
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2013

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from to

Commission file number:

1-6523

Exact Name of Registrant as Specified in its Charter:

Bank of America Corporation

State or Other Jurisdiction of Incorporation or Organization:

Delaware

IRS Employer Identification Number:

56-0906609

Address of Principal Executive Offices:

Bank of America Corporate Center

100 N. Tryon Street

Charlotte, North Carolina 28255

Registrant's telephone number, including area code:

(704) 386-5681

Former name, former address and former fiscal year, if changed since last report:

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one).

Large accelerated filer ☒

Accelerated filer

Non-accelerated filer
(do not check if a smaller
reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2).

Yes No ☒

On July 31, 2013, there were 10,743,127,450 shares of Bank of America Corporation Common Stock outstanding.

Bank of America Corporation
June 30, 2013
Form 10-Q

INDEX	Page
Part I. Financial Information	
Item 1. Financial Statements	
Consolidated Statement of Income	142
Consolidated Statement of Comprehensive Income	143
Consolidated Balance Sheet	144
Consolidated Statement of Changes in Shareholders' Equity	146
Consolidated Statement of Cash Flows	147
Notes to Consolidated Financial Statements	148
1 - Summary of Significant Accounting Principles	148
2 - Trading Account Assets and Liabilities	149
3 - Derivatives	150
4 - Securities	161
5 - Outstanding Loans and Leases	169
6 - Allowance for Credit Losses	190
7 - Securitizations and Other Variable Interest Entities	192
8 - Representations and Warranties Obligations and Corporate Guarantees	202
9 - Goodwill and Intangible Assets	210
10 - Federal Funds Sold or Purchased, Securities Financing Agreements and Short-term Borrowings	211
11 - Commitments and Contingencies	213
12 - Shareholders' Equity	220
13 - Accumulated Other Comprehensive Income (Loss)	221
14 - Earnings Per Common Share	223
15 - Pension, Postretirement and Certain Compensation Plans	224
16 - Fair Value Measurements	225
17 - Fair Value Option	243
18 - Fair Value of Financial Instruments	246
19 - Mortgage Servicing Rights	248
20 - Business Segment Information	249
21 - Subsequent Event	254
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	3
Executive Summary	4
Recent Events	6
Performance Overview	8
Financial Highlights	10
Balance Sheet Overview	12
Supplemental Financial Data	18
Business Segment Operations	30
Consumer & Business Banking	32
Consumer Real Estate Services	37
Global Banking	45
Global Markets	49
Global Wealth & Investment Management	52
All Other	55
Off-Balance Sheet Arrangements and Contractual Obligations	58
Regulatory Matters	67
Managing Risk	68

Table of Contents

<u>Strategic Risk Management</u>	<u>69</u>
<u>Capital Management</u>	<u>69</u>
<u>Liquidity Risk</u>	<u>77</u>
<u>Credit Risk Management</u>	<u>83</u>
<u>Consumer Portfolio Credit Risk Management</u>	<u>83</u>
<u>Commercial Portfolio Credit Risk Management</u>	<u>104</u>
<u>Non-U.S. Portfolio</u>	<u>116</u>
<u>Provision for Credit Losses</u>	<u>120</u>
<u>Allowance for Credit Losses</u>	<u>120</u>
<u>Market Risk Management</u>	<u>125</u>
<u>Trading Risk Management</u>	<u>125</u>
<u>Interest Rate Risk Management for Nontrading Activities</u>	<u>130</u>
<u>Mortgage Banking Risk Management</u>	<u>134</u>
<u>Compliance Risk Management</u>	<u>134</u>
<u>Operational Risk Management</u>	<u>135</u>
<u>Complex Accounting Estimates</u>	<u>135</u>
<u>Glossary</u>	<u>138</u>
 <u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	 <u>141</u>
 <u>Item 4. Controls and Procedures</u>	 <u>141</u>

<u>Part II. Other Information</u>	<u>255</u>
 <u>Item 1. Legal Proceedings</u>	 <u>255</u>
 <u>Item 1A. Risk Factors</u>	 <u>255</u>
 <u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	 <u>255</u>
 <u>Item 6. Exhibits</u>	 <u>256</u>
 <u>Signature</u>	 <u>257</u>
 <u>Index to Exhibits</u>	 <u>258</u>

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report on Form 10-Q, the documents that it incorporates by reference and the documents into which it may be incorporated by reference may contain, and from time to time Bank of America Corporation (collectively with its subsidiaries, the Corporation) 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 "expects," "anticipates," "believes," "estimates," "targets," "intends," "plans," "goal" and other similar expressions or future or conditional verbs such as "will," "may," "might," "should," "would" and "could." The forward-looking statements made represent the current expectations, plans or forecasts of the Corporation regarding the Corporation's future results and revenues, and future business and economic conditions more generally, including statements concerning: expectations regarding European and certain Asian economies; the expectation that, if the pace of improvement in the economy continues, there will be reductions in the allowance for credit losses; expected levels of net charge-offs; expectations regarding the impact of interest rate increases on future net interest income, accumulated OCI and mortgage loan originations; expectations regarding the anticipated transfers of mortgage servicing rights; expectations regarding planned actions pursuant to the Corporation's capital plan; the expectation that borrower assistance programs will not result in any incremental credit provision and that the existing allowance for credit losses is adequate to absorb any costs that have not already been recorded as charge-offs; expectations of achieving cost savings as a result of Project New BAC of \$8 billion per year on an annualized basis, or \$2 billion per quarter, by mid-2015, with \$1.5 billion in quarterly cost savings achieved by the fourth quarter of 2013; expectations regarding the impact of U.K. corporate income tax rate reductions on the Corporation's income tax expense and regulatory capital ratios; expectations that, in the fourth quarter of 2013, noninterest expense in Legacy Assets & Servicing (excluding litigation expense) will be below \$2.0 billion and the number of 60 days or more past due residential mortgage loans in the Legacy and Non-Legacy Mortgage Serviced Portfolios will decline below 375,000; the expectation that unresolved repurchase claims related to private-label securitizations will continue to increase; the resolution of representation and warranties repurchase and other claims; the possibility of additional settlements in the future; the belief that there will likely be additional requests for loan files in the future leading to repurchase claims; the possibility that the Corporation may purchase common stock and outstanding debt securities depending on prevailing market conditions, liquidity and other factors; beliefs and expectations concerning the impact of the National Mortgage Settlement, including the impact of uniform servicing standards; predictions concerning the impact of possible foreclosure delays; the possibility that the Corporation will need to register additional entities as swap dealers and major swap participants; the possibility that the Corporation will be required to restructure certain businesses as a result of final derivatives regulations that impose additional operational and compliance costs; expectations regarding the planned merger of certain pension plans, including its effect on the Corporation's regulatory capital; expectations regarding capital requirements under proposed regulatory rulemaking, including the approved final Basel 3 rules, which have not yet been published in the Federal Register, and the possibility of capital distribution-related impacts of these requirements on the Corporation; expectations that the Corporation will meet proposed Basel 3 liquidity standards within the regulatory timelines; the expectation that, if the Corporation's analytical models for capital measurement under Basel 3 are not approved by the U.S. regulatory agencies, it would likely lead to an increase in the Corporation's risk-weighted assets, which in some cases could be significant; expectations regarding benefits to be obtained from the Corporation's centralized funding strategy; estimates concerning the Corporation's additional capital requirements as a global systemically important financial institution; beliefs that default-related servicing costs peaked in late 2012 and will continue to decline in 2013; expectations regarding preferred stock dividends; the Corporation's belief that it can quickly obtain cash for certain securities, even in stressed market conditions, through repurchase agreements or outright sales; the Corporation's belief that a portion of structured liability obligations will remain outstanding beyond the earliest put or redemption date; the Corporation's anticipation that debt levels will decline due to maturities through 2013; the estimation that lifetime losses on loans originated after 2008 will be significantly less than the losses experienced with respect to vintages prior to 2009; expectations regarding loans in the pay option portfolio; the possibility that the Corporation may add credit exposure within an industry, borrower or counterparty group by selling protection; effects of the ongoing debt crisis in certain European countries, including the expectation of continued market volatility, the expectation that the Corporation will continue to support client activities in the region and that exposures may vary over time as the Corporation monitors the situation and manages its risk profile; the expectation that net losses on derivative instruments that qualify as cash flow hedges will be reclassified into earnings during the next 12 months; the possibility that the Corporation may hedge debt securities with risk management derivatives; the expectation that the maximum potential exposure for chargebacks would not exceed the total amount of merchant transactions processed through Visa, MasterCard and Discover for the last six months; expectations regarding the Corporation's contributions to pension plans; and other matters relating to the Corporation and the securities that it may offer from time to time or steps it may take to manage the risk of these securities. The foregoing is not an exclusive list of all forward-looking statements the Corporation makes. 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 the Corporation's control. Actual outcomes and results may differ materially from those expressed in, or implied by, any of these forward-looking statements.

Table of Contents

You should not place undue reliance on any forward-looking statement and should consider the following uncertainties and risks, as well as the risks and uncertainties more fully discussed elsewhere in this report, under Item 1A. Risk Factors of the Corporation's 2012 Annual Report on Form 10-K, and in any of the Corporation's subsequent Securities and Exchange Commission filings: the Corporation's ability to resolve representations and warranties repurchase claims made by monolines and private-label and other investors, including as a result of any adverse court rulings, and the chance that the Corporation could face related servicing, securities, fraud, indemnity or other claims from one or more of the government-sponsored enterprises, monolines or private-label and other investors; the possibility that future representations and warranties losses may occur in excess of the Corporation's recorded liability and estimated range of possible loss for its representations and warranties exposures; the possibility that the Corporation may not collect mortgage insurance claims; the possible impact of a future FASB standard on accounting for credit losses; uncertainties about the financial stability of several countries in the EU, the risk that those countries may default on their sovereign debt or exit the EU and related stresses on financial markets, the Euro and the EU and the Corporation's exposures to such risks, including direct, indirect and operational; the possibility of future inquiries or investigations regarding pending or completed foreclosure activities; the negative impact of the Financial Reform Act on the Corporation's businesses and earnings, including as a result of additional regulatory interpretation and rulemaking and the success of the Corporation's actions to mitigate such impacts; the potential impact on debit card interchange fee revenue in connection with the U.S. District Court for the District of Columbia's ruling on July 31, 2013 regarding the Federal Reserve's rules implementing the Financial Reform Act's Durbin Amendment; adverse changes to the Corporation's credit ratings from the major credit rating agencies; estimates of the fair value of certain of the Corporation's assets and liabilities; the possibility that the European Commission will impose remedial measures in relation to its investigation of the Corporation's competitive practices; the impact of continued refund payments to customers and potential regulatory enforcement action relating to optional identity theft protection services; the impact of potential regulatory enforcement action relating to certain optional credit card debt cancellation products; unexpected claims, damages and fines resulting from pending or future litigation and regulatory proceedings; the Corporation's ability to fully realize the cost savings and other anticipated benefits from Project New BAC, including in accordance with currently anticipated timeframes; the impact on the Corporation's business, financial condition and results of operations of a potential higher interest rate environment; and other similar matters.

Forward-looking statements speak only as of the date they are made, and the Corporation 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.

Notes to the Consolidated Financial Statements referred to in the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) are incorporated by reference into the MD&A. Certain prior-period amounts have been reclassified to conform to current period presentation. Throughout the MD&A, the Corporation uses certain acronyms and abbreviations which are defined in the Glossary.

Executive Summary

Business Overview

The Corporation is a Delaware corporation, a bank holding company and a financial holding company. When used in this report, "the Corporation" may refer to Bank of America Corporation individually, Bank of America Corporation and its subsidiaries, or certain of Bank of America Corporation's subsidiaries or affiliates. Our principal executive offices are located in Charlotte, North Carolina. Through our banking and various nonbanking subsidiaries throughout the U.S. and in international markets, we provide a diversified range of banking and nonbanking financial services and products through five business segments: *Consumer & Business Banking (CBB)*, *Consumer Real Estate Services (CRES)*, *Global Banking*, *Global Markets* and *Global Wealth & Investment Management (GWIM)*, with the remaining operations recorded in *All Other*. We operate our banking activities primarily under two national bank charters: Bank of America, National Association (Bank of America, N.A. or BANA) and FIA Card Services, National Association (FIA Card Services, N.A. or FIA). At June 30, 2013, the Corporation had approximately \$2.1 trillion in assets and approximately 257,000 full-time equivalent employees.

As of June 30, 2013, we operated in all 50 states, the District of Columbia and more than 40 countries. Our retail banking footprint covers approximately 80 percent of the U.S. population and we serve approximately 51 million consumer and small business relationships with approximately 5,300 banking centers, 16,350 ATMs, nationwide call centers, and leading online and mobile banking platforms. We offer industry-leading support to more than three million small business owners. We are a global leader in corporate and investment banking and trading across a broad range of asset classes serving corporations, governments, institutions and individuals around the world.

Table of Contents

Table 1 provides selected consolidated financial data for the three and six months ended June 30, 2013 and 2012, and at June 30, 2013 and December 31, 2012.

Table 1
Selected Financial Data

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
(Dollars in millions, except per share information)				
Income statement				
Revenue, net of interest expense (FTE basis) ⁽¹⁾	\$ 22,949	\$ 22,202	\$ 46,357	\$ 44,687
Net income	4,012	2,463	5,495	3,116
Diluted earnings per common share	0.32	0.19	0.42	0.22
Dividends paid per common share	0.01	0.01	0.02	0.02
Performance ratios				
Return on average assets	0.74%	0.45%	0.50%	0.29%
Return on average tangible shareholders' equity ⁽¹⁾	9.98	6.16	6.84	3.94
Efficiency ratio (FTE basis) ⁽¹⁾	69.80	76.79	76.62	80.98
Asset quality				
Allowance for loan and lease losses at period end			\$ 21,235	\$ 30,288
Allowance for loan and lease losses as a percentage of total loans and leases outstanding at period end ⁽²⁾			2.33%	3.43%
Nonperforming loans, leases and foreclosed properties at period end ⁽²⁾			\$ 21,280	\$ 25,377
Net charge-offs ⁽³⁾	\$ 2,111	\$ 3,626	4,628	7,682
Annualized net charge-offs as a percentage of average loans and leases outstanding ^(2,3)	0.94%	1.64%	1.04%	1.72%
Annualized net charge-offs as a percentage of average loans and leases outstanding, excluding the purchased credit-impaired loan portfolio ⁽²⁾	0.97	1.69	1.07	1.78
Annualized net charge-offs and purchased credit-impaired write-offs as a percentage of average loans and leases outstanding ^(2,4)	1.07	1.64	1.29	1.72
Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs ⁽³⁾	2.51	2.08	2.28	1.96
Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs, excluding the purchased credit-impaired loan portfolio	2.04	1.46	1.85	1.38
Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs and purchased credit-impaired write-offs ⁽⁴⁾	2.18	2.08	1.82	1.96
Balance sheet				
Total loans and leases			\$ 921,570	\$ 907,819
Total assets			2,123,320	2,209,974
Total deposits			1,080,783	1,105,261
Total common shareholders' equity			216,791	218,188
Total shareholders' equity			231,032	236,956
Capital ratios ⁽⁵⁾				
Tier 1 common capital			10.83%	11.06%
Tier 1 capital			12.16	12.89
Total capital			15.27	16.31
Tier 1 leverage			7.49	7.37

⁽¹⁾ Fully taxable-equivalent (FTE) basis, return on average tangible shareholders' equity and the efficiency ratio are non-GAAP financial measures. Other companies may define or calculate these measures differently. For more information on these measures and ratios, and a corresponding reconciliation to GAAP financial measures, see Supplemental Financial Data on page 18.

⁽²⁾ Balances and ratios do not include loans accounted for under the fair value option. For additional exclusions from nonperforming loans, leases and foreclosed properties, see Consumer Portfolio Credit Risk Management – Nonperforming Consumer Loans, Leases and Foreclosed Properties Activity on page 101 and corresponding Table 41, and Commercial Portfolio Credit Risk Management – Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity on page 110 and corresponding Table 50.

⁽³⁾ Net charge-offs exclude \$313 million and \$1.2 billion of write-offs in the purchased credit-impaired loan portfolio for the three and six months ended June 30, 2013. These write-offs decreased the purchased credit-impaired valuation allowance included as part of the allowance for loan and lease losses. For more information on purchased credit-impaired write-offs, see Consumer Portfolio Credit Risk Management – Purchased Credit-impaired Loan Portfolio on page 95.

⁽⁴⁾ There were no write-offs of purchased credit-impaired loans in the three and six months ended June 30, 2012.

⁽⁵⁾ Presents capital ratios in accordance with the Basel I – 2013 Rules, which includes the Market Risk Final Rule as of June 30, 2013. Basel I did not include the Basel I – 2013 Rules at December 31, 2012.

Second Quarter 2013 Economic and Business Environment

In the U.S., economic growth continued but at a restrained pace in the second quarter of 2013 as the housing sector continued to show signs of further improvement, coupled with modest growth in consumer and business spending. However, the economy was adversely affected by the continued impact of lower federal government expenditures. Employment gains were moderate during the quarter, with little change in the unemployment rate. Measures of core inflation also fell during the second quarter of 2013, with core personal consumption deflator ending the quarter near one percent on an annual basis, well below the longer-term inflation target of two percent set by the Board of Governors of the Federal Reserve System (Federal Reserve).

The Federal Reserve continued its \$40 billion in monthly purchases of agency mortgage-backed securities (MBS) and \$45 billion in monthly purchases of long-term U.S. Treasury securities and maintained its forward guidance on interest rates expressed in terms of economic thresholds, which began in December 2012. Sequestration became effective on March 1, 2013, which restrained federal expenditures during the second quarter, and remained in effect at quarter-end. Despite remaining fiscal uncertainties and international economic difficulties, U.S. equities posted modest gains at the end of the second quarter. After the Federal Reserve's announcement on June 19, 2013, there was considerable market concern around potential tapering of the bond buying program. This resulted in a rise in long-term U.S. Treasury yields as the yield curve steepened during the second quarter and volatility in interest rate markets increased, which led to an extensive market sell off for interest rate sensitive products including, for example, municipal bonds and MBS.

Most European economies continued to contract during the quarter but at a diminishing pace with forward-looking indicators favoring a resumption of growth later in the year. Despite uncertainty ahead of upcoming German elections and continued political uncertainty in Greece, the Eurozone continued to demonstrate a reduced level of financial anxiety. Japan's economy continued to demonstrate signs of economic improvement, although uncertainties remain as to whether the impacts of a depreciating Yen could be sustained with the implementation of longer-term reforms. China's economic growth has slowed as the present leadership clarified a greater emphasis on other objectives such as financial reform, which has slowed the credit markets, therefore posing a risk of slowdown for bordering economies. For more information on our international exposure, see Non-U.S. Portfolio on page 116.

Recent Events

Common Stock Repurchases and Liability Management Actions

As disclosed in prior filings, the capital plan that the Corporation submitted to the Federal Reserve in January 2013 as part of our 2013 Comprehensive Capital Analysis and Review project (CCAR), and to which the Federal Reserve did not object, included a request to repurchase up to \$5.0 billion of common stock and redeem \$5.5 billion in preferred stock over four quarters with both beginning in the second quarter of 2013, and a continuation of the quarterly common stock dividend at \$0.01 per share. In the second quarter, we repurchased and retired 79.6 million common shares for an aggregate purchase price of approximately \$1.0 billion and redeemed our Series H and 8 preferred stock for \$5.5 billion.

In addition to the CCAR actions, during the three months ended June 30, 2013, we redeemed \$76 million of Noncumulative Perpetual Preferred Stock, Series 6 and 7 and issued approximately \$1.0 billion of Fixed-to-Floating Rate Non-Cumulative Semi-annual Preferred Stock, Series U (the Series U Preferred Stock). On August 1, 2013, we redeemed \$951 million of the Corporation's 7.25% Non-Cumulative Preferred Stock, Series J (the Series J Preferred Stock). For additional information, see Capital Management – Regulatory Capital on page 70 and *Note 12 – Shareholders' Equity* to the Consolidated Financial Statements.

Final Basel 3 Rules and Proposed Supplementary Leverage Ratio

In July 2013, U.S. banking regulators approved the final Basel 3 rules (Basel 3). While not yet published in the Federal Register, Basel 3 will be effective January 1, 2014. Various aspects of Basel 3 will be subject to multi-year transition periods ending December 31, 2018 and Basel 3 generally continues to be subject to further evaluation and interpretation by the U.S. banking regulators. Basel 3 will materially change our Tier 1 common, Tier 1 and Total capital calculations. Basel 3 introduces new minimum capital ratios and buffer requirements, changes the composition of regulatory capital, expands and modifies the calculation of risk-weighted assets for credit and market risk (the Advanced Approach), revises the adequately capitalized minimum requirements under the Prompt Corrective Action framework and introduces, effective January 1, 2015, a Standardized Approach for the calculation of risk-weighted assets, which will replace the Basel 1 – 2013 Rules. Under Basel 3, we will be required to calculate regulatory capital ratios and risk-weighted assets under both the Standardized and Advanced Approaches. The approach that yields the lower ratio is to be used to assess capital adequacy including under the Prompt Corrective Action framework. The Prompt Corrective Action framework establishes categories of capitalization, including "well-capitalized," based on regulatory ratio requirements. U.S. banking regulators are required to take certain mandatory actions depending on the category of capitalization, with no mandatory actions required for "well-capitalized" banking entities. We continue to evaluate the impact of both the Standardized and Advanced Approaches on us. The Basel 3 Advanced Approach requires approval by the U.S. regulatory agencies of analytical models used as part of capital measurement. If these models are not approved, it would likely lead to an increase in our risk-weighted assets, which in some cases could be significant.

In addition, in July 2013, the U.S. banking regulators also proposed changes to the capital ratio requirements that would be effective beginning in 2018. Under the proposed rule, the largest bank holding companies (BHCs), including the Corporation, would be required to maintain a minimum supplementary leverage ratio of three percent, plus a supplementary leverage buffer of two percent, for a total of five percent. If the Corporation does not maintain the supplementary leverage buffer at a level greater than or equal to two percent, it would be subject to limitations on returning capital distributions to its shareholders, whether through dividends, stock repurchases or otherwise. The proposed rule would also require insured depository institutions of such BHCs, which for the Corporation would include primarily BANA and FIA, to have a six percent supplementary leverage ratio to be considered "well capitalized." The proposal is not yet final and, when finalized, could have provisions significantly different from those currently proposed. For additional information, see Capital Management – Regulatory Capital on page 72.

Impact of U.K. Corporate Income Tax Rate Reduction

On July 17, 2013, the United Kingdom (U.K.) 2013 Finance Bill was enacted, which reduced the U.K. corporate income tax rate by three percent to 20 percent. Two percent of the reduction will become effective on April 1, 2014 and the additional one percent reduction on April 1, 2015. These reductions will favorably affect income tax expense on future U.K. earnings but also require the Corporation to remeasure, in the period of enactment, its U.K. net deferred tax assets using the lower tax rates. As a result, in the three months ending September 30, 2013, the Corporation will record a charge to income tax expense of approximately \$1.1 billion in aggregate for these reductions. Because our deferred tax assets in excess of a certain amount are disallowed in calculating regulatory capital, this charge will not impact our capital ratios. For additional information, see *Note 21 – Subsequent Event* to the Consolidated Financial Statements.

