



**Bank of America**

**Addressing Legacy Mortgage  
Issues**

January 3, 2011

# Forward-Looking Statements

Certain statements contained herein are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to future events, expenses and charges, including the expected 2010 fourth quarter representations and warranties provision related to the Governments Sponsored Enterprises (GSEs), the adequacy of the liability for the remaining representations and warranties exposure to the GSEs, the potential assertion and impact of additional claims not addressed by the Freddie Mac and Fannie Mae agreements, the expected remaining repurchase claims on the 2004-2008 loan vintages and the amount of goodwill impairment charge to be recorded in the Home Loans & Insurance business. 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, because of, among other things, certain obligations under and provisions contained in the agreements with Fannie Mae and Freddie Mac, the expected 2010 fourth quarter representations and warranties provision related to the (GSEs), the adequacy of the liability for the remaining representations and warranties exposure to the GSEs, the potential assertion and impact of additional claims not addressed by the Freddie Mac and Fannie Mae agreements, accounting interpretations and analysis regarding goodwill accounting as well as the risks and uncertainties you can find in Bank of America Corporation's SEC filings. Forward-looking statements speak only as of the date on which they are made and Bank of America undertakes no obligation to update or revise any forward looking statements.

The following slides should be read in conjunction with Bank of America's press release issued on the same date hereof.

# Key Takeaways

- Announcing agreements with government sponsored enterprises (GSEs) on representations and warranties claims
  - Extinguishes outstanding and potential mortgage repurchase and make-whole claims arising out of any alleged breaches of selling representations and warranties related to loans sold by legacy Countrywide to **Freddie Mac** through 2008 for \$1.28 billion
  - Substantially resolves the existing pipeline of repurchase and make-whole claims outstanding as of September 20, 2010, arising out of alleged breaches of selling representations and warranties related to loans sold by legacy Countrywide to **Fannie Mae** for \$1.52 billion
- We expect provision for representations and warranties for loans sold directly to the GSEs in 4Q to be approximately \$3 billion
- We believe the remaining representations and warranties exposure for loans sold directly to the GSEs has been addressed as a result of these settlements and the associated adjustments to the liability for representations and warranties
  - This assumes no material changes in experience with GSEs, home prices, or other economic conditions
- We believe that there has been a decline in the value of the Home Loans & Insurance business segment, and as such, we expect to record a non-cash, non-tax deductible goodwill charge of approximately \$2 billion in 4Q

# Government Sponsored Enterprise (GSE) Experience – 2004-2008 Originations

## Government Sponsored Enterprises

- From 2004 through 2008, \$1.1T of loans sold directly to GSEs
- Preliminary estimates of repurchase claims as of 12/31/10 reflect:
  - \$21.6B of repurchase claims received on 2004 – 2008 vintages
  - \$18.2B of resolved repurchase claims on 2004-2008 vintages with loss experience of 27 percent of claim requests <sup>(1)</sup>

(\$ in billions)	Legacy Originator			Government Sponsored Enterprise Mix		
	Countrywide	Other	Total	Freddie Mac	Fannie Mae	Total
Original Funded Balance	\$846	\$270	\$1,116	\$292	\$824	\$1,116
<b>Less:</b>						
Principal Payments	399	127	526	124	402	526
Defaults	28	3	31	6	25	31
Outstanding Balance <sup>2</sup>	\$419	\$140	\$559	\$162 <sup>3</sup>	\$397	\$559
Outstanding Delinquent greater than 180 days	\$64	\$14	\$78	\$23	\$55	\$78
Defaults + Severely Delinquent <sup>2</sup>	\$92	\$17	\$109	\$29	\$80	\$109
Outstanding GSE Pipeline on Representations and Warranties Claims						
As of 9/30/10 (all vintages)			\$6.8	\$1.6	\$5.2	\$6.8
After Agreements (estimated as of 12/31/10 - all vintages)			\$2.7	\$0.6	\$2.1	\$2.7 <sup>4</sup>
Cumulative Representations and Warranties Losses 2004-2008						
Prior to Agreements estimated as of 12/31/10			\$3.5	\$1.8	\$1.7	\$3.5
Agreements			\$2.8	\$1.3	\$1.5	\$2.8

<sup>1</sup> Claims resolved and the loss rate exclude \$839 million in claims extinguished as a result of the settlement agreement with Freddie Mac due to global nature of the settlement and, specifically, the absence of a formal apportionment of the settlement amount between current and future claims

<sup>2</sup> Outstanding Balance and Delinquency information based on available preliminary data as of 11/30/2010

<sup>3</sup> Includes approximately \$112 billion in outstanding balances that were originated by Countrywide from 2004 -2008 and covered by the Freddie Mac agreement. The agreement covered \$127 billion in unpaid principal balances for all periods.

<sup>4</sup> Estimated as of 12/31/10 and includes approximately \$832 million of missing document claims in the process of being cured.

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