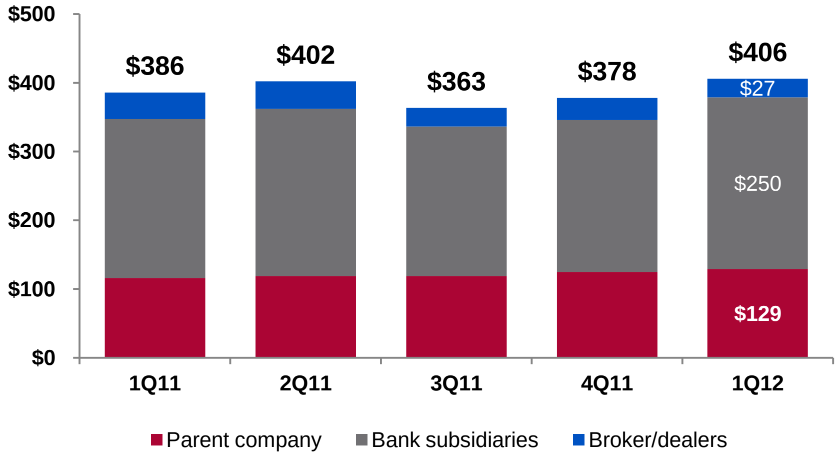
Risk-weighted Assets ($B)



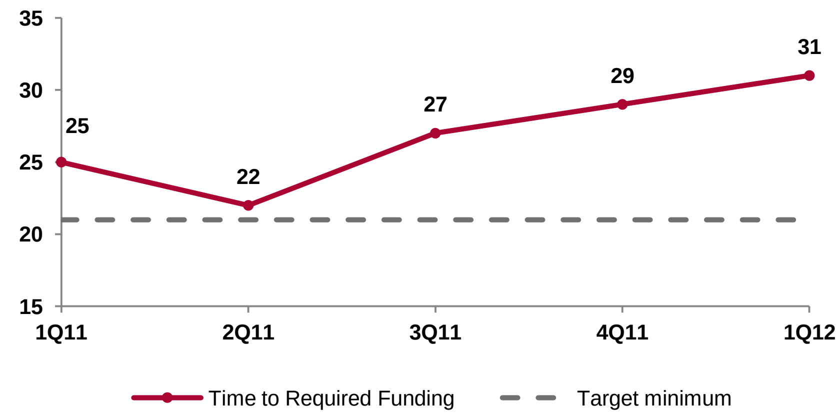
Risk-weighted assets (RWA) reduced $212B, or 15% year-over-year

Liquidity Remains at Record Levels

Global Excess Liquidity Sources ($B) [1]



Time to Required Funding (months) [2]



- Global Excess Liquidity Sources have grown to a record $406B
- Parent company liquidity strong at $129B
- Time to required funding has increased to 31 months
- Well prepared to address $34B of parent company maturities in 2Q12, including the remaining $24B related to the Temporary Liquidity Guarantee Program [3]

[1] Global Excess Liquidity Sources include cash and high-quality, liquid, unencumbered securities, limited to U.S. government securities, U.S. agency securities, U.S. agency MBS, and a select group of non-U.S. government and supranational securities, and are readily available to meet funding requirements as they arise. It does not include Federal Reserve Discount Window or Federal Home Loan Bank borrowing capacity. Transfers of liquidity from the bank or broker/dealer subsidiaries are subject to certain regulatory restrictions.

[2] Time to required funding is a debt coverage measure and is expressed as the number of months unsecured holding company obligations of both Bank of America Corporation and Merrill Lynch & Co., Inc. can be met using only its Global Excess Liquidity Sources without issuing debt or sourcing additional liquidity. For 2Q11 through 1Q12, we have included in the amount of unsecured contractual obligations the $8.6B liability, including estimated costs, for the previously announced BNY Mellon settlement. For 1Q12, we have also included payments made in April 2012 related to the global servicing agreement with state attorneys general, the U.S. Department of Justice and other federal agencies.

[3] Parent company maturities include obligations of both Bank of America Corporation and Merrill Lynch & Co., Inc.