MBIA Settlement

On May 7, 2013, we entered into a comprehensive settlement with MBIA Inc. and certain of its affiliates (MBIA) to resolve all outstanding litigation between the parties, as well as other claims between the parties, including outstanding and potential claims from MBIA related to alleged representations and warranties breaches and other claims involving certain first- and second-lien residential mortgage-backed securities (RMBS) trusts for which MBIA provided financial guarantee insurance, certain of which claims were the subject of litigation (MBIA Settlement). Under the MBIA Settlement, all pending litigation between the parties was dismissed and each party received a global release of those claims.

Under the MBIA Settlement, all pending litigation between the parties was dismissed and each party received a global release of those claims. The Corporation made a settlement payment to MBIA of \$1.565 billion in cash and transferred to MBIA approximately \$95 million in fair market value of notes issued by MBIA and previously held by the Corporation. The Corporation was fully reserved at March 31, 2013 for the MBIA Settlement. In addition, MBIA issued to the Corporation warrants to purchase up to approximately 4.9 percent of MBIA's currently outstanding common stock, at an exercise price of \$9.59 per share, which may be exercised at any time prior to May 2018. In addition, the Corporation provided a senior secured \$500 million credit facility to an affiliate of MBIA.

The parties also terminated various credit default swaps (CDS) transactions entered into between the Corporation and an MBIA-affiliate, LaCrosse Financial Products, LLC, and guaranteed by MBIA, which constituted all of the outstanding CDS protection agreements purchased by the Corporation from MBIA on commercial mortgage-backed securities (CMBS). Collectively, those CDS transactions had a notional value of \$7.4 billion and a fair value of \$813 million as of March 31, 2013. The parties also terminated certain other trades in order to close out positions between the parties; the termination of these trades did not have a material impact on the Corporation's financial statements. For additional information, see Off-Balance Sheet Arrangements and Contractual Obligations – Representations and Warranties on page 58 and *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements.

Performance Overview

Net income was \$4.0 billion, or \$0.32 per diluted share and \$5.5 billion, or \$0.42 per diluted share for the three and six months ended June 30, 2013 compared to \$2.5 billion, or \$0.19 and \$3.1 billion, or \$0.22 for the same periods in 2012. The results for the first half of 2013 reflect our efforts to stabilize revenue, decrease costs, strengthen the balance sheet and improve credit quality. The following highlights the most significant changes from the prior-year periods.

Net interest income on a fully taxable-equivalent (FTE) basis increased \$989 million to \$10.8 billion, and \$811 million to \$21.6 billion for the three and six months ended June 30, 2013. The increases in net interest income were primarily due to reductions in long-term debt balances, positive market-related premium amortization and hedge ineffectiveness on debt securities, improved trading-related net interest income, higher commercial loan balances and lower rates paid on deposits, partially offset by lower consumer loan balances as well as lower asset yields driven by the low rate environment. The net interest yield on a FTE basis increased 23 basis points (bps) and eight bps to 2.44 percent for both the three and six months ended June 30, 2013 due to the same factors described above.

Noninterest income decreased \$242 million to \$12.2 billion, and increased \$859 million to \$24.7 billion for the three and six months ended June 30, 2013. The significant drivers for the three-month period were lower mortgage banking income reflecting lower servicing income, partially offset by increases in investment banking income, equity investment income, and investment and brokerage services income. The year-ago period included gains of \$505 million related to liability management actions.

Table of Contents

The significant drivers of noninterest income for the six-month period were negative fair value adjustments on structured liabilities of \$80 million compared to \$3.4 billion, debit valuation adjustment (DVA) losses on derivatives, net of hedges, of \$15 million compared to \$1.6 billion and increases in investment banking income and investment and brokerage services income. These improvements were partially offset by lower mortgage banking income and lower gains on sales of debt securities. The year-ago period included gains of \$1.7 billion related to liability management actions.

The provision for credit losses decreased \$562 million to \$1.2 billion, and \$1.3 billion to \$2.9 billion for the three and six months ended June 30, 2013. The improvement was primarily in the home loans portfolio, due to improved portfolio trends as well as the impact of increased home prices.

Noninterest expense decreased \$1.0 billion to \$16.0 billion, and \$671 million to \$35.5 billion for the three and six months ended June 30, 2013. The decrease for the three-month period was driven by a \$604 million decrease in other general operating expense primarily due to lower litigation expense as well as a decrease in professional fees due in part to reduced Legacy Assets & Servicing expenses, and a decrease in personnel expense as we continue to streamline processes and achieve cost savings. The decrease for the six-month period was driven by the same factors described in the three-month discussion above, partially offset by higher litigation expense due in part to the MBIA Settlement.

Income tax expense was \$1.5 billion on \$5.5 billion of pre-tax income and \$2.0 billion on \$7.5 billion of pre-tax income, resulting in effective tax rates of 27.0 percent and 26.6 percent for the three and six months ended June 30, 2013. This was compared to \$684 million on \$3.1 billion of pre-tax income and \$750 million on \$3.9 billion of pre-tax income that resulted in effective tax rates of 21.7 percent and 19.4 percent for the same periods in 2012.

For additional summary information on the Corporation's results, see Financial Highlights on page 10.

Table 2

Summary Income Statement

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Net interest income (FTE basis) ⁽¹⁾	\$ 10,771	\$ 9,782	\$ 21,646	\$ 20,835
Noninterest income	12,178	12,420	24,711	23,852
Total revenue, net of interest expense (FTE basis)⁽¹⁾	22,949	22,202	46,357	44,687
Provision for credit losses	1,211	1,773	2,924	4,191
Noninterest expense	16,018	17,048	35,518	36,189
Income before income taxes	5,720	3,381	7,915	4,307
Income tax expense (FTE basis) ⁽¹⁾	1,708	918	2,420	1,191
Net income	4,012	2,463	5,495	3,116
Preferred stock dividends	441	365	814	690
Net income applicable to common shareholders	\$ 3,571	\$ 2,098	\$ 4,681	\$ 2,426

Per common share information

Earnings	\$ 0.33	\$ 0.19	\$ 0.43	\$ 0.23
Diluted earnings	0.32	0.19	0.42	0.22

⁽¹⁾ FTE basis is a non-GAAP financial measure. For more information on this measure and for a corresponding reconciliation to GAAP financial measures, see Supplemental Financial Data on page 18.

Financial Highlights

Net Interest Income

Net interest income on a FTE basis increased \$989 million to \$10.8 billion, and \$811 million to \$21.6 billion for the three and six months ended June 30, 2013 compared to the same periods in 2012. The increases were primarily due to reductions in long-term debt balances positive market-related premium amortization and hedge ineffectiveness on debt securities, improved trading-related net interest income, higher commercial loan balances and lower rates paid on deposits, partially offset by lower consumer loan balances as well as lower asset yields driven by the low rate environment. The net interest yield on a FTE basis increased 23 bps and eight bps to 2.44 percent for both the three and six months ended June 30, 2013 compared to the same periods in 2012 due to the same factors described above.

Noninterest Income

Table 3

Noninterest Income

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Card income	\$ 1,469	\$ 1,578	\$ 2,879	\$ 3,035
Service charges	1,837	1,934	3,636	3,846
Investment and brokerage services	3,143	2,847	6,170	5,723
Investment banking income	1,556	1,146	3,091	2,363
Equity investment income	680	368	1,243	1,133
Trading account profits	1,938	1,764	4,927	3,839
Mortgage banking income	1,178	1,659	2,441	3,271
Gains on sales of debt securities	457	400	525	1,152
Other income (loss)	(76)	730	(188)	(464)
Net impairment losses recognized in earnings on AFS debt securities	(4)	(6)	(13)	(46)
Total noninterest income	\$ 12,178	\$ 12,420	\$ 24,711	\$ 23,852

Noninterest income decreased \$242 million to \$12.2 billion, and increased \$859 million to \$24.7 billion for the three and six months ended June 30, 2013 compared to the same periods in 2012. The following highlights the significant changes.

- Card income decreased \$109 million and \$156 million primarily driven by decreased revenue due to the exit of consumer protection products.
- Investment and brokerage services increased \$296 million and \$447 million primarily driven by higher market levels, impact of long-term assets under management (AUM) flows and increased transactional activity.
- Investment banking income increased \$410 million and \$728 million due to strong debt underwriting performance, primarily within leveraged finance and investment grade, and equity underwriting performance due to significant increases in global initial public offering (IPO) markets, partially offset by a decline in advisory fees.
- Equity investment income increased \$312 million and \$110 million primarily due to a gain on the sale of an equity investment in the three and six months ended June 30, 2013, partially offset by a gain on the sale of an investment in *Global Markets* in the same periods in 2012.
- Trading account profits increased \$174 million and \$1.1 billion. Net DVA gains on derivatives were \$39 million and net DVA losses were \$15 million for the three and six months ended June 30, 2013 compared to net DVA losses of \$158 million and \$1.6 billion in the year-ago periods. Excluding net DVA, trading account profits decreased \$23 million and \$514 million primarily due to decreases in our fixed income, currencies and commodities (FICC) businesses reflecting less favorable market conditions, related to the Federal Reserve's policy announcement in June, primarily in structured credit and interest rate products.
- Mortgage banking income decreased \$481 million and \$830 million primarily driven by a decrease in servicing income due to a smaller servicing portfolio and the divestiture of certain servicing business units in the prior year. The decline in the servicing portfolio was due primarily to mortgage servicing rights (MSR) sales in 2013.

Table of Contents

- Other income (loss) decreased \$806 million to a loss of \$76 million for the three months ended June 30, 2013 compared to the same period in 2012 and improved \$276 million to a loss of \$188 million for the six months ended June 30, 2013. Fair value adjustments on structured liabilities were positive \$10 million and negative \$80 million for the three and six months ended June 30, 2013 compared to negative fair value adjustments of \$62 million and \$3.4 billion in the year-ago periods. The six months ended June 30, 2013 included a \$450 million write-down of a receivable. The prior-year periods included gains related to liability management actions of \$505 million and \$1.7 billion.

Provision for Credit Losses

The provision for credit losses decreased \$562 million to \$1.2 billion, and \$1.3 billion to \$2.9 billion for the three and six months ended June 30, 2013 compared to the same periods in 2012. For the three and six months ended June 30, 2013, the provision for credit losses was \$900 million and \$1.7 billion lower than net charge-offs, resulting in a reduction in the allowance for credit losses due to continued improvement in the home loans portfolio primarily as a result of increased home prices and improvement in credit card portfolios. If the pace of improvement in the economy continues, we anticipate additional reductions in the allowance for credit losses, particularly in our consumer real estate portfolios.

Net charge-offs totaled \$2.1 billion, or 0.94 percent, and \$4.6 billion, or 1.04 percent of average loans and leases for the three and six months ended June 30, 2013 compared to \$3.6 billion, or 1.64 percent, and \$7.7 billion, or 1.72 percent for the same periods in 2012. The decrease in net charge-offs was driven by credit quality improvement across all portfolios. Given the improving trend in delinquencies and other credit quality metrics, we expect net charge-offs to be below \$2.0 billion for the three months ending September 30, 2013. For more information on the provision for credit losses, see Provision for Credit Losses on page 120.

Noninterest Expense

Table 4

Noninterest Expense

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Personnel	\$ 8,531	\$ 8,729	\$ 18,422	\$ 18,917
Occupancy	1,109	1,117	2,263	2,259
Equipment	532	546	1,082	1,157
Marketing	437	449	866	914
Professional fees	694	922	1,343	1,705
Amortization of intangibles	274	321	550	640
Data processing	779	692	1,591	1,548
Telecommunications	411	417	820	817
Other general operating	3,251	3,855	8,581	8,232
Total noninterest expense	\$ 16,018	\$ 17,048	\$ 35,518	\$ 36,189

Noninterest expense decreased \$1.0 billion to \$16.0 billion, and \$671 million to \$35.5 billion for the three and six months ended June 30, 2013 compared to same periods in 2012. The decrease for the three months ended June 30, 2013 was driven by a \$604 million decrease in other general operating expense primarily due to lower litigation expense, a \$228 million decrease in professional fees due in part to reduced default management activities in Legacy Assets & Servicing, and a \$198 million decrease in personnel expense as we continue to streamline processes and achieve cost savings. The decrease for the six months ended June 30, 2013 was driven by a \$495 million decrease in personnel expense and a \$362 million decrease in professional fees as a result of the same factors described in the three-month discussion above, partially offset by a \$349 million increase in other general operating expense. The increase in other general operating expense was the result of higher litigation expense due in part to the MBIA Settlement.

In connection with Project New BAC, which was first announced in the third quarter of 2011, we continue to achieve cost savings in certain noninterest expense categories as we further streamline workflows, simplify processes and align expenses with our overall strategic plan and operating principles. We expect total cost savings from Project New BAC to reach \$8 billion per year on an annualized basis, or \$2 billion per quarter, by mid-2015. We expect to achieve approximately \$1.5 billion in quarterly cost savings by the fourth quarter of 2013, representing 75 percent of the quarterly target.

Income Tax Expense

Income tax expense was \$1.5 billion on \$5.5 billion of pre-tax income and \$2.0 billion on \$7.5 billion of pre-tax income, resulting in effective tax rates of 27.0 percent and 26.6 percent for the three and six months ended June 30, 2013. This was compared to \$684 million on \$3.1 billion of pre-tax income and \$750 million on \$3.9 billion of pre-tax income that resulted in effective tax rates of 21.7 percent and 19.4 percent for the same periods in 2012.

The effective tax rates for the three and six months ended June 30, 2013 were primarily driven by our recurring tax preference items and an increase in tax benefits from the 2012 non-U.S. restructurings as compared to amounts previously recognized. The effective tax rates in the year-ago periods were primarily driven by our recurring tax preference items and discrete tax benefits.

On July 17, 2013, the U.K. 2013 Finance Bill was enacted, which reduced the U.K. corporate income tax rate by three percent to 20 percent. Two percent of the reduction will become effective on April 1, 2014 and the additional one percent reduction on April 1, 2015. These reductions will favorably affect income tax expense on future U.K. earnings but also require us to remeasure, in the period of enactment, our U.K. net deferred tax assets using the lower tax rates. As a result, in the three months ending September 30, 2013, we will record a charge to income tax expense of approximately \$1.1 billion in aggregate for these reductions. Because our deferred tax assets in excess of a certain amount are disallowed in calculating regulatory capital, this charge will not impact our capital ratios.

Balance Sheet Overview

Table 5
Selected Balance Sheet Data

			Average Balance			
	June 30	December 31	Three Months Ended		Six Months Ended	
	2013	2012	June 30		June 30	
(Dollars in millions)			2013	2012	2013	2012
Assets						
Federal funds sold and securities borrowed or purchased under agreements to resell	\$ 224,168	\$ 219,924	\$ 233,394	\$ 234,148	\$ 235,417	\$ 233,604
Trading account assets	191,234	227,775	227,241	196,710	233,568	195,034
Debt securities	336,403	360,331	343,260	357,081	349,794	349,350
Loans and leases	921,570	907,819	914,234	899,498	910,269	906,610
Allowance for loan and lease losses	(21,235)	(24,179)	(22,060)	(31,463)	(22,822)	(32,336)
All other assets	471,180	518,304	488,541	538,589	492,217	538,606
Total assets	\$ 2,123,320	\$ 2,209,974	\$ 2,184,610	\$ 2,194,563	\$ 2,198,443	\$ 2,190,868
Liabilities						
Deposits	\$ 1,080,783	\$ 1,105,261	\$ 1,079,956	\$ 1,032,888	\$ 1,077,631	\$ 1,031,500
Federal funds purchased and securities loaned or sold under agreements to repurchase	232,609	293,259	270,790	279,496	285,781	267,950
Trading account liabilities	82,381	73,587	94,349	84,728	93,204	78,300
Short-term borrowings	46,470	30,731	47,238	39,413	42,001	38,031
Long-term debt	262,480	275,585	270,198	333,173	272,088	348,346
All other liabilities	187,565	194,595	187,016	189,307	191,714	192,679
Total liabilities	1,892,288	1,973,018	1,949,547	1,959,005	1,962,419	1,956,806
Shareholders' equity	231,032	236,956	235,063	235,558	236,024	234,062
Total liabilities and shareholders' equity	\$ 2,123,320	\$ 2,209,974	\$ 2,184,610	\$ 2,194,563	\$ 2,198,443	\$ 2,190,868

Period-end balance sheet amounts may vary from average balance sheet amounts due to liquidity and balance sheet management activities, primarily involving our portfolios of highly liquid assets. These portfolios are designed to ensure the adequacy of capital while enhancing our ability to manage liquidity requirements for the Corporation and our customers, and to position the balance sheet in accordance with the Corporation's risk appetite. The execution of these activities requires the use of balance sheet and capital-related limits including spot, average and risk-weighted asset limits, particularly within the market-making activities of our trading businesses. One of our key regulatory metrics, Tier 1 leverage ratio, is calculated based on adjusted quarterly average total assets.

Assets

At June 30, 2013, total assets were approximately \$2.1 trillion, a decrease of \$86.7 billion, or four percent, from December 31, 2012. This decrease was driven by lower trading account assets due to a reduction in U.S. government and agency securities, lower debt securities driven by net sales of U.S. Treasuries, paydowns and decreases in the fair value of available-for-sale (AFS) debt securities resulting from the impact of higher interest rates, a decrease in consumer loan balances driven by continued run-off in certain portfolios as well as paydowns and charge-offs outpacing originations, and lower cash and cash equivalent balances. These decreases were partially offset by higher commercial loan balances.

Average total assets decreased \$10.0 billion for the three months ended June 30, 2013 compared to the same period in 2012 primarily driven by lower debt securities due to net sales of U.S. Treasuries, paydowns and decreases in fair value of AFS debt securities, a decrease in consumer loan balances driven by continued run-off in certain portfolios as well as paydowns and charge-offs outpacing originations, lower cash and cash equivalent balances, and lower derivative dealer assets largely due to MSR sales resulting in a decrease in derivative contracts used to hedge certain market risks on MSRs. These declines were partially offset by higher commercial loan balances and higher trading account assets primarily due to increased securities inventory and client-based activity.

Average total assets increased \$7.6 billion for the six months ended June 30, 2013 compared to the same period in 2012 primarily driven by higher commercial loan balances and higher trading account assets resulting from increased securities inventory and client-based activity. These increases were partially offset by lower consumer loan balances driven by continued run-off in certain portfolios as well as paydowns and charge-offs outpacing originations, lower cash and cash equivalent balances, and a decrease in derivative dealer assets.

Liabilities and Shareholders' Equity

At June 30, 2013, total liabilities were approximately \$1.9 trillion, a decrease of \$80.7 billion, or four percent, from December 31, 2012. This decrease was driven by lower securities sold under agreement to repurchase due to lower matched-book activity and trading inventory, lower deposits and reductions in long-term debt. These decreases were partially offset by higher short-term borrowings due to an increase in advances from the Federal Home Loan Bank (FHLB).

Average total liabilities decreased \$9.5 billion for the three months ended June 30, 2013 compared to the same period in 2012 primarily driven by reductions in long-term debt, partially offset by growth in deposits and higher trading account liabilities.

Average total liabilities increased \$5.6 billion for the six months ended June 30, 2013 compared to the same period in 2012 primarily driven by growth in deposits, higher securities loaned or sold under agreement to repurchase due to funding of trading inventory and higher trading account liabilities, partially offset by reductions in long-term debt.

At June 30, 2013, shareholders' equity was \$231.0 billion, a decrease of \$5.9 billion from December 31, 2012 driven by a decrease in the fair value of AFS debt securities resulting from the impact of higher interest rates, which is recorded in accumulated other comprehensive income (OCI), redemptions of preferred stock and common stock repurchases, partially offset by earnings and issuances of preferred stock.

Average shareholders' equity decreased \$495 million for the three months ended June 30, 2013 compared to the same period in 2012 driven by redemptions of preferred stock, a decrease in the fair value of AFS debt securities and common stock repurchases. These decreases were partially offset by earnings, common stock issued under employee benefit plans and issuances of preferred stock.

Average shareholders' equity increased \$2.0 billion for the six months ended June 30, 2013 compared to the same period in 2012 driven by earnings, common stock issued under employee benefit plans and issuances of preferred stock. These increases were partially offset by redemptions of preferred stock, a decrease in the fair value of AFS debt securities and common stock repurchases.

Table 6
Selected Quarterly Financial Data

(In millions, except per share information)	2013 Quarters		2012 Quarters			
	Second	First	Fourth	Third	Second	
Income statement						
Net interest income	\$ 10,549	\$ 10,664	\$ 10,324	\$ 9,938	\$ 9,548	
Noninterest income	12,178	12,533	8,336	10,490	12,420	
Total revenue, net of interest expense	22,727	23,197	18,660	20,428	21,968	
Provision for credit losses	1,211	1,713	2,204	1,774	1,773	
Noninterest expense	16,018	19,500	18,360	17,544	17,048	
Income (loss) before income taxes	5,498	1,984	(1,904)	1,110	3,147	
Income tax expense (benefit)	1,486	501	(2,636)	770	684	
Net income	4,012	1,483	732	340	2,463	
Net income (loss) applicable to common shareholders	3,571	1,110	367	(33)	2,098	
Average common shares issued and outstanding	10,776	10,799	10,777	10,776	10,776	
Average diluted common shares issued and outstanding ⁽¹⁾	11,525	11,155	10,885	10,776	11,556	
Performance ratios						
Return on average assets	0.74%	0.27%	0.13%	0.06%	0.45%	
Four quarter trailing return on average assets ⁽²⁾	0.30	0.23	0.19	0.25	0.51	
Return on average common shareholders' equity	6.55	2.06	0.67	n/m	3.89	
Return on average tangible common shareholders' equity ⁽³⁾	9.88	3.12	1.01	n/m	5.95	
Return on average tangible shareholders' equity ⁽³⁾	9.98	3.69	1.77	0.84	6.16	
Total ending equity to total ending assets	10.88	10.91	10.72	11.02	10.92	
Total average equity to total average assets	10.76	10.71	10.79	10.86	10.73	
Dividend payout	3.01	9.75	29.33	n/m	5.60	
Per common share data						
Earnings	\$ 0.33	\$ 0.10	\$ 0.03	\$ 0.00	\$ 0.19	
Diluted earnings ⁽¹⁾	0.32	0.10	0.03	0.00	0.19	
Dividends paid	0.01	0.01	0.01	0.01	0.01	
Book value	20.18	20.19	20.24	20.40	20.16	
Tangible book value ⁽³⁾	13.32	13.36	13.36	13.48	13.22	
Market price per share of common stock						
Closing	\$ 12.86	\$ 12.18	\$ 11.61	\$ 8.83	\$ 8.18	
High closing	13.83	12.78	11.61	9.55	9.68	
Low closing	11.44	11.03	8.93	7.04	6.83	
Market capitalization	\$ 138,156	\$ 131,817	\$ 125,136	\$ 95,163	\$ 88,155	

⁽¹⁾ Due to a net loss applicable to common shareholders for the third quarter of 2012, the impact of antidilutive equity instruments was excluded from diluted earnings per share and average diluted common shares.

⁽²⁾ Calculated as total net income for four consecutive quarters divided by annualized average assets for four consecutive quarters.

⁽³⁾ Tangible equity ratios and tangible book value per share of common stock are non-GAAP financial measures. Other companies may define or calculate these measures differently. For more information on these ratios and for corresponding reconciliations to GAAP financial measures, see Supplemental Financial Data on page 18.

⁽⁴⁾ For more information on the impact of the purchased credit-impaired loan portfolio on asset quality, see Consumer Portfolio Credit Risk Management on page 83.

⁽⁵⁾ Includes the allowance for loan and lease losses and the reserve for unfunded lending commitments.

⁽⁶⁾ Balances and ratios do not include loans accounted for under the fair value option. For additional exclusions from nonperforming loans, leases and foreclosed properties, see Consumer Portfolio Credit Risk Management – Nonperforming Consumer Loans, Leases and Foreclosed Properties Activity on page 101 and corresponding Table 41, and Commercial Portfolio Credit Risk Management – Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity on page 110 and corresponding Table 50.

⁽⁷⁾ Primarily includes amounts allocated to the U.S. credit card and unsecured consumer lending portfolios in CBB, purchased credit-impaired loans and the non-U.S. credit card portfolio in H Other.

⁽⁸⁾ Net charge-offs exclude \$313 million, \$839 million, \$1.1 billion and \$1.7 billion of write-offs in the purchased credit-impaired loan portfolio for the second and first quarters of 2013 and the fourth and third quarters of 2012. These write-offs decreased the purchased credit-impaired valuation allowance included as part of the allowance for loan and lease losses. For more information on purchased credit-impaired write-offs, see Consumer Portfolio Credit Risk Management – Purchased Credit-impaired Loan Portfolio on page 95.

⁽⁹⁾ There were no write-offs in the purchased credit-impaired loan portfolio for the second quarter of 2012.

⁽¹⁰⁾ Presents capital ratios in accordance with the Basel I – 2013 Rules at June 30, 2013. Basel I did not include the Basel I – 2013 Rules at December 31, 2012.

n/m = not meaningful

Table 6
Selected Quarterly Financial Data (continued)

(Dollars in millions)	2013 Quarters		2012 Quarters		
	Second	First	Fourth	Third	Second
Average balance sheet					
Total loans and leases	\$ 914,234	\$ 906,259	\$ 893,166	\$ 888,859	\$ 899,498
Total assets	2,184,610	2,212,430	2,210,365	2,173,312	2,194,563
Total deposits	1,079,956	1,075,280	1,078,076	1,049,697	1,032,888
Long-term debt	270,198	273,999	277,894	291,684	333,173
Common shareholders' equity	218,790	218,225	219,744	217,273	216,782
Total shareholders' equity	235,063	236,995	238,512	236,039	235,558
Asset quality ⁽⁴⁾					
Allowance for credit losses ⁽⁵⁾	\$ 21,709	\$ 22,927	\$ 24,692	\$ 26,751	\$ 30,862
Nonperforming loans, leases and foreclosed properties ⁽⁶⁾	21,280	22,842	23,555	24,925	25,377
Allowance for loan and lease losses as a percentage of total loans and leases outstanding ⁽⁶⁾	2.33%	2.49%	2.69%	2.96%	3.43%
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases ⁽⁶⁾	103	102	107	111	127
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases, excluding the PCI loan portfolio ⁽⁶⁾	84	82	82	81	90
Amounts included in allowance that are excluded from nonperforming loans and leases ⁽⁷⁾	\$ 9,919	\$ 10,690	\$ 12,021	\$ 13,978	\$ 16,327
Allowance as a percentage of total nonperforming loans and leases, excluding amounts included in the allowance that are excluded from nonperforming loans and leases ⁽⁷⁾	55%	53%	54%	52%	59%
Net charge-offs ⁽⁸⁾	\$ 2,111	\$ 2,517	\$ 3,104	\$ 4,122	\$ 3,626
Annualized net charge-offs as a percentage of average loans and leases outstanding ^(6, 8)	0.94%	1.14%	1.40%	1.86%	1.64%
Annualized net charge-offs as a percentage of average loans and leases outstanding, excluding the PCI loan portfolio ⁽⁶⁾	0.97	1.18	1.44	1.93	1.69
Annualized net charge-offs and PCI write-offs as a percentage of average loans and leases outstanding ^(6, 9)	1.07	1.52	1.90	2.63	1.64
Nonperforming loans and leases as a percentage of total loans and leases outstanding ⁽⁶⁾	2.26	2.44	2.52	2.68	2.70
Nonperforming loans, leases and foreclosed properties as a percentage of total loans, leases and foreclosed properties ⁽⁶⁾	2.33	2.53	2.62	2.81	2.87
Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs ⁽⁸⁾	2.51	2.20	1.96	1.60	2.08
Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs, excluding the PCI loan portfolio	2.04	1.76	1.51	1.17	1.46
Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs and PCI write-offs ⁽⁹⁾	2.18	1.65	1.44	1.13	2.08
Capital ratios (period end) ⁽¹⁰⁾					
Risk-based capital:					
Tier 1 common capital	10.83%	10.49%	11.06%	11.41%	11.24%
Tier 1 capital	12.16	12.22	12.89	13.64	13.80
Total capital	15.27	15.50	16.31	17.16	17.51
Tier 1 leverage	7.49	7.49	7.37	7.84	7.84
Tangible equity ⁽³⁾	7.67	7.78	7.62	7.85	7.73
Tangible common equity ⁽³⁾	6.98	6.88	6.74	6.95	6.83

For footnotes see page14.

Table 7
Selected Year-to-Date Financial Data

(In millions, except per share information)	Six Months Ended June 30	
	2013	2012
Income statement		
Net interest income	\$ 21,213	\$ 20,394
Noninterest income	24,711	23,852
Total revenue, net of interest expense	45,924	44,246
Provision for credit losses	2,924	4,191
Noninterest expense	35,518	36,189
Income before income taxes	7,482	3,866
Income tax expense	1,987	750
Net income	5,495	3,116
Net income applicable to common shareholders	4,681	2,426
Average common shares issued and outstanding	10,787	10,715
Average diluted common shares issued and outstanding	11,550	11,510
Performance ratios		
Return on average assets	0.50%	0.29%
Return on average common shareholders' equity	4.32	2.26
Return on average tangible common shareholders' equity ⁽¹⁾	6.53	3.47
Return on average tangible shareholders' equity ⁽¹⁾	6.84	3.94
Total ending equity to total ending assets	10.88	10.92
Total average equity to total average assets	10.74	10.68
Dividend payout	4.61	9.56
Per common share data		
Earnings	\$ 0.43	\$ 0.23
Diluted earnings	0.42	0.22
Dividends paid	0.02	0.02
Book value	20.18	20.16
Tangible book value ⁽¹⁾	13.32	13.22
Market price per share of common stock		
Closing	\$ 12.86	\$ 8.18
High closing	13.83	9.93
Low closing	11.03	5.80
Market capitalization	\$ 138,156	\$ 88,155

⁽¹⁾ Tangible equity ratios and tangible book value per share of common stock are non-GAAP financial measures. Other companies may define or calculate these measures differently. For more information on these ratios and for corresponding reconciliations to GAAP financial measures, see Supplemental Financial Data on page 18.

⁽²⁾ For more information on the impact of the purchased credit-impaired loan portfolio on asset quality, see Consumer Portfolio Credit Risk Management on page 83.

⁽³⁾ Includes the allowance for loan and lease losses and the reserve for unfunded lending commitments.

⁽⁴⁾ Balances and ratios do not include loans accounted for under the fair value option. For additional exclusions from nonperforming loans, leases and foreclosed properties, see Consumer Portfolio Credit Risk Management – Nonperforming Consumer Loans, Leases and Foreclosed Properties Activity on page 101 and corresponding Table 41, and Commercial Portfolio Credit Risk Management – Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity on page 110 and corresponding Table 50.

⁽⁵⁾ Primarily includes amounts allocated to the U.S. credit card and unsecured consumer lending portfolios in CBB, purchased credit-impaired loans and the non-U.S. credit card portfolio in ILL Other.

⁽⁶⁾ Net charge-offs exclude \$1.2 billion of write-offs in the purchased credit-impaired loan portfolio for the three months ended June 30, 2013. These write-offs decreased the purchased credit-impaired valuation allowance included as part of the allowance for loan and lease losses. For more information on purchased credit-impaired write-offs, see Consumer Portfolio Credit Risk Management – Purchased Credit-impaired Loan Portfolio on page 95.

⁽⁷⁾ There were no write-offs in the purchased credit-impaired loan portfolio for the three months ended June 30, 2012.

Table 7
Selected Year-to-Date Financial Data (continued)

(Dollars in millions)	Six Months Ended June 30	
	2013	2012
Average balance sheet		
Total loans and leases	\$ 910,269	\$ 906,610
Total assets	2,198,443	2,190,868
Total deposits	1,077,631	1,031,500
Long-term debt	272,088	348,346
Common shareholders' equity	218,509	215,466
Total shareholders' equity	236,024	234,062
Asset quality ⁽²⁾		
Allowance for credit losses ⁽³⁾	\$ 21,709	\$ 30,862
Nonperforming loans, leases and foreclosed properties ⁽⁴⁾	21,280	25,377
Allowance for loan and lease losses as a percentage of total loans and leases outstanding ⁽⁴⁾	2.33 %	3.43 %
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases ⁽⁴⁾	103	127
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases, excluding the PCI loan portfolio ⁽⁴⁾	84	90
Amounts included in allowance that are excluded from nonperforming loans and leases ⁽⁵⁾	\$ 9,919	\$ 16,327
Allowance as a percentage of total nonperforming loans and leases, excluding amounts included in the allowance that are excluded from nonperforming loans and leases ⁽⁵⁾	55 %	59 %
Net charge-offs ⁽⁶⁾	\$ 4,628	\$ 7,682
Annualized net charge-offs as a percentage of average loans and leases outstanding ^(4, 6)	1.04 %	1.72 %
Annualized net charge-offs as a percentage of average loans and leases outstanding, excluding the PCI loan portfolio ⁽⁴⁾	1.07	1.78
Annualized net charge-offs and PCI write-offs as a percentage of average loans and leases outstanding ^(4, 7)	1.29	1.72
Nonperforming loans and leases as a percentage of total loans and leases outstanding ⁽⁴⁾	2.26	2.70
Nonperforming loans, leases and foreclosed properties as a percentage of total loans, leases and foreclosed properties ⁽⁴⁾	2.33	2.87
Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs ⁽⁶⁾	2.28	1.96
Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs, excluding the PCI loan portfolio	1.85	1.38
Ratio of the allowance for loan and lease losses at period end to annualized net charge-offs and PCI write-offs ⁽⁷⁾	1.82	1.96

For footnotes see page 16.

Supplemental Financial Data

We view net interest income and related ratios and analyses on a FTE basis, which when presented on a consolidated basis, are non-GAAP financial measures. We believe managing the business with net interest income on a FTE basis provides a more accurate picture of the interest margin for comparative purposes. To derive the FTE basis, net interest income is adjusted to reflect tax-exempt income on an equivalent before-tax basis with a corresponding increase in income tax expense. For purposes of this calculation, we use the federal statutory tax rate of 35 percent. This measure ensures comparability of net interest income arising from taxable and tax-exempt sources.

Certain performance measures including the efficiency ratio and net interest yield utilize net interest income (and thus total revenue) on a FTE basis. The efficiency ratio measures the costs expended to generate a dollar of revenue, and net interest yield measures the bps we earn over the cost of funds.

We also evaluate our business based on certain ratios that utilize tangible equity, a non-GAAP financial measure. Tangible equity represents an adjusted shareholders' equity or common shareholders' equity amount which has been reduced by goodwill and intangible assets (excluding MSRs), net of related deferred tax liabilities. These measures are used to evaluate our use of equity. In addition, profitability, relationship and investment models all use return on average tangible shareholders' equity (ROTE) as key measures to support our overall growth goals. These ratios are as follows:

- Return on average tangible common shareholders' equity measures our earnings contribution as a percentage of adjusted common shareholders' equity. The tangible common equity ratio represents adjusted ending common shareholders' equity divided by total assets less goodwill and intangible assets (excluding MSRs), net of related deferred tax liabilities.
- ROTE measures our earnings contribution as a percentage of adjusted average total shareholders' equity. The tangible equity ratio represents adjusted ending shareholders' equity divided by total assets less goodwill and intangible assets (excluding MSRs), net of related deferred tax liabilities.
- Tangible book value per common share represents adjusted ending common shareholders' equity divided by ending common shares outstanding.

The aforementioned supplemental data and performance measures are presented in Tables 6 and 7.

We evaluate our business segment results based on measures that utilize return on average allocated capital, and prior to January 1, 2013, the return on average economic capital, both of which represent non-GAAP financial measures. These ratios are calculated as net income adjusted for cost of funds and earnings credits and certain expenses related to intangibles, divided by average allocated capital or average economic capital, as applicable. In addition, for purposes of goodwill impairment testing, the Corporation utilizes allocated equity as a proxy for the carrying value of its reporting units. Allocated equity for the business segments is comprised of allocated capital (or economic capital prior to 2013) plus capital for the portion of goodwill and intangibles specifically assigned to the business segment. For additional information, see Business Segment Operations on page 30 and *Note 9 – Goodwill and Intangible Assets* to the Consolidated Financial Statements.

Tables 8, 9 and 10 provide reconciliations of these non-GAAP financial measures to GAAP financial measures. We believe the use of these non-GAAP financial measures provides additional clarity in assessing the results of the Corporation and our segments. Other companies may define or calculate these measures and ratios differently.

Table 8
Quarterly Supplemental Financial Data and Reconciliations to GAAP Financial Measures

(Dollars in millions)	2013 Quarters		2012 Quarters		
	Second	First	Fourth	Third	Second
Fully taxable-equivalent basis data					
Net interest income	\$ 10,771	\$ 10,875	\$ 10,555	\$ 10,167	\$ 9,782
Total revenue, net of interest expense	22,949	23,408	18,891	20,657	22,202
Net interest yield ⁽¹⁾	2.44%	2.43%	2.35%	2.32%	2.21%
Efficiency ratio	69.80	83.31	97.19	84.93	76.79

⁽¹⁾ Calculation includes fees earned on overnight deposits placed with the Federal Reserve and, beginning in the third quarter of 2012, fees earned on deposits, primarily overnight, placed with certain non-U.S. central banks, of \$40 million and \$33 million for the second and first quarters of 2013, and \$42 million, \$48 million and \$52 million for the fourth, third and second quarters of 2012, respectively.

Table 8

Quarterly Supplemental Financial Data and Reconciliations to GAAP Financial Measures (continued)

(Dollars in millions)	2013 Quarters		2012 Quarters		
	Second	First	Fourth	Third	Second
Reconciliation of net interest income to net interest income on a fully taxable-equivalent basis					
Net interest income	\$ 10,549	\$ 10,664	\$ 10,324	\$ 9,938	\$ 9,548
Fully taxable-equivalent adjustment	222	211	231	229	234
Net interest income on a fully taxable-equivalent basis	\$ 10,771	\$ 10,875	\$ 10,555	\$ 10,167	\$ 9,782
Reconciliation of total revenue, net of interest expense to total revenue, net of interest expense on a fully taxable-equivalent basis					
Total revenue, net of interest expense	\$ 22,727	\$ 23,197	\$ 18,660	\$ 20,428	\$ 21,968
Fully taxable-equivalent adjustment	222	211	231	229	234
Total revenue, net of interest expense on a fully taxable-equivalent basis	\$ 22,949	\$ 23,408	\$ 18,891	\$ 20,657	\$ 22,202
Reconciliation of income tax expense (benefit) to income tax expense (benefit) on a fully taxable-equivalent basis					
Income tax expense (benefit)	\$ 1,486	\$ 501	\$ (2,636)	\$ 770	\$ 684
Fully taxable-equivalent adjustment	222	211	231	229	234
Income tax expense (benefit) on a fully taxable-equivalent basis	\$ 1,708	\$ 712	\$ (2,405)	\$ 999	\$ 918
Reconciliation of average common shareholders' equity to average tangible common shareholders' equity					
Common shareholders' equity	\$ 218,790	\$ 218,225	\$ 219,744	\$ 217,273	\$ 216,782
Goodwill	(69,930)	(69,945)	(69,976)	(69,976)	(69,976)
Intangible assets (excluding MSRs)	(6,270)	(6,549)	(6,874)	(7,194)	(7,533)
Related deferred tax liabilities	2,360	2,425	2,490	2,556	2,626
Tangible common shareholders' equity	\$ 144,950	\$ 144,156	\$ 145,384	\$ 142,659	\$ 141,899
Reconciliation of average shareholders' equity to average tangible shareholders' equity					
Shareholders' equity	\$ 235,063	\$ 236,995	\$ 238,512	\$ 236,039	\$ 235,558
Goodwill	(69,930)	(69,945)	(69,976)	(69,976)	(69,976)
Intangible assets (excluding MSRs)	(6,270)	(6,549)	(6,874)	(7,194)	(7,533)
Related deferred tax liabilities	2,360	2,425	2,490	2,556	2,626
Tangible shareholders' equity	\$ 161,223	\$ 162,926	\$ 164,152	\$ 161,425	\$ 160,675
Reconciliation of period-end common shareholders' equity to period-end tangible common shareholders' equity					
Common shareholders' equity	\$ 216,791	\$ 218,513	\$ 218,188	\$ 219,838	\$ 217,213
Goodwill	(69,930)	(69,930)	(69,976)	(69,976)	(69,976)
Intangible assets (excluding MSRs)	(6,104)	(6,379)	(6,684)	(7,030)	(7,335)
Related deferred tax liabilities	2,297	2,363	2,428	2,494	2,559
Tangible common shareholders' equity	\$ 143,054	\$ 144,567	\$ 143,956	\$ 145,326	\$ 142,461
Reconciliation of period-end shareholders' equity to period-end tangible shareholders' equity					
Shareholders' equity	\$ 231,032	\$ 237,293	\$ 236,956	\$ 238,606	\$ 235,975
Goodwill	(69,930)	(69,930)	(69,976)	(69,976)	(69,976)
Intangible assets (excluding MSRs)	(6,104)	(6,379)	(6,684)	(7,030)	(7,335)
Related deferred tax liabilities	2,297	2,363	2,428	2,494	2,559
Tangible shareholders' equity	\$ 157,295	\$ 163,347	\$ 162,724	\$ 164,094	\$ 161,223
Reconciliation of period-end assets to period-end tangible assets					
Assets	\$ 2,123,320	\$ 2,174,819	\$ 2,209,974	\$ 2,166,162	\$ 2,160,854
Goodwill	(69,930)	(69,930)	(69,976)	(69,976)	(69,976)
Intangible assets (excluding MSRs)	(6,104)	(6,379)	(6,684)	(7,030)	(7,335)
Related deferred tax liabilities	2,297	2,363	2,428	2,494	2,559
Tangible assets	\$ 2,049,583	\$ 2,100,873	\$ 2,135,742	\$ 2,091,650	\$ 2,086,102

Table 9
Year-to-Date Supplemental Financial Data and Reconciliations to GAAP Financial Measures

	Six Months Ended June 30	
	2013	2012
(Dollars in millions, except per share information)		
Fully taxable-equivalent basis data		
Net interest income	\$ 21,646	\$ 20,835
Total revenue, net of interest expense	46,357	44,687
Net interest yield ⁽¹⁾	2.44%	2.36%
Efficiency ratio	76.62	80.98
Reconciliation of net interest income to net interest income on a fully taxable-equivalent basis		
Net interest income	\$ 21,213	\$ 20,394
Fully taxable-equivalent adjustment	433	441
Net interest income on a fully taxable-equivalent basis	\$ 21,646	\$ 20,835
Reconciliation of total revenue, net of interest expense to total revenue, net of interest expense on a fully taxable-equivalent basis		
Total revenue, net of interest expense	\$ 45,924	\$ 44,246
Fully taxable-equivalent adjustment	433	441
Total revenue, net of interest expense on a fully taxable-equivalent basis	\$ 46,357	\$ 44,687
Reconciliation of income tax expense to income tax expense on a fully taxable-equivalent basis		
Income tax expense	\$ 1,987	\$ 750
Fully taxable-equivalent adjustment	433	441
Income tax expense on a fully taxable-equivalent basis	\$ 2,420	\$ 1,191
Reconciliation of average common shareholders' equity to average tangible common shareholders' equity		
Common shareholders' equity	\$ 218,509	\$ 215,466
Goodwill	(69,937)	(69,971)
Intangible assets (excluding MSRs)	(6,409)	(7,701)
Related deferred tax liabilities	2,393	2,663
Tangible common shareholders' equity	\$ 144,556	\$ 140,457
Reconciliation of average shareholders' equity to average tangible shareholders' equity		
Shareholders' equity	\$ 236,024	\$ 234,062
Goodwill	(69,937)	(69,971)
Intangible assets (excluding MSRs)	(6,409)	(7,701)
Related deferred tax liabilities	2,393	2,663
Tangible shareholders' equity	\$ 162,071	\$ 159,053

⁽¹⁾ Calculation includes fees earned on overnight deposits placed with the Federal Reserve and, beginning in the third quarter of 2012, fees earned on deposits, primarily overnight, placed with certain non-U.S. central banks, of \$73 million and \$99 million for the six months ended June 30, 2013 and 2012.

Table 10
Segment Supplemental Financial Data Reconciliations to GAAP Financial Measures ⁽¹⁾

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Consumer & Business Banking				
Reported net income	\$ 1,392	\$ 1,208	\$ 2,831	\$ 2,740
Adjustment related to intangibles ⁽²⁾	2	4	4	7
Adjusted net income	\$ 1,394	\$ 1,212	\$ 2,835	\$ 2,747
Average allocated equity ⁽³⁾	\$ 62,058	\$ 55,987	\$ 62,070	\$ 55,880
Adjustment related to goodwill and a percentage of intangibles	(32,058)	(32,180)	(32,070)	(32,198)
Average allocated capital/economic capital	\$ 30,000	\$ 23,807	\$ 30,000	\$ 23,682
Global Banking				
Reported net income	\$ 1,291	\$ 1,318	\$ 2,575	\$ 2,802
Adjustment related to intangibles ⁽²⁾	—	1	1	2
Adjusted net income	\$ 1,291	\$ 1,319	\$ 2,576	\$ 2,804
Average allocated equity ⁽³⁾	\$ 45,416	\$ 41,903	\$ 45,412	\$ 41,677
Adjustment related to goodwill and a percentage of intangibles	(22,416)	(22,431)	(22,412)	(22,434)
Average allocated capital/economic capital	\$ 23,000	\$ 19,472	\$ 23,000	\$ 19,243
Global Markets				
Reported net income	\$ 959	\$ 497	\$ 2,128	\$ 1,326
Adjustment related to intangibles ⁽²⁾	2	3	4	5
Adjusted net income	\$ 961	\$ 500	\$ 2,132	\$ 1,331
Average allocated equity ⁽³⁾	\$ 35,372	\$ 18,655	\$ 35,372	\$ 19,207
Adjustment related to goodwill and a percentage of intangibles	(5,372)	(5,339)	(5,372)	(5,358)
Average allocated capital/economic capital	\$ 30,000	\$ 13,316	\$ 30,000	\$ 13,849
Global Wealth & Investment Management				
Reported net income	\$ 758	\$ 548	\$ 1,478	\$ 1,098
Adjustment related to intangibles ⁽²⁾	5	6	9	12
Adjusted net income	\$ 763	\$ 554	\$ 1,487	\$ 1,110
Average allocated equity ⁽³⁾	\$ 20,300	\$ 17,391	\$ 20,311	\$ 17,107
Adjustment related to goodwill and a percentage of intangibles	(10,300)	(10,380)	(10,311)	(10,391)
Average allocated capital/economic capital	\$ 10,000	\$ 7,011	\$ 10,000	\$ 6,716

⁽¹⁾ There are no adjustments to reported net income (loss) or average allocated equity for CRES.

⁽²⁾ Represents cost of funds, earnings credits and certain expenses related to intangibles.

⁽³⁾ Average allocated equity is comprised of average allocated capital (or economic capital prior to 2013) plus capital for the portion of goodwill and intangibles specifically assigned to the business segment. For more information on allocated capital and economic capital, see Business Segment Operations on page 30 and *Note 9 – Goodwill and Intangible Assets* to the Consolidated Financial Statements.