Managing Liabilities For Shareholder Value

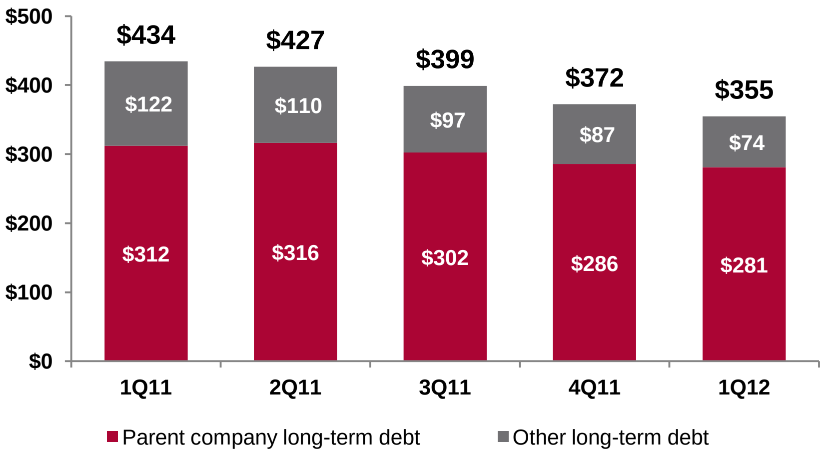
Second quarter activity

- Completed cash tender offers for certain subordinated notes and trust preferred securities
  - $2.1B in aggregate principal amount of subordinated notes tendered
  - $915MM in aggregate principal amount of trust preferred securities tendered
- Commenced call redemption of $1.8B in aggregate principal amount of unsecured subordinated retail debt securities on May 15, 2012. Expected to complete mid June
- Including maturities of approximately $34B, we expect to reduce parent company long-term debt by $40B
  - Positive impact on net interest income of approximately $230MM per quarter beginning in 3Q12
- Moving excess capital from bank subsidiaries to parent company

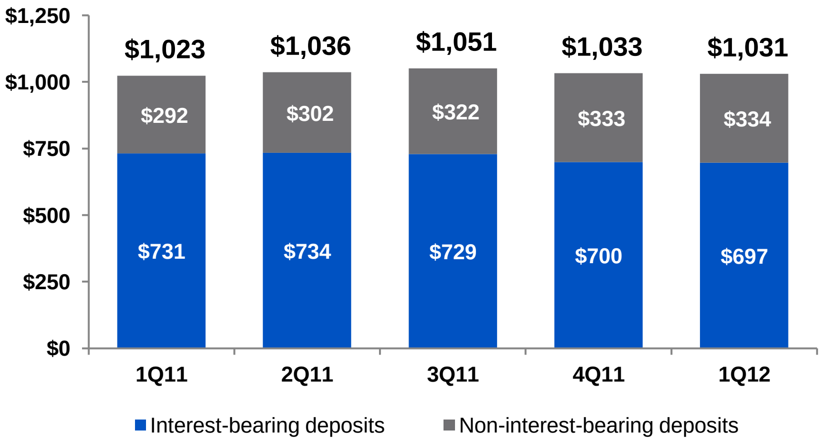
Reducing the Cost of Funding

The greatest opportunity to reduce funding costs is continued reduction in long-term debt as this expense is 5X the cost of deposits and long-term debt is one third the size of deposit funding.

Long-term Debt ($B) [1]



Total Average Deposits ($B)



Long-term Debt Expense ($B)

1Q11	2Q11	3Q11	4Q11	1Q12
$3.1	$3.0	$3.0	$2.8	$\boxed{\$2.7}$

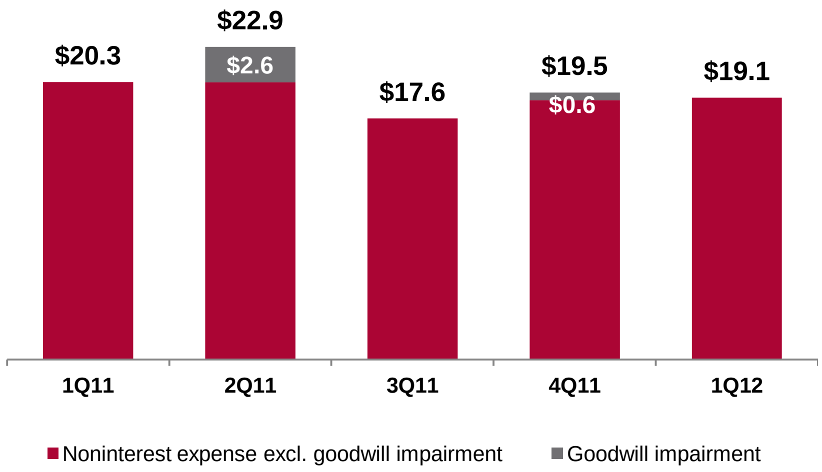
Average Deposits Expense ($B)