Table 10
Segment Supplemental Financial Data Reconciliations to GAAP Financial Measures (continued) ⁽¹⁾

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Consumer & Business Banking				
Deposits				
Reported net income	\$ 484	\$ 225	\$ 882	\$ 637
Adjustment related to intangibles ⁽²⁾	—	1	—	1
Adjusted net income	\$ 484	\$ 226	\$ 882	\$ 638
Average allocated equity ⁽³⁾	\$ 35,403	\$ 32,862	\$ 35,404	\$ 32,540
Adjustment related to goodwill and a percentage of intangibles	(20,003)	(20,025)	(20,004)	(20,027)
Average allocated capital/economic capital	\$ 15,400	\$ 12,837	\$ 15,400	\$ 12,513
Consumer Lending				
Reported net income	\$ 908	\$ 983	\$ 1,949	\$ 2,103
Adjustment related to intangibles ⁽²⁾	2	3	4	6
Adjusted net income	\$ 910	\$ 986	\$ 1,953	\$ 2,109
Average allocated equity ⁽³⁾	\$ 26,655	\$ 23,125	\$ 26,666	\$ 23,340
Adjustment related to goodwill and a percentage of intangibles	(12,055)	(12,155)	(12,066)	(12,171)
Average allocated capital/economic capital	\$ 14,600	\$ 10,970	\$ 14,600	\$ 11,169

For footnotes see page 21.

Net Interest Income Excluding Trading-related Net Interest Income

We manage net interest income on a FTE basis and excluding the impact of trading-related activities. As discussed in *Global Markets* on page 49, we evaluate our sales and trading results and strategies on a total market-based revenue approach by combining net interest income and noninterest income for *Global Markets*. An analysis of net interest income, average earning assets and net interest yield on earning assets, all of which adjust for the impact of trading-related net interest income from reported net interest income on a FTE basis, is shown below. We believe the use of this non-GAAP presentation in Table 11 provides additional clarity in assessing our results.

Table 11

Net Interest Income Excluding Trading-related Net Interest Income

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Net interest income (FTE basis)				
As reported ⁽¹⁾	\$ 10,771	\$ 9,782	\$ 21,646	\$ 20,835
Impact of trading-related net interest income	(919)	(653)	(1,929)	(1,449)
Net interest income excluding trading-related net interest income ⁽²⁾	\$ 9,852	\$ 9,129	\$ 19,717	\$ 19,386
Average earning assets				
As reported	\$ 1,769,336	\$ 1,772,568	\$ 1,784,975	\$ 1,770,336
Impact of trading-related earning assets	(487,345)	(444,584)	(492,510)	(434,499)
Average earning assets excluding trading-related earning assets ⁽²⁾	\$ 1,281,991	\$ 1,327,984	\$ 1,292,465	\$ 1,335,837
Net interest yield contribution (FTE basis) ⁽³⁾				
As reported ⁽¹⁾	2.44%	2.21%	2.44%	2.36%
Impact of trading-related activities	0.64	0.55	0.62	0.55
Net interest yield on earning assets excluding trading-related activities ⁽²⁾	3.08%	2.76%	3.06%	2.91%

⁽¹⁾ Net interest income and net interest yield include fees earned on overnight deposits placed with the Federal Reserve and, beginning in the third quarter of 2012, fees earned on deposits, primarily overnight, placed with certain non-U.S. central banks, of \$40 million and \$73 million for the three and six months ended June 30, 2013 and \$52 million and \$99 million for the three and six months ended June 30, 2012.

⁽²⁾ Represents a non-GAAP financial measure.

⁽³⁾ Calculated on an annualized basis.

For the three and six months ended June 30, 2013, net interest income excluding trading-related net interest income increased \$723 million to \$9.9 billion, and \$331 million to \$19.7 billion compared to the same periods in 2012. The increases were primarily due to reductions in long-term debt balances, positive market-related premium amortization and hedge ineffectiveness on debt securities, higher commercial loan balances and lower rates paid on deposits, partially offset by lower consumer loan balances as well as lower asset yields driven by the low rate environment. For more information on the impacts of rising interest rates, see Interest Rate Risk Management for Nontrading Activities on page 130.

Average earning assets excluding trading-related earning assets for the three and six months ended June 30, 2013 decreased \$46.0 billion to \$1,282.0 billion, and \$43.4 billion to \$1,292.5 billion compared to the same periods in 2012. The decreases were primarily due to declines in consumer loans and time deposits placed, partially offset by increases in commercial loans. In addition, for the three months ended June 30, 2013, the decrease was also driven by lower investment securities balances.

For the three and six months ended June 30, 2013, net interest yield on earning assets excluding trading-related activities increased 32 bps to 3.08 percent, and 15 bps to 3.06 percent compared to the same periods in 2012 due to the same factors described above.

Table of Contents

Table 12
Quarterly Average Balances and Interest Rates – FTE Basis

(Dollars in millions)	Second Quarter 2013			First Quarter 2013		
	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate
Earning assets						
Time deposits placed and other short-term investments ⁽¹⁾	\$ 15,088	\$ 46	1.21 %	\$ 16,129	\$ 46	1.17 %
Federal funds sold and securities borrowed or purchased under agreements to resell	233,394	319	0.55	237,463	315	0.54
Trading account assets	181,620	1,224	2.70	194,364	1,380	2.87
Debt securities ⁽²⁾	343,260	2,557	2.98	356,399	2,556	2.87
Loans and leases⁽³⁾:						
Residential mortgage ⁽⁴⁾	257,275	2,246	3.49	258,630	2,340	3.62
Home equity	101,708	951	3.74	105,939	997	3.80
U.S. credit card	89,722	2,192	9.80	91,712	2,249	9.95
Non-U.S. credit card	10,613	315	11.93	11,027	329	12.10
Direct/Indirect consumer ⁽⁵⁾	82,485	598	2.90	82,364	620	3.06
Other consumer ⁽⁶⁾	1,756	17	4.17	1,666	19	4.36
Total consumer	543,559	6,319	4.66	551,338	6,554	4.79
U.S. commercial	217,464	1,741	3.21	210,706	1,666	3.20
Commercial real estate ⁽⁷⁾	40,612	340	3.36	39,179	326	3.38
Commercial lease financing	23,579	205	3.48	23,534	236	4.01
Non-U.S. commercial	89,020	543	2.45	81,502	467	2.32
Total commercial	370,675	2,829	3.06	354,921	2,695	3.07
Total loans and leases	914,234	9,148	4.01	906,259	9,249	4.12
Other earning assets	81,740	713	3.50	90,172	733	3.29
Total earning assets⁽⁸⁾	1,769,336	14,007	3.17	1,800,786	14,279	3.20
Cash and cash equivalents ⁽¹⁾	104,486	40		92,846	33	
Other assets, less allowance for loan and lease losses	310,788			318,798		
Total assets	\$ 2,184,610			\$ 2,212,430		

⁽¹⁾ For this presentation, fees earned on overnight deposits placed with the Federal Reserve are included in the cash and cash equivalents line, consistent with the Consolidated Balance Sheet presentation of these deposits. In addition, beginning in the third quarter of 2012, fees earned on deposits, primarily overnight, placed with certain non-U.S. central banks, which are included in the time deposits placed and other short-term investments line in prior periods, have been included in the cash and cash equivalents line. Net interest income and net interest yield are calculated excluding these fees.

⁽²⁾ Yields on debt securities carried at fair value are calculated based on fair value rather than the cost basis. The use of fair value does not have a material impact on net interest yield.

⁽³⁾ Nonperforming loans are included in the respective average loan balances. Income on these nonperforming loans is recognized on a cost recovery basis. PCI loans were recorded at fair value upon acquisition and accrete interest income over the remaining life of the loan.

⁽⁴⁾ Includes non-U.S. residential mortgage loans of \$86 million and \$90 million in the second and first quarters of 2013, and \$93 million, \$92 million and \$89 million in the fourth, third and second quarters of 2012, respectively.

⁽⁵⁾ Includes non-U.S. consumer loans of \$7.5 billion and \$7.7 billion in the second and first quarters of 2013, and \$8.1 billion, \$7.8 billion and \$7.8 billion in the fourth, third and second quarters of 2012, respectively.

⁽⁶⁾ Includes consumer finance loans of \$1.3 billion and \$1.4 billion in the second and first quarters of 2013, and \$1.4 billion, \$1.5 billion and \$1.6 billion in the fourth, third and second quarters of 2012, respectively; consumer leases of \$291 million and \$138 million in the second and first quarters of 2013, \$3 million in the fourth quarter of 2012, and none in third and second quarters of 2012; other non-U.S. consumer loans of \$5 million in both the second and first quarters of 2013, and \$4 million, \$997 million and \$895 million in the fourth, third and second quarters of 2012, respectively; and consumer overdrafts of \$136 million and \$142 million in the second and first quarters of 2013, and \$156 million, \$158 million and \$108 million in the fourth, third and second quarters of 2012, respectively.

⁽⁷⁾ Includes U.S. commercial real estate loans of \$39.1 billion and \$37.7 billion in the second and first quarters of 2013, and \$36.7 billion, \$35.4 billion and \$36.0 billion in the fourth, third and second quarters of 2012, respectively; and non-U.S. commercial real estate loans of \$1.5 billion in both the second and first quarters of 2013, and \$1.5 billion, \$1.5 billion and \$1.6 billion in the fourth, third and second quarters of 2012, respectively.

⁽⁸⁾ Interest income includes the impact of interest rate risk management contracts, which decreased interest income on the underlying assets by \$63 million and \$141 million in the second and first quarters of 2013, and \$146 million, \$136 million and \$366 million in the fourth, third and second quarters of 2012, respectively. Interest expense includes the impact of interest rate risk management contracts, which decreased interest expense on the underlying liabilities by \$660 million and \$618 million in the second and first quarters of 2013, and \$598 million, \$454 million and \$591 million in the fourth, third and second quarters of 2012, respectively. For further information on interest rate contracts, see Interest Rate Risk Management for Nontrading Activities on page 130.

Table 12

Quarterly Average Balances and Interest Rates – FTE Basis (continued)

	Fourth Quarter 2012			Third Quarter 2012			Second Quarter 2012		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
(Dollars in millions)									
Earning assets									
Time deposits placed and other short-term investments ⁽¹⁾	\$ 16,967	\$ 50	1.14%	\$ 15,849	\$ 58	1.47%	\$ 27,476	\$ 64	0.94%
Federal funds sold and securities borrowed or purchased under agreements to resell	241,950	329	0.54	234,955	353	0.60	234,148	360	0.62
Trading account assets	186,252	1,362	2.91	166,192	1,243	2.98	165,906	1,302	3.15
Debt securities ⁽²⁾	360,213	2,201	2.44	355,302	2,068	2.33	357,081	1,910	2.14
Loans and leases ⁽³⁾ :									
Residential mortgage ⁽⁴⁾	256,564	2,292	3.57	261,337	2,409	3.69	266,365	2,555	3.84
Home equity	110,270	1,068	3.86	116,308	1,100	3.77	119,785	1,091	3.66
U.S. credit card	92,849	2,336	10.01	93,292	2,353	10.04	95,018	2,356	9.97
Non-U.S. credit card	13,081	383	11.66	13,329	385	11.48	13,641	396	11.68
Direct/Indirect consumer ⁽⁵⁾	82,583	662	3.19	82,635	704	3.39	84,198	733	3.50
Other consumer ⁽⁶⁾	1,602	19	4.57	2,654	40	6.03	2,565	41	6.41
Total consumer	556,949	6,760	4.84	569,555	6,991	4.89	581,572	7,172	4.95
U.S. commercial	209,496	1,729	3.28	201,072	1,752	3.47	199,644	1,742	3.51
Commercial real estate ⁽⁷⁾	38,192	341	3.55	36,929	329	3.54	37,627	323	3.46
Commercial lease financing	22,839	184	3.23	21,545	202	3.75	21,446	216	4.02
Non-U.S. commercial	65,690	433	2.62	59,758	401	2.67	59,209	369	2.50
Total commercial	336,217	2,687	3.18	319,304	2,684	3.35	317,926	2,650	3.35
Total loans and leases	893,166	9,447	4.21	888,859	9,675	4.34	899,498	9,822	4.38
Other earning assets	90,388	771	3.40	89,118	760	3.40	88,459	716	3.24
Total earning assets⁽⁸⁾	1,788,936	14,160	3.16	1,750,275	14,157	3.22	1,772,568	14,174	3.21
Cash and cash equivalents ⁽¹⁾	111,671	42		122,716	48		116,025	52	
Other assets, less allowance for loan and lease losses	309,758			300,321			305,970		
Total assets	\$ 2,210,365			\$ 2,173,312			\$ 2,194,563		

For footnotes see page 24.

Table of Contents

Table 12
Quarterly Average Balances and Interest Rates – FTE Basis (continued)

	Second Quarter 2013			First Quarter 2013		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
(Dollars in millions)						
Interest-bearing liabilities						
U.S. interest-bearing deposits:						
Savings	\$ 44,897	\$ 6	0.05 %	\$ 42,934	\$ 6	0.05 %
NOW and money market deposit accounts	500,628	107	0.09	501,177	117	0.09
Consumer CDs and IRAs	85,001	130	0.62	88,376	138	0.63
Negotiable CDs, public funds and other deposits	22,721	27	0.46	20,880	26	0.52
Total U.S. interest-bearing deposits	653,247	270	0.17	653,367	287	0.18
Non-U.S. interest-bearing deposits:						
Banks located in non-U.S. countries	10,832	17	0.64	12,153	19	0.64
Governments and official institutions	924	—	0.26	901	1	0.23
Time, savings and other	55,661	79	0.56	54,599	75	0.56
Total non-U.S. interest-bearing deposits	67,417	96	0.57	67,653	95	0.57
Total interest-bearing deposits	720,664	366	0.20	721,020	382	0.22
Federal funds purchased, securities loaned or sold under agreements to repurchase and short-term borrowings	318,028	809	1.02	337,644	749	0.90
Trading account liabilities	94,349	427	1.82	92,047	472	2.08
Long-term debt	270,198	1,674	2.48	273,999	1,834	2.70
Total interest-bearing liabilities⁽⁸⁾	1,403,239	3,276	0.94	1,424,710	3,437	0.98
Noninterest-bearing sources:						
Noninterest-bearing deposits	359,292			354,260		
Other liabilities	187,016			196,465		
Shareholders' equity	235,063			236,995		
Total liabilities and shareholders' equity	\$ 2,184,610			\$ 2,212,430		
Net interest spread			2.23 %			2.22 %
Impact of noninterest-bearing sources			0.20			0.21
Net interest income/yield on earning assets⁽¹⁾		\$ 10,731	2.43 %		\$ 10,842	2.43 %

For footnotes see page24.

Table 12

Quarterly Average Balances and Interest Rates – FTE Basis (continued)

	Fourth Quarter 2012			Third Quarter 2012			Second Quarter 2012		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
(Dollars in millions)									
Interest-bearing liabilities									
U.S. interest-bearing deposits:									
Savings	\$ 41,294	\$ 6	0.06%	\$ 41,581	\$ 11	0.10%	\$ 42,394	\$ 14	0.13%
NOW and money market deposit accounts	479,130	146	0.12	465,679	173	0.15	460,788	188	0.16
Consumer CDs and IRAs	91,256	156	0.68	94,140	172	0.73	96,858	171	0.71
Negotiable CDs, public funds and other deposits	19,904	27	0.54	19,587	30	0.61	21,661	35	0.65
Total U.S. interest-bearing deposits	631,584	335	0.21	620,987	386	0.25	621,701	408	0.26
Non-U.S. interest-bearing deposits:									
Banks located in non-U.S. countries	11,964	22	0.71	13,883	19	0.56	14,598	25	0.69
Governments and official institutions	876	1	0.29	1,019	1	0.31	895	1	0.37
Time, savings and other	53,655	80	0.60	52,175	78	0.59	52,584	85	0.65
Total non-U.S. interest-bearing deposits	66,495	103	0.62	67,077	98	0.58	68,077	111	0.65
Total interest-bearing deposits	698,079	438	0.25	688,064	484	0.28	689,778	519	0.30
Federal funds purchased, securities loaned or sold under agreements to repurchase and short-term borrowings	336,341	855	1.01	325,023	893	1.09	318,909	943	1.19
Trading account liabilities	80,084	420	2.09	77,528	418	2.14	84,728	448	2.13
Long-term debt	277,894	1,934	2.77	291,684	2,243	3.07	333,173	2,534	3.05
Total interest-bearing liabilities⁽⁸⁾	1,392,398	3,647	1.04	1,382,299	4,038	1.16	1,426,588	4,444	1.25
Noninterest-bearing sources:									
Noninterest-bearing deposits	379,997			361,633			343,110		
Other liabilities	199,458			193,341			189,307		
Shareholders' equity	238,512			236,039			235,558		
Total liabilities and shareholders' equity	\$ 2,210,365			\$ 2,173,312			\$ 2,194,563		
Net interest spread			2.12%			2.06%			1.96%
Impact of noninterest-bearing sources			0.22			0.25			0.24
Net interest income/yield on earning assets⁽¹⁾		\$ 10,513	2.34%		\$ 10,119	2.31%		\$ 9,730	2.20%

For footnotes see page 24.

Table of Contents

Table 13
Year-to-Date Average Balances and Interest Rates – FTE Basis

	Six Months Ended June 30					
	2013			2012		
	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate
(Dollars in millions)						
Earning assets						
Time deposits placed and other short-term investments ⁽¹⁾	\$ 15,606	\$ 92	1.19 %	\$ 29,440	\$ 129	0.88 %
Federal funds sold and securities borrowed or purchased under agreements to resell	235,417	634	0.54	233,604	820	0.71
Trading account assets	187,957	2,604	2.79	165,010	2,701	3.29
Debt securities ⁽²⁾	349,794	5,113	2.92	349,350	4,662	2.67
Loans and leases ⁽³⁾ :						
Residential mortgage ⁽⁴⁾	257,949	4,586	3.56	269,436	5,145	3.82
Home equity	103,812	1,948	3.77	121,433	2,257	3.73
U.S. credit card	90,712	4,441	9.87	96,676	4,815	10.02
Non-U.S. credit card	10,819	644	12.01	13,896	804	11.64
Direct/Indirect consumer ⁽⁵⁾	82,425	1,218	2.98	86,259	1,534	3.58
Other consumer ⁽⁶⁾	1,710	36	4.26	2,592	81	6.33
Total consumer	547,427	12,873	4.73	590,292	14,636	4.98
U.S. commercial	214,103	3,407	3.21	197,377	3,498	3.56
Commercial real estate ⁽⁷⁾	39,899	666	3.37	38,408	662	3.47
Commercial lease financing	23,556	441	3.75	21,563	488	4.52
Non-U.S. commercial	85,284	1,010	2.39	58,970	760	2.59
Total commercial	362,842	5,524	3.07	316,318	5,408	3.44
Total loans and leases	910,269	18,397	4.07	906,610	20,044	4.44
Other earning assets	85,932	1,446	3.39	86,322	1,439	3.35
Total earning assets⁽⁸⁾	1,784,975	28,286	3.18	1,770,336	29,795	3.38
Cash and cash equivalents ⁽¹⁾	98,698	73		114,268	99	
Other assets, less allowance for loan and lease losses	314,770			306,264		
Total assets	\$ 2,198,443			\$ 2,190,868		

⁽¹⁾ For this presentation, fees earned on overnight deposits placed with the Federal Reserve are included in the cash and cash equivalents line, consistent with the Consolidated Balance Sheet presentation of these deposits. In addition, beginning in the third quarter of 2012, fees earned on deposits, primarily overnight, placed with certain non-U.S. central banks, which are included in the time deposits placed and other short-term investments line in prior periods, have been included in the cash and cash equivalents line. Net interest income and net interest yield are calculated excluding these fees.

⁽²⁾ Yields on debt securities carried at fair value are calculated based on fair value rather than the cost basis. The use of fair value does not have a material impact on net interest yield.

⁽³⁾ Nonperforming loans are included in the respective average loan balances. Income on these nonperforming loans is recognized on a cost recovery basis. PCI loans were recorded at fair value upon acquisition and accrete interest income over the remaining life of the loan.

⁽⁴⁾ Includes non-U.S. residential mortgage loans of \$88 million for both the six months ended June 30, 2013 and 2012.

⁽⁵⁾ Includes non-U.S. consumer loans of \$7.6 billion and \$7.7 billion for the six months ended June 30, 2013 and 2012.

⁽⁶⁾ Includes consumer finance loans of \$1.4 billion and \$1.6 billion, consumer leases of \$215 million and none, other non-U.S. consumer loans of \$5 million and \$899 million, and consumer overdrafts of \$139 million and \$99 million for the six months ended June 30, 2013 and 2012.

⁽⁷⁾ Includes U.S. commercial real estate loans of \$38.4 billion and \$36.7 billion, and non-U.S. commercial real estate loans of \$1.5 billion and \$1.7 billion for the six months ended June 30, 2013 and 2012.

⁽⁸⁾ Interest income includes the impact of interest rate risk management contracts, which decreased interest income on the underlying assets by \$204 million and \$472 million for the six months ended June 30, 2013 and 2012. Interest expense includes the impact of interest rate risk management contracts, which decreased interest expense on the underlying liabilities by \$1.3 billion and \$1.2 billion for the six months ended June 30, 2013 and 2012. For further information on interest rate contracts, see Interest Rate Risk Management for Nontrading Activities on page 130.

Table of Contents

Table 13

Year-to-Date Average Balances and Interest Rates – FTE Basis (continued)

	Six Months Ended June 30					
	2013			2012		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
(Dollars in millions)						
Interest-bearing liabilities						
U.S. interest-bearing deposits:						
Savings	\$ 43,921	\$ 12	0.05 %	\$ 41,468	\$ 28	0.13 %
NOW and money market deposit accounts	500,901	224	0.09	459,718	374	0.16
Consumer CDs and IRAs	86,679	268	0.62	98,451	365	0.75
Negotiable CDs, public funds and other deposits	21,806	53	0.49	22,125	71	0.64
Total U.S. interest-bearing deposits	653,307	557	0.17	621,762	838	0.27
Non-U.S. interest-bearing deposits:						
Banks located in non-U.S. countries	11,489	36	0.64	16,384	53	0.65
Governments and official institutions	912	1	0.24	1,091	2	0.40
Time, savings and other	55,133	154	0.56	53,912	175	0.65
Total non-U.S. interest-bearing deposits	67,534	191	0.57	71,387	230	0.65
Total interest-bearing deposits	720,841	748	0.21	693,149	1,068	0.31
Federal funds purchased, securities loaned or sold under agreements to repurchase and short-term borrowings	327,782	1,558	0.96	305,981	1,824	1.20
Trading account liabilities	93,204	899	1.95	78,300	925	2.38
Long-term debt	272,088	3,508	2.59	348,346	5,242	3.02
Total interest-bearing liabilities⁽⁸⁾	1,413,915	6,713	0.96	1,425,776	9,059	1.28
Noninterest-bearing sources:						
Noninterest-bearing deposits	356,790			338,351		
Other liabilities	191,714			192,679		
Shareholders' equity	236,024			234,062		
Total liabilities and shareholders' equity	\$ 2,198,443			\$ 2,190,868		
Net interest spread			2.22 %			2.10 %
Impact of noninterest-bearing sources			0.21			0.25
Net interest income/yield on earning assets⁽¹⁾		\$ 21,573	2.43 %		\$ 20,736	2.35 %

For footnotes see page 28.

Business Segment Operations

Segment Description and Basis of Presentation

We report the results of our operations through five business segments: *CBB*, *CRES*, *Global Banking*, *Global Markets* and *GWIM*, with the remaining operations recorded in *All Other*. We prepare and evaluate segment results using certain non-GAAP financial measures. For additional information, see Supplemental Financial Data on page 18. Table 14 provides selected summary financial data for our business segments and *All Other* for the three and six months ended June 30, 2013 compared to the same periods in 2012. For additional detailed information on these results, see the business segment and *All Other* discussions which follow.

Table 14
Business Segment Results

	Three Months Ended June 30							
	Total Revenue ⁽¹⁾		Provision for Credit Losses		Noninterest Expense		Net Income (Loss)	
	2013	2012	2013	2012	2013	2012	2013	2012
(Dollars in millions)								
Consumer & Business Banking	\$ 7,434	\$ 7,495	\$ 967	\$ 1,157	\$ 4,183	\$ 4,420	\$ 1,392	\$ 1,208
Consumer Real Estate Services	2,115	2,529	291	187	3,394	3,524	(937)	(744)
Global Banking	4,139	3,908	163	(152)	1,859	1,967	1,291	1,318
Global Markets	4,189	3,578	(16)	(1)	2,769	2,855	959	497
Global Wealth & Investment Management	4,499	4,094	(15)	47	3,272	3,177	758	548
All Other	573	598	(179)	535	541	1,105	549	(364)
Total FTE basis	22,949	22,202	1,211	1,773	16,018	17,048	4,012	2,463
FTE adjustment	(222)	(234)	—	—	—	—	—	—
Total Consolidated	\$ 22,727	\$ 21,968	\$ 1,211	\$ 1,773	\$ 16,018	\$ 17,048	\$ 4,012	\$ 2,463

	Six Months Ended June 30							
	2013		2013		2013		2013	
	2013	2012	2013	2012	2013	2012	2013	2012
Consumer & Business Banking	\$ 14,846	\$ 15,128	\$ 1,919	\$ 2,064	\$ 8,353	\$ 8,725	\$ 2,831	\$ 2,740
Consumer Real Estate Services	4,427	5,193	626	694	8,800	7,404	(3,094)	(1,879)
Global Banking	8,169	7,937	312	(427)	3,696	3,928	2,575	2,802
Global Markets	9,058	7,985	(11)	(14)	5,842	6,090	2,128	1,326
Global Wealth & Investment Management	8,920	8,241	7	93	6,525	6,409	1,478	1,098
All Other	937	203	71	1,781	2,302	3,633	(423)	(2,971)
Total FTE basis	46,357	44,687	2,924	4,191	35,518	36,189	5,495	3,116
FTE adjustment	(433)	(441)	—	—	—	—	—	—
Total Consolidated	\$ 45,924	\$ 44,246	\$ 2,924	\$ 4,191	\$ 35,518	\$ 36,189	\$ 5,495	\$ 3,116

⁽¹⁾ Total revenue is net of interest expense and is on a FTE basis which for consolidated revenue is a non-GAAP financial measure. For more information on this measure and for a corresponding reconciliation to a GAAP financial measure, see Supplemental Financial Data on page 18.

The management accounting and reporting process derives segment and business results by utilizing allocation methodologies for revenue and expense. The net income derived for the businesses is dependent upon revenue and cost allocations using an activity-based costing model, funds transfer pricing, and other methodologies and assumptions management believes are appropriate to reflect the results of the business.

Total revenue, net of interest expense, includes net interest income on a FTE basis and noninterest income. The adjustment of net interest income to a FTE basis results in a corresponding increase in income tax expense. The segment results also reflect certain revenue and expense methodologies that are utilized to determine net income. The net interest income of the businesses includes the results of a funds transfer pricing process that matches assets and liabilities with similar interest rate sensitivity and maturity characteristics. For presentation purposes, in segments where the total of liabilities and equity exceeds assets, which are generally deposit-taking segments, we allocate assets to match liabilities. Net interest income of the business segments also includes an allocation of net interest income generated by certain of our asset and liability management (ALM) activities.

Table of Contents

Our ALM activities include an overall interest rate risk management strategy that incorporates the use of various derivatives and cash instruments to manage fluctuations in earnings and capital that are caused by interest rate volatility. Our goal is to manage interest rate sensitivity so that movements in interest rates do not significantly adversely affect earnings and capital. The results of a majority of our ALM activities are allocated to the business segments and fluctuate based on the performance of the ALM activities. ALM activities include external product pricing decisions including deposit pricing strategies, the effects of our internal funds transfer pricing process and the net effects of other ALM activities.

Certain expenses not directly attributable to a specific business segment are allocated to the segments. The most significant of these expenses include data and item processing costs and certain centralized or shared functions. Data processing costs are allocated to the segments based on equipment usage. Item processing costs are allocated to the segments based on the volume of items processed for each segment. The costs of certain other centralized or shared functions are allocated based on methodologies that reflect utilization.

Effective January 1, 2013, on a prospective basis, we adjusted the amount of capital being allocated to our business segments. The adjustment reflects a refinement to the prior-year methodology (economic capital) which focused solely on internal risk-based economic capital models. The refined methodology (allocated capital) now also considers the effect of regulatory capital requirements in addition to internal risk-based economic capital models. The Corporation's internal risk-based capital models use a risk-adjusted methodology incorporating each segment's credit, market, interest rate, business and operational risk components. See Managing Risk on page 68 and Strategic Risk Management on page 69 for more information on the nature of these risks. The capital allocated to the business segments is currently referred to as allocated capital and, prior to January 1, 2013, was referred to as economic capital, both of which represent non-GAAP financial measures. Allocated capital in the business segments is subject to change over time.

For purposes of goodwill impairment testing, the Corporation utilizes allocated equity as a proxy for the carrying value of its reporting units. For additional information, see *Note 9 – Goodwill and Intangible Assets* to the Consolidated Financial Statements.

For more information on the business segments and reconciliations to consolidated total revenue, net income (loss) and period-end total assets, see *Note 20 – Business Segment Information* to the Consolidated Financial Statements.

Consumer & Business Banking

(Dollars in millions)	Three Months Ended June 30						% Change
	Deposits		Consumer Lending		Total Consumer & Business Banking		
	2013	2012	2013	2012	2013	2012	
Net interest income (FTE basis)	\$ 2,472	\$ 2,216	\$ 2,562	\$ 2,662	\$ 5,034	\$ 4,878	3 %
Noninterest income:							
Card income	15	19	1,171	1,326	1,186	1,345	(12)
Service charges	1,035	1,081	—	—	1,035	1,081	(4)
All other income	117	97	62	94	179	191	(6)
Total noninterest income	1,167	1,197	1,233	1,420	2,400	2,617	(8)
Total revenue, net of interest expense (FTE basis)	3,639	3,413	3,795	4,082	7,434	7,495	(1)
Provision for credit losses	35	191	932	966	967	1,157	(16)
Noninterest expense	2,812	2,865	1,371	1,555	4,183	4,420	(5)
Income before income taxes	792	357	1,492	1,561	2,284	1,918	19
Income tax expense (FTE basis)	308	132	584	578	892	710	26
Net income	\$ 484	\$ 225	\$ 908	\$ 983	\$ 1,392	\$ 1,208	15
Net interest yield (FTE basis)	1.88 %	1.87 %	7.26 %	7.09 %	3.72 %	4.00 %	
Return on average allocated capital ⁽¹⁾	12.62	—	24.98	—	18.64	—	
Return on average economic capital ⁽¹⁾	—	7.06	—	36.15	—	20.46	
Efficiency ratio (FTE basis)	77.24	83.91	36.14	38.14	56.26	58.98	

Balance Sheet

Average							
Total loans and leases	\$ 22,434	\$ 23,609	\$ 141,159	\$ 149,956	\$ 163,593	\$ 173,565	(6)
Total earning assets ⁽²⁾	526,322	475,573	141,599	151,031	542,697	490,845	11
Total assets ⁽²⁾	559,119	509,052	150,248	158,702	584,143	531,995	10
Total deposits	521,784	473,992	n/m	n/m	522,259	474,328	10
Allocated capital ⁽¹⁾	15,400	—	14,600	—	30,000	—	n/m
Economic capital ⁽¹⁾	—	12,837	—	10,970	—	23,807	n/m

⁽¹⁾ Effective January 1, 2013, we revised, on a prospective basis, the methodology for allocating capital to the business segment. In connection with the change in methodology, we updated the applicable terminology in the above table to allocated capital from economic capital as reported in prior periods. For additional information, see Business Segment Operations on page 30.

⁽²⁾ For presentation purposes, in segments and businesses where the total of liabilities and equity exceeds assets, we allocate assets from *All Other* to match the segments' and businesses' liabilities and allocated shareholders' equity. As a result, total earning assets and total assets of the businesses may not equal total *CBB*.

n/m = not meaningful

Table of Contents

(Dollars in millions)	Six Months Ended June 30						% Change
	Deposits		Consumer Lending		Total Consumer & Business Banking		
	2013	2012	2013	2012	2013	2012	
Net interest income (FTE basis)	\$ 4,859	\$ 4,669	\$ 5,188	\$ 5,491	\$ 10,047	\$ 10,160	(1)%
Noninterest income:							
Card income	30	31	2,363	2,603	2,393	2,634	(9)
Service charges	2,048	2,143	—	—	2,048	2,143	(4)
All other income	219	183	139	8	358	191	87
Total noninterest income	2,297	2,357	2,502	2,611	4,799	4,968	(3)
Total revenue, net of interest expense (FTE basis)	7,156	7,026	7,690	8,102	14,846	15,128	(2)
Provision for credit losses	98	278	1,821	1,786	1,919	2,064	(7)
Noninterest expense	5,633	5,739	2,720	2,986	8,353	8,725	(4)
Income before income taxes	1,425	1,009	3,149	3,330	4,574	4,339	5
Income tax expense (FTE basis)	543	372	1,200	1,227	1,743	1,599	9
Net income	\$ 882	\$ 637	\$ 1,949	\$ 2,103	\$ 2,831	\$ 2,740	3
Net interest yield (FTE basis)	1.90 %	1.99 %	7.33 %	7.11 %	3.80 %	4.19 %	
Return on average allocated capital ⁽¹⁾	11.55	—	26.97	—	19.06	—	
Return on average economic capital ⁽¹⁾	—	10.25	—	37.98	—	23.32	
Efficiency ratio (FTE basis)	78.71	81.68	35.37	36.86	56.26	57.68	

Balance Sheet

Average							
Total loans and leases	\$ 22,525	\$ 23,842	\$ 142,188	\$ 154,129	\$ 164,713	\$ 177,971	(7)
Total earning assets ⁽²⁾	516,481	471,292	142,629	155,323	532,966	487,268	9
Total assets ⁽²⁾	549,273	504,744	151,231	162,717	574,360	528,114	9
Total deposits	511,978	468,854	n/m	n/m	512,438	469,181	9
Allocated capital ⁽¹⁾	15,400	—	14,600	—	30,000	—	n/m
Economic capital ⁽¹⁾	—	12,513	—	11,169	—	23,682	n/m
Period end	June 30	December 31	June 30	December 31	June 30	December 31	
	2013	2012	2013	2012	2013	2012	
Total loans and leases	\$ 22,467	\$ 22,907	\$ 142,384	\$ 146,359	\$ 164,851	\$ 169,266	(3)
Total earning assets ⁽²⁾	528,738	498,151	142,824	146,809	545,685	513,114	6
Total assets ⁽²⁾	561,657	531,353	151,796	155,408	587,576	554,915	6
Total deposits	523,928	495,711	n/m	n/m	525,099	496,159	6

For footnotes see page 32.

CBB, which is comprised of Deposits and Consumer Lending, offers a diversified range of credit, banking and investment products and services to consumers and businesses. Our customers and clients have access to a franchise network that stretches coast to coast through 32 states and the District of Columbia. The franchise network includes approximately 5,300 banking centers, 16,350 ATMs, nationwide call centers, and online and mobile platforms. During the first quarter of 2013, Business Banking results were moved into Deposits as we continue to integrate these businesses. During the second quarter of 2013, consumer Dealer Financial Services results were moved into CBB from *Global Banking* to align this business more closely with our consumer lending activity and better serve the needs of our customers. As a result, Card Services was renamed Consumer Lending. Prior periods were reclassified to conform to current period presentation.

CBB Results

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Net income for *CBB* increased \$184 million to \$1.4 billion primarily due to lower noninterest expense and provision for credit losses, partially offset by lower revenue. Net interest income increased \$156 million to \$5.0 billion reflecting higher ALM activities and growth in deposit balances, partially offset by compressed deposit spreads due to the continued low rate environment and the impact of lower average loan balances primarily in Consumer Lending. Noninterest income decreased \$217 million to \$2.4 billion driven by lower card income primarily from the exit of consumer protection products and the allocation of certain card revenue to *GWIM* for its clients with a credit card, lower deposit service charges, and the net impact of portfolio sales.

The provision for credit losses decreased \$190 million to \$967 million largely due to improvements in credit quality in the small business portfolio within Deposits. Noninterest expense decreased \$237 million to \$4.2 billion primarily due to lower litigation and operating expenses.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Net income for *CBB* increased \$91 million to \$2.8 billion primarily driven by the same factors as described in the three-month discussion above. Net interest income decreased \$113 million to \$10.0 billion reflecting compressed deposit spreads due to the continued low rate environment and the impact of lower average loan balances primarily in Consumer Lending, partially offset by higher ALM activities and growth in deposit balances. Noninterest income decreased \$169 million to \$4.8 billion driven by lower card income primarily from the allocation of certain card revenue to *GWIM* for its clients with a credit card, lower deposit service charges and the net impact of portfolio sales.

The provision for credit losses decreased \$145 million to \$1.9 billion and noninterest expense decreased \$372 million to \$8.4 billion driven by the same factors as described in the three-month discussion above.

Deposits

Deposits includes the results of consumer deposit activities which consist of a comprehensive range of products provided to consumers and small businesses. Our deposit products include traditional savings accounts, money market savings accounts, CDs and IRAs, noninterest- and interest-bearing checking accounts, as well as investment accounts and products. The revenue is allocated to the deposit products using our funds transfer pricing process that matches assets and liabilities with similar interest rate sensitivity and maturity characteristics. Deposits generates fees such as account service fees, non-sufficient funds fees, overdraft charges and ATM fees, as well as investment and brokerage fees from Merrill Edge accounts. Merrill Edge is an integrated investing and banking service targeted at customers with less than \$250,000 in investable assets. Merrill Edge provides investment advice and guidance, brokerage services, a self-directed online investing platform and key banking capabilities including access to the Corporation's network of banking centers and ATMs.

Deposits also provides a wide range of lending-related products and services, integrated working capital management and treasury solutions to clients through our network of offices and client relationship teams along with various product partners. Our clients include U.S.-based companies generally with annual sales of \$1 million to \$50 million. Our lending products and services include commercial loans, lines of credit and real estate lending. Our capital management and treasury solutions include treasury management, foreign exchange and short-term investing options. Deposits also includes the results of our merchant services joint venture.

Deposits includes the net impact of migrating customers and their related deposit balances between Deposits and *GWIM* as well as other client-managed businesses. For more information on the migration of customer balances to or from *GWIM*, see *GWIM* on page 52.

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Net income for Deposits increased \$259 million to \$484 million primarily due to higher revenue, and lower provision for credit losses and noninterest expense. Net interest income increased \$256 million to \$2.5 billion reflecting higher ALM activities, growth in deposit balances, a customer shift to higher spread liquid products and continued pricing discipline, partially offset by compressed deposit spreads due to the continued low rate environment. Noninterest income decreased \$30 million to \$1.2 billion primarily due to lower deposit service charges.

The provision for credit losses decreased \$156 million to \$35 million due to improvements in credit quality in the small business portfolio. Noninterest expense decreased \$53 million to \$2.8 billion primarily due to lower operating expense.

Table of Contents

Average loans decreased \$1.2 billion to \$22.4 billion primarily driven by loan prepayments and continued run-off of non-core portfolios. Average deposits increased \$47.8 billion to \$521.8 billion driven by a customer shift to more liquid products in the low rate environment. Additionally, \$17.6 billion of the increase in average deposits was due to net transfers of deposits from other businesses, largely *GWIM*. Growth in checking, traditional savings and money market savings of \$52.3 billion was partially offset by a decline in time deposits of \$4.5 billion. As a result of our continued pricing discipline and the shift in the mix of deposits, the rate paid on average deposits declined by seven bps to twelve bps.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Net income for Deposits increased \$245 million to \$882 million driven by the same factors as described in the three-month discussion above. Net interest income increased \$190 million to \$4.9 billion, noninterest income decreased \$60 million to \$2.3 billion and the provision for credit losses decreased \$180 million to \$98 million. These changes were driven by the same factors as described in the three-month discussion. Noninterest expense decreased \$106 million to \$5.6 billion as lower operating expense was partially offset by higher litigation expense.

Average loans decreased \$1.3 billion to \$22.5 billion and average deposits increased \$43.1 billion to \$512.0 billion driven by the same factors as described in the three-month discussion above. Of the increase in average deposits, \$12.2 billion was due to net transfers of deposits from other businesses, largely *GWIM*.

Key Statistics

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Total deposit spreads (excludes noninterest costs)	1.51%	1.88%	1.51%	1.92%

Period end

Client brokerage assets (in millions)	\$	84,182	\$	72,226
Online banking active accounts (units in thousands)		29,867		30,232
Mobile banking active accounts (units in thousands)		13,214		10,290
Banking centers		5,328		5,594
ATMs		16,354		16,220

Mobile banking customers increased 2.9 million reflecting continuing changes in our customers' banking preferences. The number of banking centers declined by 266 and ATMs increased by 134 as we continue to optimize our consumer banking network and improve our cost-to-serve.

Consumer Lending

Consumer Lending is one of the leading issuers of credit and debit cards to consumers and small businesses in the U.S. Our lending products and services also include direct and indirect consumer loans such as automotive, marine, aircraft, recreational vehicle loans and consumer personal loans. In addition to earning net interest spread revenue on its lending activities, Consumer Lending generates interchange revenue from credit and debit card transactions as well as annual credit card fees and other miscellaneous fees.

On July 31, 2013, the U.S. District Court for the District of Columbia issued a ruling regarding the Federal Reserve's rules implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act's (Financial Reform Act) Durbin Amendment. The ruling requires the Federal Reserve to reconsider the current \$0.21 per transaction cap on debit card interchange fees. If the Federal Reserve implements a lower per transaction cap, it may have a significant adverse impact on our debit card interchange fee revenue in future periods. We cannot predict the actions that the Federal Reserve may take, or the timing thereof, in response to the ruling.

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Net income for Consumer Lending decreased \$75 million to \$908 million primarily driven by a decrease in revenue, partially offset by lower noninterest expense and a decrease in the provision for credit losses. Net interest income decreased \$100 million to \$2.6 billion driven by the impact of lower average loan balances. The net interest yield increased 17 bps to 7.26 percent primarily due to lower funding costs. Noninterest income decreased \$187 million to \$1.2 billion driven by lower card income primarily from the exit of consumer protection products and the allocation of certain card revenue to *GWIM* for its clients with a credit card, and the net impact of portfolio sales.

Table of Contents

The provision for credit losses decreased \$34 million to \$932 million due to improvements in credit quality. Noninterest expense decreased \$184 million to \$1.4 billion primarily due to lower litigation and operating expenses.

Average loans decreased \$8.8 billion to \$141.2 billion primarily driven by charge-offs and continued run-off of non-core portfolios.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Net income for Consumer Lending decreased \$154 million to \$1.9 billion primarily driven by a decrease in revenue, partially offset by lower noninterest expense. Net interest income decreased \$303 million to \$5.2 billion while the net interest yield increased 22 bps to 7.33 percent. These changes were driven by the same factors as described in the three-month discussion. Noninterest income decreased \$109 million to \$2.5 billion driven by lower card income primarily from the allocation of certain card revenue to *GWIM* for its clients with a credit card and the net impact of portfolio sales.

The provision for credit losses of \$1.8 billion remained relatively unchanged. Noninterest expense decreased \$266 million to \$2.7 billion driven by the same factors as described in the three-month discussion.

Average loans decreased \$11.9 billion to \$142.2 billion primarily driven by the same factors as described in the three-month discussion.

Key Statistics

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
U.S. credit card				
Gross interest yield	9.80%	9.97%	9.87%	10.02%
Risk-adjusted margin	8.11	7.51	8.25	7.02
New accounts (in thousands)	957	782	1,863	1,564
Purchase volumes	\$ 51,945	\$ 48,886	\$ 98,577	\$ 93,683
Debit card purchase volumes	\$ 67,740	\$ 64,993	\$ 132,375	\$ 128,025

During the three and six months ended June 30, 2013, the U.S. credit card risk-adjusted margin increased 60 bps and 123 bps from the same periods in 2012 due to a decrease in net charge-offs driven by an improvement in credit quality. U.S. credit card purchase volumes increased \$3.1 billion to \$51.9 billion, and \$4.9 billion to \$98.6 billion and debit card purchase volumes increased \$2.7 billion to \$67.7 billion, and \$4.4 billion to \$132.4 billion compared to the same periods in 2012, reflecting higher levels of consumer spending.