1Q11	2Q11	3Q11	4Q11	1Q12
$0.8	$0.8	$0.7	$0.6	$\boxed{\$0.5}$

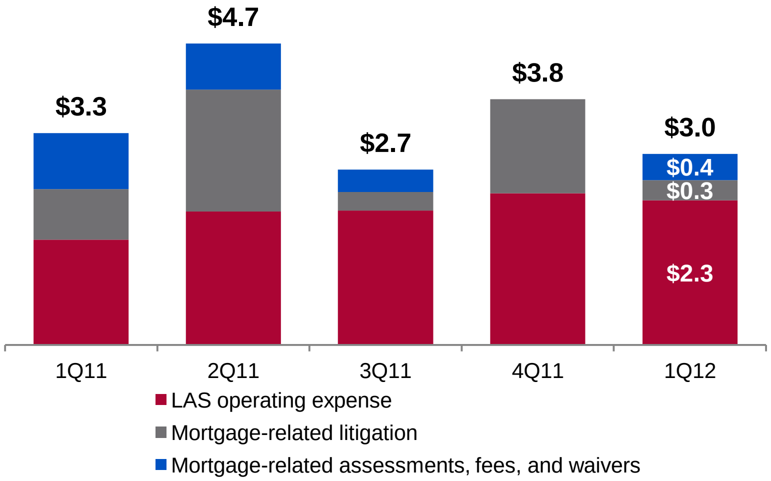
[1] Amounts may not total due to rounding.

Lowering the Costs to Serve Clients

Noninterest Expense ($B)



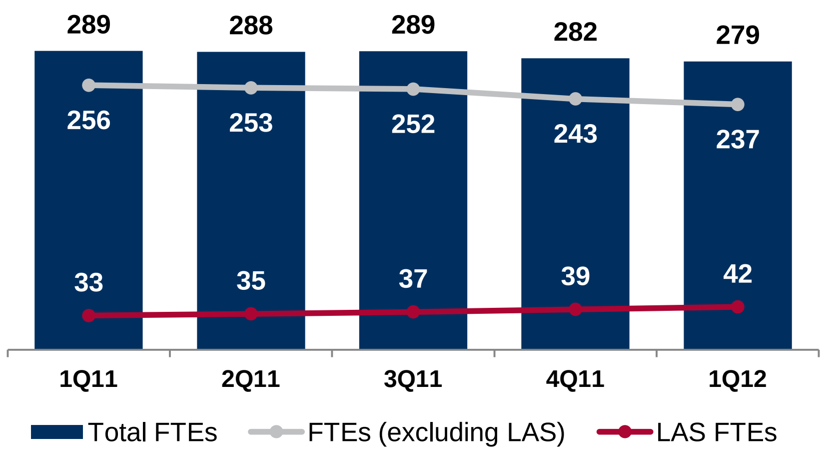
Legacy Assets & Servicing Noninterest Expense ($B)



$ in billions	1Q11	2Q11	3Q11	4Q11	1Q12
Total noninterest expense	$20.3	$22.9	$17.6	$19.5	$19.1
Goodwill impairment	0.0	2.6	0.0	0.6	0.0
Legacy Assets & Servicing (LAS) expense					
Operating expense	$1.6	$2.1	$2.1	$2.4	$2.3
Mortgage-related litigation expense	0.8	1.9	0.3	1.5	0.3
Assessments, fees, and waivers	0.9	0.7	0.4	0.0	0.4
Total LAS expense	$3.3	$4.7	$2.7	$3.8	$3.0
Selected non-LAS expense items noted impacting operating costs					
Annual retirement-eligible incentive compensation (FAS 123R)	$1.0	$0.0	$0.0	$0.0	$0.9
Non mortgage-related litigation expense	0.0	0.4	0.0	0.3	0.5