Consumer Real Estate Services

	Three Months Ended June 30							
	Home Loans			Legacy Assets & Servicing		Total Consumer Real Estate Services		
(Dollars in millions)	2013	2012	2013	2012	2013	2012		% Change
Net interest income (FTE basis)	\$ 344	\$ 330	\$ 355	\$ 383	\$ 699	\$ 713		(2)%
Noninterest income:								
Mortgage banking income	654	826	757	994	1,411	1,820		(22)
All other income (loss)	6	(31)	(1)	27	5	(4)		n/m
Total noninterest income	660	795	756	1,021	1,416	1,816		(22)
Total revenue, net of interest expense (FTE basis)	1,004	1,125	1,111	1,404	2,115	2,529		(16)
Provision for credit losses	64	(35)	227	222	291	187		56
Noninterest expense	863	791	2,531	2,733	3,394	3,524		(4)
Income (loss) before income taxes	77	369	(1,647)	(1,551)	(1,570)	(1,182)		33
Income tax expense (benefit) (FTE basis)	30	136	(663)	(574)	(633)	(438)		45
Net income (loss)	\$ 47	\$ 233	\$ (984)	\$ (977)	\$ (937)	\$ (744)		26
Net interest yield (FTE basis)	2.57%	2.29%	2.95%	2.27%	2.75%	2.28%		
Efficiency ratio (FTE basis)	85.96	70.31	n/m	n/m	n/m	n/m		

Balance Sheet

Average							
Total loans and leases	\$ 46,870	\$ 50,580	\$ 43,244	\$ 54,927	\$ 90,114	\$ 105,507	(15)
Total earning assets	53,739	57,869	48,347	67,731	102,086	125,600	(19)
Total assets	54,000	58,898	68,275	92,616	122,275	151,514	(19)
Allocated capital ⁽¹⁾	6,000	—	18,000	—	24,000	—	n/m
Economic capital ⁽¹⁾	—	3,700	—	10,420	—	14,120	n/m

⁽¹⁾ Effective January 1, 2013, we revised, on a prospective basis, the methodology for allocating capital to the business segment. In connection with the change in methodology, we updated the applicable terminology in the above table to allocated capital from economic capital as reported in prior periods. For additional information, see Business Segment Operations on page 30.

n/m = not meaningful

Table of Contents

	Six Months Ended June 30							
	Home Loans		Legacy Assets & Servicing		Total Consumer Real Estate Services			
(Dollars in millions)	2013	2012	2013	2012	2013	2012	% Change	
Net interest income (FTE basis)	\$ 691	\$ 677	\$ 751	\$ 804	\$ 1,442	\$ 1,481	(3)%	
Noninterest income:								
Mortgage banking income	1,351	1,541	1,547	2,107	2,898	3,648	(21)	
All other income (loss)	(58)	(4)	145	68	87	64	36	
Total noninterest income	1,293	1,537	1,692	2,175	2,985	3,712	(20)	
Total revenue, net of interest expense (FTE basis)	1,984	2,214	2,443	2,979	4,427	5,193	(15)	
Provision for credit losses	156	19	470	675	626	694	(10)	
Noninterest expense	1,676	1,644	7,124	5,760	8,800	7,404	19	
Income (loss) before income taxes	152	551	(5,151)	(3,456)	(4,999)	(2,905)	72	
Income tax expense (benefit) (FTE basis)	58	203	(1,963)	(1,229)	(1,905)	(1,026)	86	
Net income (loss)	\$ 94	\$ 348	\$ (3,188)	\$ (2,227)	\$ (3,094)	\$ (1,879)	65	
Net interest yield (FTE basis)	2.59 %	2.36%	3.02 %	2.32%	2.80 %	2.34%		
Efficiency ratio (FTE basis)	84.48	74.25	n/m	n/m	n/m	n/m		
Balance Sheet								
Average								
Total loans and leases	\$ 47,048	\$ 51,122	\$ 44,483	\$ 56,432	\$ 91,531	\$ 107,554	(15)	
Total earning assets	53,743	57,672	50,147	69,648	103,890	127,320	(18)	
Total assets	54,251	58,623	71,035	96,113	125,286	154,736	(19)	
Allocated capital ⁽¹⁾	6,000	—	18,000	—	24,000	—	n/m	
Economic capital ⁽¹⁾	—	3,583	—	10,872	—	14,455	n/m	
Period end	June 30 2013	December 31 2012	June 30 2013	December 31 2012	June 30 2013	December 31 2012		
Total loans and leases	\$ 46,891	\$ 47,742	\$ 42,366	\$ 46,918	\$ 89,257	\$ 94,660	(6)	
Total earning assets	53,571	54,394	48,640	52,580	102,211	106,974	(4)	
Total assets	53,674	55,463	70,357	75,584	124,031	131,047	(5)	

For footnotes see page 37.

CRES operations include Home Loans and Legacy Assets & Servicing. Home Loans is responsible for ongoing loan production activities and the *CRES* home equity loan portfolio not selected for inclusion in the Legacy Assets & Servicing owned portfolio. Legacy Assets & Servicing is responsible for all of our mortgage servicing activities related to loans serviced for others and loans held by the Corporation, including loans that have been designated as the Legacy Assets & Servicing Portfolios. For more information on MSRs, see page 44. The Legacy Assets & Servicing Portfolios (both owned and serviced), herein referred to as the Legacy Owned and Legacy Serviced Portfolios, respectively (together, the Legacy Portfolios), and as further defined below, include those loans that would not have been originated under our underwriting standards prior to January 1, 2011. For more information on our Legacy Portfolios, see page 40. In addition, Legacy Assets & Servicing is responsible for managing legacy exposures related to *CRES* (e.g., representations and warranties). This alignment allows *CRES* management to lead the ongoing Home Loans business while also providing focus on legacy mortgage issues and servicing activities.

CRES, primarily through Home Loans operations, generates revenue by providing an extensive line of consumer real estate products and services to customers nationwide. *CRES* products offered by Home Loans include fixed- and adjustable-rate first-lien mortgage loans for home purchase and refinancing needs, home equity lines of credit (HELOCs) and home equity loans. First mortgage products are generally either sold into the secondary mortgage market to investors, while we generally retain MSRs (which are on the balance sheet of Legacy Assets & Servicing) and the Bank of America customer relationships, or are held on the balance sheet in *All Other* for ALM purposes. Home Loans is compensated for loans held for ALM purposes on a management accounting basis with the corresponding offset in *All Other*. Newly originated HELOCs and home equity loans are retained on the *CRES* balance sheet in Home Loans.

CRES includes the impact of migrating customers and their related loan balances between *GWIM* and *CRES*. For more information on the transfer of customer balances, see *GWIM* on page 52.

CRES Results

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

The net loss for *CRES* increased \$193 million to \$937 million primarily driven by lower mortgage banking income and higher provision for credit losses, partially offset by lower noninterest expense. Mortgage banking income decreased \$409 million due to both lower servicing income and lower core production income, partially offset by lower representations and warranties provision. The decrease in servicing income was due to a decline in the size of our servicing portfolio driven by strategic sales of MSR as well as loan prepayment activity. Loan prepayment activity exceeded new originations during the second quarter largely due to our exit from the correspondent lending channel in late 2011. The provision for credit losses increased \$104 million reflecting a slower rate of credit quality improvement than the year-ago period. Noninterest expense decreased \$130 million primarily due to lower expenses in Legacy Assets & Servicing, partially offset by higher loan production costs due to higher loan originations.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

The net loss for *CRES* increased \$1.2 billion to \$3.1 billion primarily driven by higher noninterest expense and lower mortgage banking income, partially offset by lower provision for credit losses. Mortgage banking income decreased \$750 million driven by the same factors as described in the three-month discussion above. The provision for credit losses decreased \$68 million primarily driven by an improved home price outlook in the purchased credit-impaired (PCI) portfolio. Noninterest expense increased \$1.4 billion primarily due to higher litigation expense driven in large part by the MBIA Settlement, partially offset by lower costs due to the divestiture of certain ancillary servicing business units in 2012 and lower default-related servicing expenses.

Home Loans

Home Loans products are available to our customers through our retail network of approximately 5,300 banking centers, mortgage loan officers in approximately 320 locations and a sales force offering our customers direct telephone and online access to our products.

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Net income for Home Loans decreased \$186 million to \$47 million primarily driven by a decrease in noninterest income, higher provision for credit losses and an increase in noninterest expense. Noninterest income decreased \$135 million primarily due to lower mortgage banking income driven by a decline in core production revenue as a result of industry-wide margin compression. The provision for credit losses increased \$99 million reflecting a slower rate of credit quality improvement than the year-ago period. Noninterest expense increased \$72 million primarily due to higher production costs associated with higher origination volume. The higher production costs were primarily personnel related as we continued to add mortgage loan officers, primarily in banking centers, and other employees in sales and fulfillment areas in order to expand capacity and enhance customer service.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Net income for Home Loans decreased \$254 million to \$94 million primarily driven by a decrease in noninterest income, higher provision for credit losses and an increase in noninterest expense. Noninterest income decreased \$244 million, the provision for credit losses increased \$137 million and noninterest expense increased \$32 million. These changes were driven by the same factors as described in the three-month discussion above.

Legacy Assets & Servicing

Legacy Assets & Servicing is responsible for all of our servicing activities related to the residential mortgage and home equity loan portfolios, including owned loans and loans serviced for others (collectively, the mortgage serviced portfolio). A portion of this portfolio has been designated as the Legacy Serviced Portfolio, which represents 34 percent and 41 percent of the total mortgage serviced portfolio, as measured by unpaid principal balance, at June 30, 2013 and 2012.

Legacy Assets & Servicing results reflect the net cost of legacy exposures that are included in the results of *CRES*, including representations and warranties provision, litigation costs, financial results of the *CRES* home equity portfolio selected as part of the Legacy Owned Portfolio, the financial results of the servicing operations and the results of MSR activities, including net hedge results. The financial results of the servicing operations reflect certain revenues and expenses on loans serviced for others, including owned loans serviced for Home Loans, *GWIM* and *All Other*.

Table of Contents

Servicing activities include collecting cash for principal, interest and escrow payments from borrowers, and disbursing customer draws for lines of credit and accounting for and remitting principal and interest payments to investors and escrow payments to third parties along with responding to customer inquiries. Our home retention efforts, including single point of contact resources, are also part of our servicing activities, along with supervising foreclosures and property dispositions. In an effort to help our customers avoid foreclosure, Legacy Assets & Servicing evaluates various workout options prior to foreclosure sales which, combined with ongoing foreclosure delays in states where foreclosure requires a court order following a legal proceeding (judicial states), has resulted in elongated default timelines. Although we have resumed foreclosure proceedings in all states, there continues to be significant inventory levels in judicial states. For more information on our servicing activities, including the impact of foreclosure delays, see Off-Balance Sheet Arrangements and Contractual Obligations – Other Mortgage-related Matters on page 61 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K.

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

The net loss for Legacy Assets & Servicing was relatively unchanged at \$984 million primarily driven by a decrease in noninterest income, largely offset by a decline in noninterest expense. Noninterest income decreased \$265 million primarily due to lower servicing income driven by a decline in the servicing portfolio and the divestiture of certain ancillary servicing business units in 2012, partially offset by lower representations and warranties provision and higher revenues from the sale of loans that had returned to performing status. The provision for credit losses was relatively unchanged at \$227 million.

Noninterest expense decreased \$202 million primarily due to a \$255 million reduction in default-related servicing expenses and a \$133 million decrease due to the divestiture of certain ancillary servicing business units in 2012. These decreases were partially offset by a \$146 million increase in mortgage-related assessments, waivers and similar costs related to foreclosure delays and a \$40 million increase in litigation expense. We expect that noninterest expense in Legacy Assets & Servicing, excluding litigation costs, will be below \$2.0 billion in the fourth quarter of 2013.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

The net loss for Legacy Assets & Servicing increased \$961 million to \$3.2 billion primarily driven by an increase in noninterest expense and a decrease in noninterest income, partially offset by a decrease in the provision for credit losses. Noninterest income decreased \$483 million due to the same factors described in the three-month discussion above. The provision for credit losses decreased \$205 million due to an improved home price outlook in the PCI home equity loan portfolio.

Noninterest expense increased \$1.4 billion primarily due to a \$1.8 billion increase in litigation expense driven in large part by the MBIA Settlement, partially offset by a \$253 million decline in costs due to the divestiture of certain ancillary servicing business units in 2012, a reduction of \$77 million in default-related servicing expenses and a \$65 million decrease in mortgage-related assessments, waivers and similar costs related to foreclosure delays.

Legacy Portfolios

The Legacy Portfolios (both owned and serviced) include those loans that would not have been originated under our underwriting standards prior to January 1, 2011. The PCI portfolios as well as certain loans that met a pre-defined delinquency status or probability of default threshold as of January 1, 2011 are also included in the Legacy Portfolios. Since determining the pool of loans to be included in the Legacy Portfolios as of January 1, 2011, the criteria have not changed for these portfolios, but will continue to be evaluated over time.

Legacy Owned Portfolio

The Legacy Owned Portfolio includes those loans that met the criteria as described above and are on the balance sheet of the Corporation. The home equity loan portfolio is held on the balance sheet of Legacy Assets & Servicing; whereas, the residential mortgage loan portfolio is held on the balance sheet of *All Other*. The financial results of the on-balance sheet loans are reported in the segment that owns the loans or in *All Other*. Total loans in the Legacy Owned Portfolio decreased \$5.7 billion during the six months ended June 30, 2013 to \$125.4 billion, of which \$42.4 billion was reflected on the Legacy Assets & Servicing balance sheet and the remainder was held on the balance sheet of *All Other*. The decrease was primarily related to payoffs, paydowns, charge-offs and PCI write-offs, largely offset by the addition of loans repurchased in connection with the Fannie Mae (FNMA) Settlement. For more information on the loans repurchased in connection with the FNMA Settlement, see Consumer Portfolio Credit Risk Management on page 83.

Table of Contents

Legacy Serviced Portfolio

The Legacy Serviced Portfolio includes the Legacy Owned Portfolio and those loans serviced for outside investors that met the criteria as described above. The table below summarizes the balances of the residential mortgage loans included in the Legacy Serviced Portfolio (the Legacy Residential Mortgage Serviced Portfolio) representing 33 percent and 40 percent of the total residential mortgage serviced portfolio, as measured by unpaid principal balance, of \$887 billion and \$1.5 trillion at June 30, 2013 and 2012. The decline in the Legacy Residential Mortgage Serviced Portfolio was primarily related to servicing transfers, paydowns and payoffs. We expect that by the end of the fourth quarter of 2013, the number of 60 days or more past due residential mortgage loans in the Legacy and Non-Legacy Residential Mortgage Serviced Portfolios will decline below 375,000 from 492,000 at June 30, 2013.

Legacy Residential Mortgage Serviced Portfolio, a subset of the Residential Mortgage Serviced Portfolio^(1, 2)

(Dollars in billions)	June 30	
	2013	2012
Unpaid principal balance		
Residential mortgage loans		
Total	\$ 289	\$ 586
60 days or more past due	96	207
Number of loans serviced (in thousands)		
Residential mortgage loans		
Total	1,468	3,092
60 days or more past due	404	939

⁽¹⁾ Excludes \$45 billion and \$72 billion of home equity loans and HELOCs at June 30, 2013 and 2012.

⁽²⁾ Excludes 190,000 loans for which servicing transferred to third parties as of June 30, 2013, with an effective MSR sale date of July 1, 2013, totaling approximately \$41 billion of unpaid principal balance.

Non-Legacy Portfolio

As previously discussed, Legacy Assets & Servicing is responsible for all of our servicing activities. The table below summarizes the balances of the residential mortgage loans that are not included in the Legacy Serviced Portfolio (the Non-Legacy Residential Mortgage Serviced Portfolio) representing 67 percent and 60 percent of the total residential mortgage serviced portfolio, as measured by unpaid principal balance, at June 30, 2013 and 2012. The decline in the Non-Legacy Residential Mortgage Serviced Portfolio was primarily related to servicing transfers, paydowns and payoffs.

Non-Legacy Residential Mortgage Serviced Portfolio, a subset of the Residential Mortgage Serviced Portfolio^(1, 2)

(Dollars in billions)	June 30	
	2013	2012
Unpaid principal balance		
Residential mortgage loans		
Total	\$ 598	\$ 876
60 days or more past due	16	22
Number of loans serviced (in thousands)		
Residential mortgage loans		
Total	3,790	5,342
60 days or more past due	88	124

⁽¹⁾ Excludes \$54 billion and \$60 billion of home equity loans and HELOCs at June 30, 2013 and 2012.

⁽²⁾ Excludes approximately 96,000 loans for which servicing transferred to third parties as of June 30, 2013, with an effective MSR sale date of July 1, 2013, totaling approximately \$8 billion of unpaid principal balance.

Mortgage Banking Income

CRES mortgage banking income is categorized into production and servicing income. Core production income is comprised primarily of revenue from the fair value gains and losses recognized on our interest rate lock commitments (IRLCs) and loans held-for-sale (LHFS), the related secondary market execution, costs related to representations and warranties in the sales transactions along with other obligations incurred in the sales of mortgage loans and revenues earned in production-related ancillary businesses. Ongoing costs related to representations and warranties and other obligations that were incurred in the sales of mortgage loans in prior periods are also included in production income.

Servicing income includes income earned in connection with servicing activities and MSR valuation adjustments, net of results from risk management activities used to hedge certain market risks of the MSRs. The costs associated with our servicing activities are included in noninterest expense.

The table below summarizes the components of mortgage banking income.

Mortgage Banking Income

	Three Months Ended June 30		Six Months Ended June 30	
(Dollars in millions)	2013	2012	2013	2012
Production income:				
Core production revenue	\$ 860	\$ 902	\$ 1,675	\$ 1,830
Representations and warranties provision	(197)	(395)	(447)	(677)
Total production income	663	507	1,228	1,153
Servicing income:				
Servicing fees	785	1,205	1,698	2,534
Impact of customer payments ⁽¹⁾	(260)	(282)	(574)	(803)
Fair value changes of MSRs, net of risk management activities used to hedge certain market risks ⁽²⁾	215	194	527	388
Other servicing-related revenue	8	196	19	376
Total net servicing income	748	1,313	1,670	2,495
Total <i>CRES</i> mortgage banking income	1,411	1,820	2,898	3,648
Eliminations ⁽³⁾	(233)	(161)	(457)	(377)
Total consolidated mortgage banking income	\$ 1,178	\$ 1,659	\$ 2,441	\$ 3,271

⁽¹⁾ Represents the change in the value of the MSR asset due to the impact of customer payments received during the period.

⁽²⁾ Includes gains (losses) on sales of MSRs.

⁽³⁾ Includes the effect of transfers of mortgage loans from *CRES* to the ALM portfolio in *All Other*.

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

CRES first mortgage loan originations increased \$6.3 billion, or 44 percent, reflecting an increase in our estimated retail market share combined with a higher market demand for both purchase and refinance transactions. Our increase in market share was due to expanded fulfillment capacity which allowed us to reduce the outstanding pipeline of applications and improve our competitive pricing position. Core production revenue decreased \$42 million as higher origination volumes were more than offset by lower margins primarily due to industry-wide margin compression. This decline was partially offset by higher revenue from sales of loans that had returned to performing status. During the three months ended June 30, 2013, 83 percent of our first mortgage production volume was for refinance originations and 17 percent was for purchase originations compared to 81 percent and 19 percent for the same period in 2012. Home Affordable Refinance Program (HARP) refinance originations were 20 percent of all refinance originations, down from 31 percent for the same period in 2012 primarily due to the sales of MSRs. Making Home Affordable non-HARP refinance originations were 25 percent of all refinance originations as compared to 19 percent for the same period in 2012. The remaining 55 percent of refinance originations were conventional refinances as compared to 50 percent for the same period in 2012.

The representations and warranties provision decreased \$198 million as the year-ago period included provision related to non-government-sponsored enterprise (GSE) exposures based on activity with certain counterparties.

Table of Contents

Net servicing income decreased \$565 million driven by lower servicing fees due to a smaller servicing portfolio and lower ancillary income due to the divestiture of certain servicing business units in 2012. The decline in the size of our servicing portfolio was driven by strategic sales of MSRs as well as loan prepayment activity, which exceeded new originations primarily due to our exit from the correspondent lending channel in late 2011. For more information on sales of MSRs, see Mortgage Servicing Rights – Sales of Mortgage Servicing Rights on page 44.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

CRES first mortgage loan originations increased \$13.4 billion, or 51 percent, while core production revenue decreased \$155 million due to the same factors noted in the three-month discussion. During the six months ended June 30, 2013, 87 percent of our first mortgage production volume was for refinance originations and 13 percent was for purchase originations compared to 82 percent and 18 percent for the same period in 2012. HARP refinance originations were 23 percent of all refinance originations compared to 24 percent for the same period in 2012. Making Home Affordable non-HARP refinance originations were 23 percent of all refinance originations as compared to 16 percent for the same period in 2012. The remaining 54 percent of refinance originations related to conventional refinances as compared to 60 percent for the same period in 2012.

The representations and warranties provision was \$230 million lower due to the same factors as described in the three-month discussion.

Net servicing income decreased \$825 million driven by lower servicing fees and ancillary income due to the same factors noted in the three-month discussion above. These declines were partially offset by a \$229 million reduction in the impact of customer payments driven by a lower MSR asset combined with more favorable MSR results, net of hedges.

Key Statistics

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
(Dollars in millions, except as noted)				
Loan production				
Total Corporation ⁽¹⁾ :				
First mortgage	\$ 25,276	\$ 18,005	\$ 49,196	\$ 33,243
Home equity	1,496	930	2,612	1,690
CRES:				
First mortgage	\$ 20,509	\$ 14,206	\$ 39,778	\$ 26,391
Home equity	1,283	724	2,225	1,321
Period end			June 30 2013	December 31 2012
Mortgage serviced portfolio (in billions) ^(2, 3)			\$ 986	\$ 1,332
Mortgage loans serviced for investors (in billions)			759	1,045
Mortgage servicing rights:				
Balance			5,827	5,716
Capitalized mortgage servicing rights (% of loans serviced for investors)			77 bps	55 bps

⁽¹⁾ In addition to loan production in CRES, the remaining first mortgage and home equity loan production is primarily in GWIM.

⁽²⁾ Servicing of residential mortgage loans, HELOCs and home equity loans.

⁽³⁾ Excludes approximately 286,000 loans for which servicing transferred to third parties as of June 30, 2013, with an effective MSR sale date of July 1, 2013, totaling approximately \$49 billion of unpaid principal balance.

Retail first mortgage loan originations for the total Corporation were \$25.3 billion and \$49.2 billion for the three and six months ended June 30, 2013 compared to \$18.0 billion and \$33.2 billion for the same periods in 2012. The increase of \$7.3 billion for the three-month period and \$16.0 billion for the six-month period was primarily driven by increased market share due to increased fulfillment capacity and an increase in the overall market demand for mortgages. Given the recent increase in interest rates, we expect the overall mortgage market to decline which will have an adverse impact on our mortgage loan originations, particularly our refinance originations. Our mortgage origination pipeline decreased five percent at June 30, 2013 compared to March 31, 2013.

Home equity production was \$1.5 billion and \$2.6 billion for the three and six months ended June 30, 2013 compared to \$930 million and \$1.7 billion for the same periods in 2012 with the increase due to a higher demand in the market based on improving housing trends, and increased market share driven by improved banking center engagement with customers and more competitive pricing.

Mortgage Servicing Rights

At June 30, 2013, the consumer MSR balance was \$5.8 billion, which represented 77 bps of the related unpaid principal balance compared to \$5.7 billion, or 55 bps of the related unpaid principal balance at December 31, 2012. The consumer MSR balance increased \$111 million in the six months ended June 30, 2013 primarily driven by higher mortgage rates, which resulted in lower forecasted prepayment speeds, largely offset by MSR sales and the change in the MSR asset value due to the impact of customer payments received during the period. For more information on our servicing activities, see Off-Balance Sheet Arrangements and Contractual Obligations – Servicing, Foreclosure and Other Mortgage Matters on page 65. For more information on MSRs, see *Note 19 – Mortgage Servicing Rights* to the Consolidated Financial Statements.

Sales of Mortgage Servicing Rights

As previously disclosed, during the first quarter of 2013, we entered into definitive agreements with certain counterparties, and on April 1, 2013 with an additional counterparty to sell the servicing rights on certain residential mortgage loans serviced for others, with an aggregate unpaid principal balance of approximately \$314 billion. The sales involve approximately 2.1 million loans serviced by us as of the applicable contract dates, including approximately 202,000 residential mortgage loans and approximately 15,000 home equity loans that were 60 days or more past due based upon current estimates.

The transfers of servicing rights are occurring in stages throughout 2013, and more than half of the servicing had been transferred as of June 30, 2013. Certain of the transfers are subject to the approval or consent of certain third parties. There is no assurance that all the required approvals and consents will be obtained, and accordingly, some of these transfers may not be consummated. We expect that the sales, when completed, will ultimately lead to a reduction in servicing revenue of approximately \$150 million per quarter compared to the fourth quarter of 2012.