Staff Reductions are Key to Lowering Costs

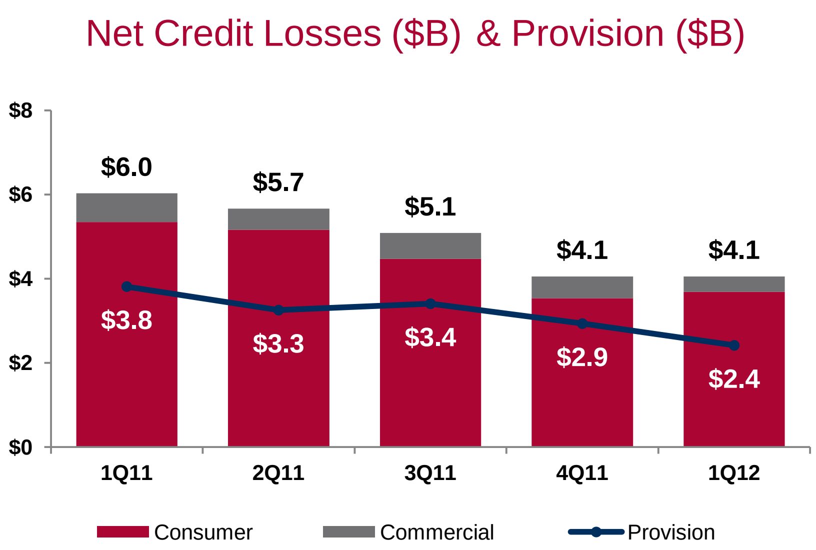
Full-time equivalent employees
(# in thousands)

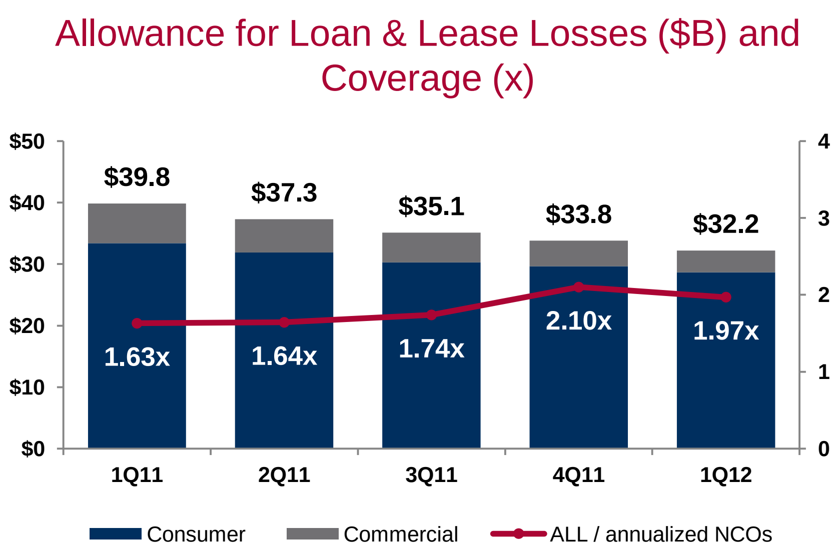


- FTEs declined 10.2 thousand from 1Q11
  - FTEs in Legacy Asset Servicing increased approximately 8,400 from 1Q11
  - FTEs across the rest of the enterprise declined by almost 19,000
  - FTE additions in some areas like small business banking, financial service advisors offset by reductions in home loans and staff support areas

# in thousands	1Q11	2Q11	3Q11	4Q11	1Q12	Y/Y Δ
Full-time equivalent employees (FTEs)	288.9	288.1	288.7	281.8	278.7	-3.5%
LAS FTEs	33.1	34.8	36.7	39.2	41.5	25.4%
Total FTEs (excl. LAS)	**255.8**	**253.3**	**252.0**	**242.6**	**237.2**	**-7.3%**
Additional non-FTE LAS support	12.0	13.4	12.6	14.0	14.8	23.3%

Credit Risk Reduced While Maintaining Strong Coverage

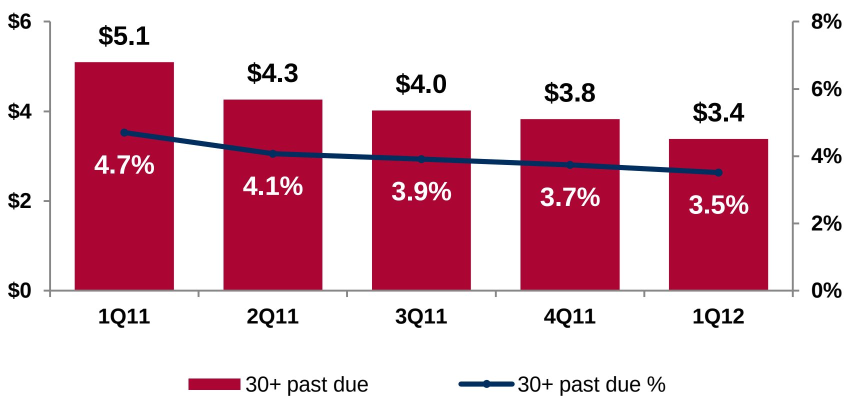




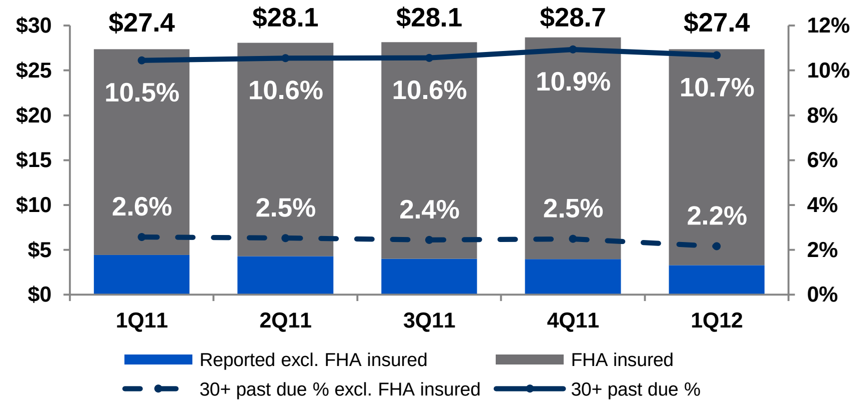
- Benefits of revising underwriting standards in 2008 and 2009 are evident
- Charge-offs have continued to outperform expectations
- Provisions are closer to pre-crisis levels

Early-Stage Consumer Delinquencies Show Continued Improvement

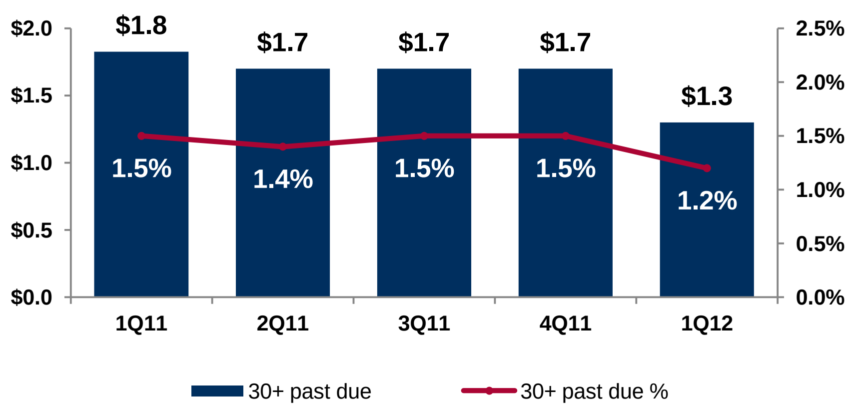
U.S. Consumer Card, 30+ Days ($B, %)



Residential Mortgage, 30+ Days ($B, %) [1]