Global Banking ⁽¹⁾

(Dollars in millions)	Three Months Ended June 30			Six Months Ended June 30		
	2013	2012	% Change	2013	2012	% Change
Net interest income (FTE basis)	\$ 2,252	\$ 1,940	16 %	\$ 4,412	\$ 4,027	10 %
Noninterest income:						
Service charges	701	726	(3)	1,387	1,448	(4)
Investment banking fees	792	638	24	1,582	1,289	23
All other income	394	604	(35)	788	1,173	(33)
Total noninterest income	1,887	1,968	(4)	3,757	3,910	(4)
Total revenue, net of interest expense (FTE basis)	4,139	3,908	6	8,169	7,937	3
Provision for credit losses	163	(152)	n/m	312	(427)	n/m
Noninterest expense	1,859	1,967	(5)	3,696	3,928	(6)
Income before income taxes	2,117	2,093	1	4,161	4,436	(6)
Income tax expense (FTE basis)	826	775	7	1,586	1,634	(3)
Net income	\$ 1,291	\$ 1,318	(2)	\$ 2,575	\$ 2,802	(8)
Net interest yield (FTE basis)	3.15 %	2.89 %		3.16 %	2.96 %	
Return on average allocated capital ⁽²⁾	22.52	—		22.58	—	
Return on average economic capital ⁽²⁾	—	27.24		—	29.31	
Efficiency ratio (FTE basis)	44.94	50.33		45.25	49.48	

Balance Sheet

Average						
Total loans and leases	\$ 255,674	\$ 219,504	16	\$ 249,903	\$ 221,854	13
Total earning assets	286,522	270,190	6	281,743	273,170	3
Total assets	327,531	311,043	5	322,814	314,088	3
Total deposits	227,668	213,862	6	224,909	212,638	6
Allocated capital ⁽²⁾	23,000	—	n/m	23,000	—	n/m
Economic capital ⁽²⁾	—	19,472	n/m	—	19,243	n/m
Period end						
	June 30 2013	December 31 2012				
Total loans and leases	\$ 258,502	\$ 242,340				7
Total earning assets	293,733	289,036				2
Total assets	334,820	331,611				1
Total deposits	229,586	243,306				(6)

⁽¹⁾ During the second quarter of 2013, the results of consumer Dealer Financial Services, previously reported in *Global Banking*, were moved to *CBB*. Prior periods have been reclassified to conform to current period presentation.

⁽²⁾ Effective January 1, 2013, we revised, on a prospective basis, the methodology for allocating capital to the business segments. In connection with the change in methodology, we updated the applicable terminology in the above table to allocated capital from economic capital as reported in prior periods. For additional information, see Business Segment Operations on page 30.

n/m = not meaningful

Global Banking, which includes Global Corporate and Global Commercial Banking, and Investment Banking, provides a wide range of lending-related products and services, integrated working capital management and treasury solutions to clients, and underwriting and advisory services through our network of offices and client relationship teams. Our lending products and services include commercial loans, leases, commitment facilities, trade finance, real estate lending and asset-based lending. Our treasury solutions business includes treasury management, foreign exchange and short-term investing options. We also work with our clients to provide investment banking products such as debt and equity underwriting and distribution, and merger-related and other advisory services. Underwriting debt and equity issuances, fixed-income and equity research, and certain market-based activities are executed through our global broker/dealer

affiliates which are our primary dealers in several countries. Within *Global Banking*, Global Commercial Banking clients generally include middle-market companies, commercial real estate firms, auto dealerships and not-for-profit companies. Global Corporate Banking includes large global corporations, financial institutions and leasing clients.

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Net income for *Global Banking* remained relatively unchanged as an increase in the provision for credit losses was largely offset by higher revenue and lower noninterest expense.

Revenue increased \$231 million to \$4.1 billion as higher net interest income and investment banking fees were partially offset by lower other income due to gains on liquidation of certain portfolios in the prior-year period.

The provision for credit losses increased \$315 million to \$163 million from a benefit of \$152 million primarily as a result of commercial loan growth. In the year-ago quarter, charge-offs exceeded provision, which resulted in a net reduction in the reserve of \$272 million.

Noninterest expense decreased \$108 million to \$1.9 billion primarily due to lower personnel expenses.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Net income for *Global Banking* decreased \$227 million to \$2.6 billion primarily driven by an increase in the provision for credit losses partially offset by higher revenue and lower noninterest expense, primarily driven by the same factors as described in the three-months discussion above.

Global Corporate and Global Commercial Banking

Global Corporate and Global Commercial Banking each include Business Lending and Global Treasury Services activities. Business Lending includes various lending-related products and services including commercial loans, leases, commitment facilities, trade finance, real estate lending and asset-based lending. Global Treasury Services includes deposits, treasury management, credit card, foreign exchange, and short-term investment and custody solutions to corporate and commercial banking clients. The table below presents a summary of Global Corporate and Global Commercial Banking results.

Global Corporate and Global Commercial Banking

(Dollars in millions)	Three Months Ended June 30					
	Global Corporate Banking		Global Commercial Banking		Total	
	2013	2012	2013	2012	2013	2012
Revenue						
Business Lending	\$ 855	\$ 836	\$ 1,053	\$ 912	\$ 1,908	\$ 1,748
Global Treasury Services	702	630	731	732	1,433	1,362
Total revenue, net of interest expense	\$ 1,557	\$ 1,466	\$ 1,784	\$ 1,644	\$ 3,341	\$ 3,110

Balance Sheet

Average						
Total loans and leases	\$ 126,771	\$ 108,388	\$ 128,873	\$ 110,966	\$ 255,644	\$ 219,354
Total deposits	123,482	108,600	104,141	105,237	227,623	213,837

(Dollars in millions)	Six Months Ended June 30					
	Global Corporate Banking		Global Commercial Banking		Total	
	2013	2012	2013	2012	2013	2012
Revenue						
Business Lending	\$ 1,706	\$ 1,697	\$ 2,001	\$ 1,800	\$ 3,707	\$ 3,497
Global Treasury Services	1,368	1,286	1,447	1,512	2,815	2,798
Total revenue, net of interest expense	\$ 3,074	\$ 2,983	\$ 3,448	\$ 3,312	\$ 6,522	\$ 6,295

Balance Sheet

Average						
Total loans and leases	\$ 122,803	\$ 110,690	\$ 127,079	\$ 110,641	\$ 249,882	\$ 221,331
Total deposits	121,348	107,181	103,519	105,429	224,867	212,610

Period end						
Total loans and leases	\$ 127,341	\$ 107,151	\$ 131,134	\$ 111,361	\$ 258,475	\$ 218,512
Total deposits	124,646	111,762	104,895	104,739	229,541	216,501

Global Corporate and Global Commercial Banking revenue increased \$231 million and \$227 million for the three and six months ended June 30, 2013 compared to the same periods in 2012 due to higher revenue in both Business Lending and Global Treasury Services.

Business Lending revenue in Global Corporate Banking improved slightly for the three and six months ended June 30, 2013 compared to the same periods in 2012 as the impact on revenue of growth in loan balances was offset by lower accretion on acquired portfolios and gains on liquidation of certain portfolios in the prior-year periods. Business Lending revenue in Global Commercial Banking increased \$141 million and \$201 million as growth in the commercial and industrial, and commercial real estate portfolios, as well as higher accretion on acquired portfolios compared to the prior-year periods, offset the impact of the low rate environment.

Global Treasury Services revenue increased \$71 million and \$17 million for the three and six months ended June 30, 2013 compared to the same periods in 2012 driven by growth in U.S. and non-U.S. deposit balances and the impact of the low rate environment.

Table of Contents

Average loans and leases in Global Corporate and Global Commercial Banking increased 17 percent and 13 percent for the three and six months ended June 30, 2013 compared to the same periods in 2012 driven by growth in commercial and industrial, and commercial real estate portfolios from higher client demand. Average deposits in Global Corporate and Global Commercial Banking increased six percent for both the three and six months ended June 30, 2013 compared to the same periods in 2012 due to client liquidity, international growth and limited alternative investment options.

Investment Banking

Client teams and product specialists underwrite and distribute debt, equity and other loan products, and provide advisory services and tailored risk management solutions. The economics of most investment banking and underwriting activities are shared primarily between *Global Banking* and *Global Markets* based on the contribution by and involvement of each segment. To provide a complete discussion of our consolidated investment banking fees, the table below presents total Corporation investment banking fees as well as the portion attributable to *Global Banking*.

Investment Banking Fees

	Three Months Ended June 30				Six Months Ended June 30			
	Global Banking		Total Corporation		Global Banking		Total Corporation	
	2013	2012	2013	2012	2013	2012	2013	2012
(Dollars in millions)								
Products								
Advisory	\$ 240	\$ 314	\$ 262	\$ 340	\$ 473	\$ 503	\$ 519	\$ 544
Debt issuance	405	253	987	646	833	599	2,009	1,419
Equity issuance	147	71	356	192	276	187	679	497
Gross investment banking fees	792	638	1,605	1,178	1,582	1,289	3,207	2,460
Self-led	(7)	(5)	(49)	(32)	(35)	(27)	(116)	(97)
Total investment banking fees	\$ 785	\$ 633	\$ 1,556	\$ 1,146	\$ 1,547	\$ 1,262	\$ 3,091	\$ 2,363

Total Corporation investment banking fees of \$1.6 billion and \$3.1 billion, excluding self-led deals, included within *Global Banking* and *Global Markets*, increased 36 percent and 31 percent for the three and six months ended June 30, 2013 compared to the same periods in 2012 due to strong debt underwriting performance, primarily within leveraged finance and investment grade, and equity underwriting performance due to significant increases in global IPO markets. These increases were partially offset by a decline in advisory fees.

Global Markets

(Dollars in millions)	Three Months Ended June 30			Six Months Ended June 30		
	2013	2012	% Change	2013	2012	% Change
Net interest income (FTE basis)	\$ 1,013	\$ 721	40 %	\$ 2,122	\$ 1,628	30 %
Noninterest income:						
Investment and brokerage services	549	448	23	1,077	962	12
Investment banking fees	668	438	53	1,347	994	36
Trading account profits	1,848	1,706	8	4,738	3,744	27
All other income (loss)	111	265	(58)	(226)	657	n/m
Total noninterest income	3,176	2,857	11	6,936	6,357	9
Total revenue, net of interest expense (FTE basis)	4,189	3,578	17	9,058	7,985	13
Provision for credit losses	(16)	(1)	n/m	(11)	(14)	(21)
Noninterest expense	2,769	2,855	(3)	5,842	6,090	(4)
Income before income taxes	1,436	724	98	3,227	1,909	69
Income tax expense (FTE basis)	477	227	110	1,099	583	89
Net income	\$ 959	\$ 497	93	\$ 2,128	\$ 1,326	60
Return on average allocated capital ⁽¹⁾	12.85 %	—		14.33 %	—	
Return on average economic capital ⁽¹⁾	—	15.10 %		—	19.32 %	
Efficiency ratio (FTE basis)	66.12	79.79		64.50	76.27	

Balance Sheet

Average										
Total trading-related assets ⁽²⁾	\$	490,972	\$	459,869	7	\$	497,582	\$	454,300	10
Total earning assets ⁽²⁾		499,396		456,552	9		504,516		446,695	13
Total assets		653,116		596,861	9		660,151		585,423	13
Allocated capital ⁽¹⁾		30,000		—	n/m		30,000		—	n/m
Economic capital ⁽¹⁾		—		13,316	n/m		—		13,849	n/m
Period end							June 30 2013	December 31 2012		
Total trading-related assets ⁽²⁾						\$	446,505	\$	465,836	(4)
Total earning assets ⁽²⁾							465,166		486,470	(4)
Total assets							607,050		630,570	(4)

⁽¹⁾ Effective January 1, 2013, we revised, on a prospective basis, the methodology for allocating capital to the business segments. In connection with the change in methodology, we updated the applicable terminology in the above table to allocated capital from economic capital as reported in prior periods. For additional information, see Business Segment Operations on page 30.

⁽²⁾ Trading-related assets include derivative assets, which are considered non-earning assets.

n/m = not meaningful

Global Markets offers sales and trading services, including research, to institutional clients across fixed-income, credit, currency, commodity and equity businesses. *Global Markets* product coverage includes securities and derivative products in both the primary and secondary markets. *Global Markets* provides market-making, financing, securities clearing, settlement and custody services globally to our institutional investor clients in support of their investing and trading activities. We also work with our commercial and corporate clients to provide risk management products using interest rate, equity, credit, currency and commodity derivatives, foreign exchange, fixed-income and mortgage-related products. As a result of our market-making activities in these products, we may be required to manage risk in government securities, equity and equity-linked securities, high-grade and high-yield corporate debt securities, MBS, commodities and asset-backed securities (ABS). In addition, the economics of most investment banking and underwriting activities are shared primarily between *Global Markets* and *Global Banking* based on the activities performed by each segment. *Global Banking* originates certain deal-related transactions with our corporate and commercial clients that are executed and distributed by *Global Markets*. For more information on investment banking fees on a consolidated basis, see page 48.

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Net income for *Global Markets* increased \$462 million to \$959 million. Net DVA gains on derivatives were \$38 million compared to net DVA losses of \$156 million. Excluding net DVA, net income increased \$340 million to \$935 million primarily driven by higher equities revenue and lower noninterest expense, partially offset by lower FICC revenue. Noninterest expense decreased \$86 million to \$2.8 billion due to a reduction in operating costs.

Average earning assets increased \$42.8 billion to \$499.4 billion largely driven by increased client financing activity in the equities business.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Net income for *Global Markets* increased \$802 million to \$2.1 billion. Net DVA losses on derivatives were \$17 million compared to \$1.6 billion. Excluding net DVA, net income decreased \$189 million to \$2.1 billion primarily driven by lower FICC revenue partially offset by higher equities revenue and lower noninterest expense. Noninterest expense decreased \$248 million to \$5.8 billion due to the same factor as described in the three-month discussion above.

Average earning assets increased \$57.8 billion to \$504.5 billion largely driven by the same factor described in the three-month discussion above.

Sales and Trading Revenue

Sales and trading revenue includes unrealized and realized gains and losses on trading and other assets, net interest income, and fees primarily from commissions on equity securities. Sales and trading revenue is segregated into fixed income (government debt obligations, investment and non-investment grade corporate debt obligations, CMBS, RMBS, collateralized debt obligations (CDOs), interest rate and credit derivative contracts), currencies (interest rate and foreign exchange contracts), commodities (primarily futures, forwards, swaps and options) and equities (equity-linked derivatives and cash equity activity). The table below and related discussion present sales and trading revenue, substantially all of which is in *Global Markets* with the remainder in *Global Banking*. In addition, the table below and related discussion present sales and trading revenue excluding DVA, which is a non-GAAP financial measure. We believe the use of this non-GAAP financial measure provides clarity in assessing the underlying performance of these businesses.

Sales and Trading Revenue^(1, 2)

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Sales and trading revenue				
Fixed income, currencies and commodities	\$ 2,292	\$ 2,418	\$ 5,228	\$ 5,261
Equities	1,199	761	2,358	1,673
Total sales and trading revenue	\$ 3,491	\$ 3,179	\$ 7,586	\$ 6,934

Sales and trading revenue, excluding net DVA⁽³⁾

Fixed income, currencies and commodities	\$ 2,259	\$ 2,555	\$ 5,260	\$ 6,685
Equities	1,194	780	2,343	1,839
Total sales and trading revenue, excluding net DVA	\$ 3,453	\$ 3,335	\$ 7,603	\$ 8,524

⁽¹⁾ Includes FTE adjustments of \$44 million and \$90 million for the three and six months ended June 30, 2013 compared to \$59 million and \$109 million for the same periods in 2012. For more information on sales and trading revenue, see *Note 3 – Derivatives* to the Consolidated Financial Statements.

⁽²⁾ Includes *Global Banking* sales and trading revenue of \$142 million and \$210 million for the three and six months ended June 30, 2013 compared to \$248 million and \$363 million for the same periods in 2012.

⁽³⁾ For this presentation, sales and trading revenue excludes the impact of credit spreads on DVA which represents a non-GAAP financial measure. Net DVA gains of \$33 million and net DVA losses of \$32 million were included in FICC revenue, and net DVA gains of \$5 million and \$15 million were included in equities revenue for the three and six months ended June 30, 2013 compared to net DVA losses of \$137 million and \$1.4 billion, and \$19 million and \$166 million for the same periods in 2012.

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

FICC revenue, including net DVA, decreased \$126 million to \$2.3 billion. Excluding net DVA, FICC revenue decreased \$296 million to \$2.3 billion primarily driven by a challenging trading environment toward the end of the quarter as fixed-income assets sold off due to market concerns related to the Federal Reserve's policy announcement in June, primarily in interest rate sensitive products, as well as the result of a gain on the sale of an equity investment in the prior-year period and less favorable conditions in structured credit markets. Equities revenue, including net DVA, increased \$438 million to \$1.2 billion. Excluding net DVA, equities revenue increased \$414 million to \$1.2 billion primarily due to increased market share across the cash equities businesses, improved performance in equity derivatives and increased financing activity. Sales and trading revenue included total commissions and brokerage fee revenue of \$549 million compared to \$448 million, substantially all from equities. The \$101 million increase in commissions and brokerage fee revenue was primarily due to a higher market share in equities.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

FICC revenue, including net DVA, decreased \$33 million to \$5.2 billion. Excluding the impact of credit spreads on net DVA, FICC revenue decreased \$1.4 billion to \$5.3 billion primarily resulting from a write-down of a receivable related to the MBIA Settlement in the first quarter of 2013 as well as the same factors described in the three-month discussion above. For more information on the MBIA Settlement, see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements. Equities revenue, including net DVA, increased \$685 million to \$2.4 billion. Excluding the impact of credit spreads on net DVA, equities revenue increased \$504 million to \$2.3 billion due to the same factors as described in the three-month discussion above. Sales and trading revenue included total commissions and brokerage fee revenue of \$1.1 billion compared to \$962 million, substantially all from equities. Commissions and brokerage fee revenue increased \$115 million due to the same factor described in the three-month discussion above.

Global Wealth & Investment Management

(Dollars in millions)	Three Months Ended June 30			Six Months Ended June 30		
	2013	2012	% Change	2013	2012	% Change
Net interest income (FTE basis)	\$ 1,505	\$ 1,393	8 %	\$ 3,101	\$ 2,924	6 %
Noninterest income:						
Investment and brokerage services	2,441	2,221	10	4,772	4,396	9
All other income	553	480	15	1,047	921	14
Total noninterest income	2,994	2,701	11	5,819	5,317	9
Total revenue, net of interest expense (FTE basis)	4,499	4,094	10	8,920	8,241	8
Provision for credit losses	(15)	47	n/m	7	93	(92)
Noninterest expense	3,272	3,177	3	6,525	6,409	2
Income before income taxes	1,242	870	43	2,388	1,739	37
Income tax expense (FTE basis)	484	322	50	910	641	42
Net income	\$ 758	\$ 548	38	\$ 1,478	\$ 1,098	35
Net interest yield (FTE basis)	2.47 %	2.31 %		2.46 %	2.38 %	
Return on average allocated capital ⁽¹⁾	30.57	—		29.98	—	
Return on average economic capital ⁽¹⁾	—	31.76		—	33.24	
Efficiency ratio (FTE basis)	72.72	77.61		73.15	77.77	

Balance Sheet

Average						
Total loans and leases	\$ 109,589	\$ 98,964	11	\$ 107,845	\$ 98,490	9
Total earning assets	244,845	242,843	1	254,113	246,785	3
Total assets	263,735	262,124	1	272,965	265,899	3
Total deposits	235,344	238,540	(1)	244,329	239,200	2
Allocated capital ⁽¹⁾	10,000	—	n/m	10,000	—	n/m
Economic capital ⁽¹⁾	—	7,011	n/m	—	6,716	n/m
Period end						
	June 30 2013	December 31 2012				
Total loans and leases	\$ 111,785	\$ 105,928				6
Total earning assets	244,361	277,103				(12)
Total assets	263,867	297,326				(11)
Total deposits	235,012	266,188				(12)

⁽¹⁾ Effective January 1, 2013, we revised, on a prospective basis, the methodology for allocating capital to the business segments. In connection with the change in methodology, we updated the applicable terminology in the above table to allocated capital from economic capital as reported in prior periods. For additional information, see Business Segment Operations on page 30.

n/m = not meaningful

GWIM consists of two primary businesses: Merrill Lynch Global Wealth Management (MLGWM) and U.S. Trust, Bank of America Private Wealth Management (U.S. Trust).

MLGWM's advisory business provides a high-touch client experience through a network of financial advisors focused on clients with over \$250,000 in total investable assets. MLGWM provides tailored solutions to meet our clients' needs through a full set of brokerage, banking and retirement products.

U.S. Trust, together with MLGWM's Private Banking & Investments Group, provides comprehensive wealth management solutions targeted to wealthy and ultra-wealthy clients with investable assets of more than \$5 million, as well as customized solutions to meet clients' wealth structuring, investment management, trust and banking needs, including specialty asset management services.

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Net income increased \$210 million to \$758 million, a record since the Merrill Lynch & Co., Inc. (Merrill Lynch) merger, driven by higher revenue and lower provision for credit losses, partially offset by higher noninterest expense. Revenue increased \$405 million to \$4.5 billion, also a post-merger record, primarily driven by higher asset management fees related to higher market levels and long-term AUM flows, increased transactional revenue and higher net interest income. The provision for credit losses decreased \$62 million to a benefit of \$15 million driven by continued credit quality improvement. Noninterest expense increased \$95 million to \$3.3 billion as higher volume-driven expenses and support costs were partially offset by lower non-volume driven personnel costs.

Revenue from MLGWM was \$3.7 billion, up 10 percent, and revenue from U.S. Trust was \$740 million, up eight percent, both driven by higher noninterest income and net interest income.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Net income increased \$380 million to \$1.5 billion driven by higher revenue and lower provision for credit losses, partially offset by higher noninterest expense. Revenue increased \$679 million to \$8.9 billion. The provision for credit losses decreased \$86 million to \$7 million. These changes were driven by the same factors as described in the three-month discussion above. Noninterest expense increased \$116 million to \$6.5 billion driven by the same factors as described in the three-month discussion above, as well as higher litigation expenses.

Revenue from MLGWM was \$7.4 billion, up nine percent, and revenue from U.S. Trust was \$1.5 billion, up seven percent, both driven by higher noninterest income and net interest income.

Net Migration Summary

GWIM results are impacted by the migration of clients and their related deposit and loan balances to or from *CBB*, *CRES* and the ALM portfolio, as presented in the table below. We move clients between business segments to better meet the needs of our clients. The table below includes the first quarter transfer whereby *GWIM* identified and transferred deposit balances of approximately \$19 billion to *CBB*. Additionally, beginning in 2013, the revenue and expense associated with *GWIM* clients that hold credit cards is included in *GWIM*. Revenue and expense for prior periods are in *CBB*.

Migration Summary

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Average				
Total deposits, net – <i>GWIM</i> from / (to) <i>CBB</i>	\$ (18,072)	\$ 355	\$ (12,712)	\$ 133
Total loans, net – <i>GWIM</i> to <i>CRES</i> and the ALM portfolio	(39)	(198)	(27)	(146)
Period end				
Total deposits, net – <i>GWIM</i> from / (to) <i>CBB</i>	\$ 660	\$ 738	\$ (17,888)	\$ 651
Total loans, net – <i>GWIM</i> to <i>CRES</i> and the ALM portfolio	(30)	(79)	(59)	(223)

Client Balances

The table below presents client balances which consist of AUM, brokerage assets, assets in custody, deposits, and loans and leases.

Client Balances by Type

(Dollars in millions)	June 30 2013	December 31 2012
Assets under management	\$ 743,613	\$ 698,095
Brokerage assets	992,664	960,351
Assets in custody	128,854	117,686
Deposits	235,012	266,188
Loans and leases ⁽¹⁾	114,908	109,305
Total client balances	\$ 2,215,051	\$ 2,151,625

⁽¹⁾ Includes margin receivables which are classified in customer and other receivables on the Consolidated Balance Sheet.

The increase of \$63.4 billion, or three percent, in client balances was primarily driven by higher market levels and post-merger record long-term AUM flows, partially offset by the deposit balance transfer of approximately \$19 billion to *CBB* as described above.