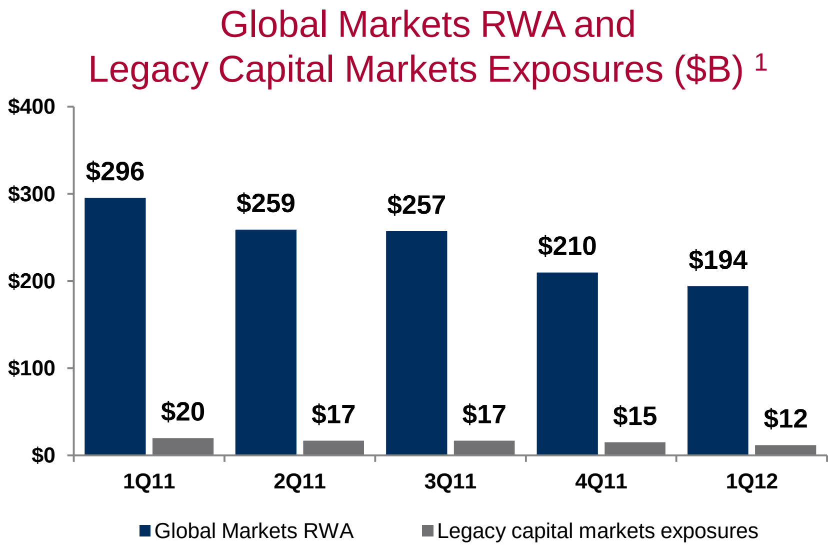
Home Equity, 30+ Days ($B, %) [1,2]

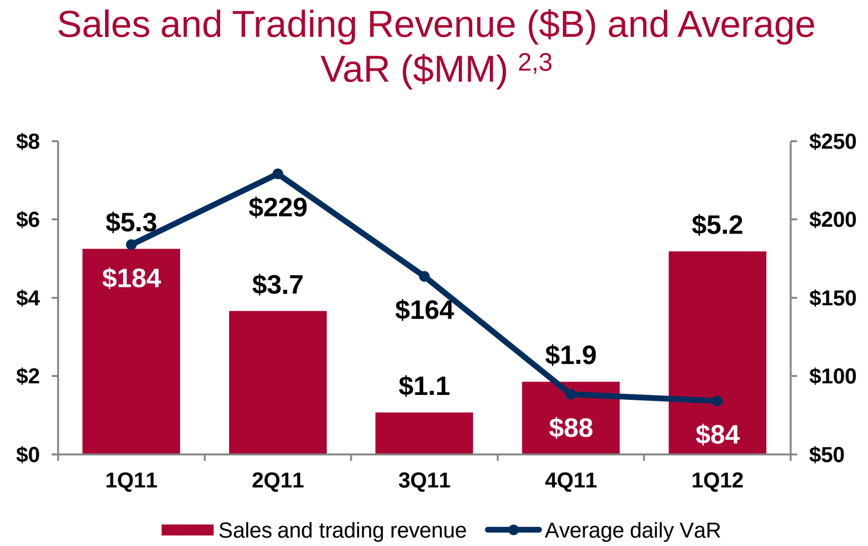


[1] Excludes purchased credit-impaired loans and discontinued real estate.

[2] During 1Q12, the bank regulatory agencies jointly issued interagency supervisory guidance on nonaccrual policies for junior-lien consumer real estate loans. In accordance with this new guidance, beginning in 1Q12, we classify junior-lien home equity loans as nonperforming when the first-lien loan becomes 90 days past due even if the junior-lien loan is performing. The reclassification resulted in a decrease of $264MM in home equity loans 30+ days performing past due.

Market Risk Metrics Have Declined





- Reduced Global Markets RWA 35% from $296B in 1Q11 to $194B in 1Q12
- Reduced VaR (on a quarterly average basis) from $184MM in 1Q11 to $84MM in 1Q12
- Legacy capital markets exposures have been reduced 40% in the past year [1]

[1] Legacy capital markets exposures primarily include auction-rate securities, structured credit, monoline and commercial real estate exposures Bank of America or its predecessors held as we headed into the financial crisis and remain on the balance sheet as of the dates shown.

[2] Sales and trading revenue excludes DVA.

[3] VaR model uses historical simulation approach based on three years of historical data and an expected shortfall methodology equivalent to a 99% confidence level.

Key Takeaways

- Strong Balance Sheet
- Cost Saving Initiatives Underway
- Solid Asset Quality
- Focused on Core Earnings Power

Bank of America