All Other

(Dollars in millions)	Three Months Ended June 30			Six Months Ended June 30		
	2013	2012	% Change	2013	2012	% Change
Net interest income (FTE basis)	\$ 268	\$ 137	96 %	\$ 522	\$ 615	(15)%
Noninterest income:						
Card income	81	84	(4)	166	171	(3)
Equity investment income (loss)	576	(36)	n/m	1,096	394	178
Gains on sales of debt securities	452	354	28	519	1,066	(51)
All other income (loss)	(804)	59	n/m	(1,366)	(2,043)	(33)
Total noninterest income (loss)	305	461	(34)	415	(412)	n/m
Total revenue, net of interest expense (FTE basis)	573	598	(4)	937	203	n/m
Provision for credit losses	(179)	535	n/m	71	1,781	(96)
Noninterest expense	541	1,105	(51)	2,302	3,633	(37)
Income (loss) before income taxes	211	(1,042)	n/m	(1,436)	(5,211)	(72)
Income tax benefit (FTE basis)	(338)	(678)	(50)	(1,013)	(2,240)	(55)
Net income (loss)	\$ 549	\$ (364)	n/m	\$ (423)	\$ (2,971)	(86)

Balance Sheet

Average						
Loans and leases:						
Residential mortgage	\$ 211,137	\$ 227,098	(7)	\$ 213,156	\$ 229,872	(7)
Non-U.S. credit card	10,613	13,641	(22)	10,819	13,896	(22)
Other	17,160	22,910	(25)	17,743	23,170	(23)
Total loans and leases	238,910	263,649	(9)	241,718	266,938	(9)
Total assets ⁽¹⁾	233,810	341,026	(31)	242,867	342,608	(29)
Total deposits	33,774	43,722	(23)	34,657	48,125	(28)
Period end						
				June 30 2013	December 31 2012	
Loans and leases:						
Residential mortgage				\$ 207,138	\$ 211,476	(2)
Non-U.S. credit card				10,340	11,697	(12)
Other				16,569	18,808	(12)
Total loans and leases				234,047	241,981	(3)
Total assets ⁽¹⁾				205,976	264,505	(22)
Total deposits				34,597	36,061	(4)

⁽¹⁾ For presentation purposes, in segments where the total of liabilities and equity exceeds assets, which are generally deposit-taking segments, we allocate assets from *All Other* to those segments to match liabilities (i.e., deposits) and allocated shareholders' equity. Such allocated assets were \$525.9 billion and \$526.7 billion for the three and six months ended June 30, 2013 compared to \$492.7 billion and \$489.9 billion for the same periods in 2012, and \$530.3 billion and \$538.5 billion at June 30, 2013 and December 31, 2012.

n/m = not meaningful

All Other consists of ALM activities, equity investments, the international consumer card business, liquidating businesses, residual expense allocations and other. ALM activities encompass the whole-loan residential mortgage portfolio and investment securities, interest rate and foreign currency risk management activities including the residual net interest income allocation, gains/losses on structured liabilities, the impact of certain allocation methodologies and accounting hedge ineffectiveness. For more information on our ALM activities, see Interest Rate Risk Management for Nontrading Activities on page 130. Equity investments include Global Principal Investments (GPI) which is comprised of a diversified portfolio of equity, real estate and other alternative investments. These investments are made either directly in a company or held through a fund with related income recorded in equity investment income. Equity investments

also include strategic investments, which include our investment in China Construction Bank Corporation (CCB) and certain other investments. Additionally, *All Other* includes certain residential mortgage loans that are managed by Legacy Assets & Servicing.

In January 2013, in connection with the FNMA Settlement, we repurchased certain residential mortgage loans, all of which are held in *All Other*. For additional information, see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements.

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Net income for *All Other* increased \$913 million to \$549 million primarily due to a \$714 million reduction in the provision for credit losses, an increase of \$612 million in equity investment income and a decrease in noninterest expense of \$564 million. Partially offsetting these items were \$505 million in gains related to liability management actions in the prior-year period. Fair value adjustments on structured liabilities related to the widening of our credit spreads were positive \$10 million compared to negative \$62 million in the prior-year period.

The provision for credit losses decreased \$714 million to a benefit of \$179 million primarily driven by continued improvement in portfolio trends including increased home prices in the residential mortgage portfolio.

Noninterest expense decreased \$564 million to \$541 million primarily due to lower litigation expense and personnel expense. The income tax benefit was \$338 million compared to a benefit of \$678 million, with the decrease primarily attributable to the change in pre-tax income (loss) in *All Other*.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

The net loss for *All Other* decreased \$2.5 billion to \$423 million primarily due to negative fair value adjustments on structured liabilities of \$80 million related to the improvement in our credit spreads compared to \$3.4 billion in the same period in 2012, a \$1.7 billion reduction in the provision for credit losses, a decrease in noninterest expense of \$1.3 billion and an increase in equity investment income of \$702 million. Partially offsetting these items were \$1.7 billion in gains related to liability management actions in the prior-year period and a decrease of \$547 million in gains on sales of debt securities.

The provision for credit losses decreased \$1.7 billion to \$71 million primarily driven by the same factors as described in the three-month discussion above.

Noninterest expense decreased \$1.3 billion to \$2.3 billion due to lower litigation and personnel expenses. The income tax benefit was \$1.0 billion compared to a benefit of \$2.2 billion, with the decrease primarily attributable to the decrease in the pre-tax loss in *All Other*.

Equity Investment Activity

The tables below present the components of equity investments included in *All Other* at June 30, 2013 and December 31, 2012, and also a reconciliation to the total consolidated equity investment income for the three and six months ended June 30, 2013 and 2012.

Equity Investments

(Dollars in millions)	June 30 2013	December 31 2012
Global Principal Investments	\$ 2,214	\$ 3,470
Strategic and other investments	1,958	2,038
Total equity investments included in <i>All Other</i>	\$ 4,172	\$ 5,508

Equity Investment Income

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Global Principal Investments	\$ 52	\$ (137)	\$ 156	\$ 267
Strategic and other investments	524	101	940	127
Total equity investment income (loss) included in <i>All Other</i>	576	(36)	1,096	394
Total equity investment income included in the business segments	104	404	147	739
Total consolidated equity investment income	\$ 680	\$ 368	\$ 1,243	\$ 1,133

Equity investments included in *All Other* decreased \$1.3 billion to \$4.2 billion at June 30, 2013 compared to December 31, 2012, with the decrease due to sales in the GPI portfolio. GPI had unfunded equity commitments of \$161 million at June 30, 2013 compared to \$224 million at December 31, 2012.

At June 30, 2013 and December 31, 2012, we owned 2.0 billion shares representing approximately one percent of CCB. Sales restrictions on these shares continue until the end of August 2013. Because the sales restrictions on these shares will expire within one year, these securities are classified as AFS marketable equity securities and carried at fair value with the after-tax unrealized gain included in accumulated OCI. At June 30, 2013, the cost basis was \$716 million and the fair value was \$1.3 billion.

Equity investment income included in *All Other* was \$576 million and \$1.1 billion in the three and six months ended June 30, 2013, an increase of \$612 million and \$702 million from the same periods in 2012. The increases in the three and six months ended June 30, 2013 were primarily due to a gain on the sale of an equity investment. Total Corporation equity investment income was \$680 million and \$1.2 billion in the three and six months ended June 30, 2013, an increase of \$312 million and \$110 million from the same periods in 2012, as the gains on the sales of an equity investment in *All Other* were partially offset by prior-year periods gains on the sales of an equity investment in *Global Markets*.

Off-Balance Sheet Arrangements and Contractual Obligations

We have contractual obligations to make future payments on debt and lease agreements. Additionally, in the normal course of business, we enter into contractual arrangements whereby we commit to future purchases of products or services from unaffiliated parties. For more information on our obligations and commitments, see *Note 11 – Commitments and Contingencies* to the Consolidated Financial Statements, Off-Balance Sheet Arrangements and Contractual Obligations on page 54 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K, as well as *Note 12 – Long-term Debt* and *Note 13 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

Representations and Warranties

We securitize first-lien residential mortgage loans generally in the form of MBS guaranteed by the GSEs or by the Government National Mortgage Association (GNMA) in the case of Federal Housing Administration (FHA)-insured, U.S. Department of Veterans Affairs (VA)-guaranteed and Rural Housing Service-guaranteed mortgage loans. In addition, in prior years, legacy companies and certain subsidiaries sold pools of first-lien residential mortgage loans and home equity loans as private-label securitizations (in certain of these securitizations, monolines or financial guarantee providers insured all or some of the securities) or in the form of whole loans. In connection with these transactions, we or certain of our subsidiaries or legacy companies make or have made various representations and warranties. Breaches of these representations and warranties may result in the requirement to repurchase mortgage loans or to otherwise make whole or provide other remedies to the GSEs, U.S. Department of Housing and Urban Development (HUD) with respect to FHA-insured loans, VA, whole-loan investors, securitization trusts, monoline insurers or other financial guarantors (collectively, repurchases). In all such cases, we would be exposed to any credit loss on the repurchased mortgage loans after accounting for any mortgage insurance (MI) or mortgage guarantee payments that we may receive.

Subject to the requirements and limitations of the applicable sales and securitization agreements, these representations and warranties can be enforced by the GSEs, HUD, VA, the whole-loan investor, the securitization trustee or others as governed by the applicable agreement or, in certain first-lien and home equity securitizations where monoline insurers or other financial guarantee providers have insured all or some of the securities issued, by the monoline insurer or other financial guarantor, where the contract so provides. In the case of private-label securitizations, the applicable agreements may permit investors, which may include the GSEs, with contractually sufficient holdings to direct or influence action by the securitization trustee. In the case of loans sold to parties other than the GSEs or GNMA, the contractual liability to repurchase typically arises only if there is a breach of the representations and warranties that materially and adversely affects the interest of the investor, or investors, or of the monoline insurer or other financial guarantor (as applicable) in the loan. Contracts with the GSEs do not contain equivalent language, while GNMA generally limits repurchases to loans that are not insured or guaranteed as required.

For additional information about accounting for representations and warranties and our representations and warranties repurchase claims and exposures, see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* and *Note 13 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K and Item 1A. Risk Factors of the Corporation's 2012 Annual Report on Form 10-K

Representations and Warranties Bulk Settlement Actions

We have settled, or entered into agreements to settle, certain bulk representations and warranties claims (1) with each of the GSEs in 2010 (2010 GSE Agreements), (2) with a trustee (the Trustee) for certain Countrywide Financial Corporation (Countrywide) private-label securitization trusts in 2011 (the BNY Mellon Settlement), (3) with three monoline insurers, Assured Guaranty Ltd. and subsidiaries in 2011 (the Assured Guaranty Settlement), Syncora Guarantee Inc. and Syncora Holdings, Ltd. in 2012 (the Syncora Settlement) and MBIA pursuant to the MBIA Settlement in 2013, and (4) with FNMA pursuant to the FNMA Settlement in 2013.

We have vigorously contested any request for repurchase when we conclude that a valid basis for repurchase does not exist and will continue to do so in the future. However, in an effort to resolve these legacy mortgage-related issues, we have reached bulk settlements, or agreements for bulk settlements, including settlement amounts which have been material, with the above-referenced counterparties in lieu of a loan-by-loan review process. For instance, in the first quarter of 2013, we entered into the FNMA Settlement to resolve substantially all outstanding and potential repurchase and certain other claims relating to the origination, sale and delivery of residential mortgage loans originated from January 1, 2000 through December 31, 2008 and sold directly to FNMA by entities related to Countrywide and BANA. We may reach other settlements in the future if opportunities arise on terms we believe to be advantageous. However, there can be no assurance that we will reach future settlements or, if we do, that the terms of past settlements can be relied upon to predict the terms of future settlements. For a summary of the larger bulk settlement actions and the related impact on the representations and warranties provision and liability, see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* herein and *Note 13 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K These

Table of Contents

bulk settlements generally did not cover all transactions with the relevant counterparties or all potential claims that may arise, including in some instances securities law, fraud and servicing claims, and our liability in connection with the transactions and claims not covered by these settlements could be material.

BNY Mellon Settlement

The BNY Mellon Settlement, entered into in June 2011, is subject to final court approval and certain other conditions. The court approval hearing on the settlement began on June 3, 2013 in the New York Supreme Court, New York County, and additional hearing days are currently scheduled in September 2013. Although we are not a party to the proceeding, certain of our rights and obligations under the settlement agreement are conditioned on final court approval of the settlement.

There can be no assurance that final court approval of the BNY Mellon Settlement will be obtained, that all conditions to the BNY Mellon Settlement will be satisfied or, if certain conditions to the BNY Mellon Settlement permitting withdrawal are met, that we and Countrywide will not withdraw from the settlement. If final court approval is not obtained or if we and Countrywide withdraw from the BNY Mellon Settlement in accordance with its terms, our future representations and warranties losses could be substantially different than existing accruals and the estimated range of possible loss over existing accruals. For more information about the risks associated with the BNY Mellon Settlement, see Item 1A. Risk Factors of the Corporation's 2012 Annual Report on Form 10-K

MBIA Settlement

On May 7, 2013, we entered into the MBIA Settlement which resolved all outstanding litigation between the parties, as well as other claims between the parties, including outstanding and potential claims from MBIA related to alleged representations and warranties breaches and other claims involving certain first- and second-lien RMBS trusts for which MBIA provided financial guarantee insurance, certain of which claims were the subject of litigation. At the time of the settlement, the mortgages (first- and second-lien) in RMBS trusts covered by the MBIA Settlement had an original principal balance of \$54.8 billion and an unpaid principal balance of \$19.1 billion. For additional information, see Recent Events – MBIA Settlement on page 8, the Experience with Investors Other than Government-sponsored Enterprises – Monoline Insurers section herein, and *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements.

Unresolved Claims Status

Unresolved Repurchase Claims

During the three months ended June 30, 2013, we received \$1.3 billion in new repurchase claims, including \$529 million submitted by the GSEs for both Countrywide and legacy Bank of America originations not covered by the bulk settlements with the GSEs, \$666 million submitted by private-label securitization trustees, \$134 million submitted by whole-loan investors and \$2 million submitted by monoline insurers. During the three months ended June 30, 2013, \$1.7 billion in claims were resolved, including \$945 million resolved through the MBIA Settlement. Of the remaining claims that were resolved, \$436 million were resolved through rescissions and \$364 million were resolved through mortgage repurchases and make-whole payments primarily with the GSEs.

During the six months ended June 30, 2013, we received \$3.1 billion in new repurchase claims, including \$927 million submitted by the GSEs for both Countrywide and legacy Bank of America originations not covered by the bulk settlements with the GSEs, \$1.9 billion submitted by private-label securitization trustees, \$268 million submitted by whole-loan investors and \$44 million submitted by monoline insurers. During the six months ended June 30, 2013, \$14.7 billion in claims were resolved, primarily with the GSEs, including \$12.2 billion in GSE claims resolved through the FNMA Settlement and \$945 million resolved through the MBIA Settlement. Of the remaining claims that were resolved, \$845 million were resolved through rescissions and \$675 million were resolved through mortgage repurchases and make-whole payments, primarily with the GSEs. For more information on unresolved repurchase claims from the GSEs, monoline insurers, private-label securitization trustees, whole-loan investors and others, and the resolution of such claims, see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements.

At June 30, 2013, the total notional amount of our unresolved representations and warranties repurchase claims was \$16.6 billion compared to \$28.3 billion at December 31, 2012. These repurchase claims do not include any repurchase claims related to the trusts covered by the BNY Mellon Settlement. Unresolved repurchase claims represent the notional amount of repurchase claims made by counterparties, typically the outstanding principal balance or the unpaid principal balance at the time of default. In the case of first-lien mortgages, the claim amount is often significantly greater than the expected loss amount due to the benefit of collateral and, in some cases, MI or mortgage guarantee payments. Claims received from a counterparty remain outstanding until the underlying loan is repurchased, the claim is rescinded by the counterparty, or the claim is otherwise resolved. When a claim is denied and we do not receive a response from the counterparty, the claim remains in the unresolved repurchase claims balance until resolution.

Table of Contents

The notional amount of unresolved GSE repurchase claims totaled \$1.1 billion at June 30, 2013 compared to \$13.5 billion at December 31, 2012. As a result of the FNMA Settlement, \$12.2 billion of GSE repurchase claims outstanding at December 31, 2012 were resolved in January 2013.

The notional amount of unresolved monoline repurchase claims totaled \$1.5 billion at June 30, 2013 compared to \$2.4 billion at December 31, 2012. We have had limited loan-level repurchase claims experience with the majority of the monoline insurers due to ongoing litigation. In our experience, the monolines have been generally unwilling to withdraw repurchase claims, regardless of whether and what evidence was offered to refute a claim. Substantially all of the unresolved monoline claims pertain to second-lien loans and are currently the subject of litigation. As a result of the MBIA Settlement, \$945 million of monoline repurchase claims outstanding at December 31, 2012 were resolved in May 2013.

The notional amount of unresolved repurchase claims from private-label securitization trustees, whole-loan investors, including third-party securitization sponsors and others totaled \$14.0 billion at June 30, 2013 compared to \$12.3 billion at December 31, 2012. The increase in the notional amount of unresolved repurchase claims is primarily due to continued submission of claims by private-label securitization trustees; the level of detail, support and analysis which impacts overall claim quality and, therefore, claims resolution; and the lack of an established process to resolve disputes related to these claims. We expect unresolved repurchase claims related to private-label securitizations to continue to increase as claims continue to be submitted by private-label securitization trustees and there is not an established process for the ultimate resolution of claims on which there is a disagreement.

In addition to, and not included in, the total unresolved repurchase claims of \$16.6 billion at June 30, 2013, we have received repurchase demands from private-label securitization investors and a master servicer where we believe the claimants have not satisfied the contractual thresholds to direct the securitization trustee to take action and/or that these demands are otherwise procedurally or substantively invalid. The total amounts outstanding of such demands were \$1.5 billion and \$1.6 billion at June 30, 2013 and December 31, 2012, comprised of \$1.3 billion of demands received during 2012 and approximately \$300 million of demands related to trusts covered by the BNY Mellon Settlement. We do not believe that the \$1.5 billion of demands outstanding at June 30, 2013 represents valid repurchase claims and, therefore, it is not possible to predict the resolution with respect to such demands.

Open Mortgage Insurance Rescission Notices

In addition to repurchase claims, we receive notices from mortgage insurance companies of claim denials, cancellations or coverage rescission (collectively, MI rescission notices). Although the number of such notices has remained elevated, they have decreased over the last several quarters as the resolution of open notices exceeded new notices. At June 30, 2013, we had approximately 106,000 open MI rescission notices compared to 110,000 at December 31, 2012. Open MI rescission notices at June 30, 2013 included 45,000 pertaining principally to first-lien mortgages serviced for others, 10,000 pertaining to loans held-for-investment (HFI) and 51,000 pertaining to ongoing litigation for second-lien mortgages. Approximately 25,000 of the open MI rescission notices pertaining to first-lien mortgages serviced for others are related to loans sold to FNMA. As of June 30, 2013, 38 percent of the MI rescission notices received have been resolved. Of those resolved, 18 percent were resolved through our acceptance of the MI rescission, 61 percent were resolved through reinstatement of coverage or payment of the claim by the mortgage insurance company, and 21 percent were resolved on an aggregate basis through settlement, policy commutation or similar arrangement. As of June 30, 2013, 62 percent of the MI rescission notices we have received have not yet been resolved. Of those not yet resolved, 48 percent are implicated by ongoing litigation where no loan-level review is currently contemplated or required to preserve our legal rights. In this litigation, the litigating mortgage insurance companies are also seeking bulk rescission of certain policies, separate and apart from loan-by-loan denials or rescissions. We are in the process of reviewing 41 percent of the remaining open MI rescission notices, and we have reviewed and are contesting the MI rescission with respect to 59 percent of these remaining open MI rescission notices. Of the remaining open MI rescission notices, 44 percent are also the subject of ongoing litigation; although, at present, these MI rescissions are being processed in a manner generally consistent with those not affected by litigation.

Although the FNMA Settlement did not resolve underlying MI rescission notices, the FNMA Settlement resolved significant representations and warranties exposures, including unresolved and potential repurchase claims from FNMA resulting solely from MI rescission notices relating to loans covered by the FNMA Settlement. Our pipeline of unresolved repurchase claims from the GSEs resulting solely from MI rescission notices was \$466 million at June 30, 2013 compared to \$2.3 billion at December 31, 2012. The FNMA Settlement resolved approximately \$1.9 billion of such unresolved repurchase claims which were outstanding at December 31, 2012. Many of these claims represent repurchase claims on loans for which we received a MI rescission notice that is included in the 25,000 open MI rescission notices referenced in the paragraph above. In addition, the FNMA Settlement clarified the parties' obligations with respect to MI rescission notices including establishing timeframes for certain payments and other actions, setting parameters for potential bulk settlements and providing for cooperation in future dealings with mortgage insurers. As a result, we are required to pay the amount of certain MI coverage to FNMA as a result of MI claims rescissions in advance of collection from the mortgage insurance companies and have remitted the amounts required under the agreement related to the 25,000 open MI rescission notices. In certain cases, we may not ultimately collect all such amounts from the mortgage insurance companies. For additional information, see Off-Balance Sheet

Arrangements and Contractual Obligations – Unresolved Claims Status – Open Mortgage Insurance Rescission Notices on page 57 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K.

Representations and Warranties Liability

The liability for representations and warranties and corporate guarantees is included in accrued expenses and other liabilities on the Consolidated Balance Sheet and the related provision is included in mortgage banking income in the Consolidated Statement of Income.

The liability for representations and warranties exposures and the corresponding estimated range of possible loss do not consider any losses related to litigation matters, including litigation brought by monoline insurers, nor do they include any separate foreclosure costs and related costs, assessments and compensatory fees or any other possible losses related to potential claims for breaches of performance of servicing obligations, except as such losses are included as potential costs of the BNY Mellon Settlement, potential securities law or fraud claims or potential indemnity or other claims against us, including claims related to loans insured by the FHA. We are not able to reasonably estimate the amount of any possible loss with respect to any such servicing, securities law, fraud or other claims against us, except to the extent reflected in the estimated range of possible loss for litigation and regulatory matters disclosed in *Note 11 – Commitments and Contingencies* to the Consolidated Financial Statements; however, such loss could be material.

At June 30, 2013 and December 31, 2012, the liability for representations and warranties and corporate guarantees was \$14.0 billion and \$19.0 billion, with the decrease primarily driven by the payment and repurchase of loans related to the FNMA Settlement. For the three and six months ended June 30, 2013, the representations and warranties and corporate guarantees provision was \$197 million and \$447 million compared to \$395 million and \$677 million for the same periods in 2012. The provision for the three and six months ended June 30, 2013 was primarily driven by remaining GSE exposures and, to a lesser extent, by our obligations related to MI rescissions.

Estimated Range of Possible Loss

Our estimated liability at June 30, 2013 for obligations under representations and warranties is necessarily dependent on, and limited by, a number of factors, including for private-label securitizations, the implied repurchase experience based on the BNY Mellon Settlement, as well as certain other assumptions and judgmental factors. Accordingly, future provisions associated with obligations under representations and warranties may be materially impacted if actual experiences are different from historical experience or our understandings, interpretations or assumptions.

In the case of non-GSE exposures, including private-label securitizations, our estimate of the representations and warranties liability and the corresponding estimated range of possible loss considers, among other things, repurchase experience based on the BNY Mellon Settlement, adjusted to reflect differences between the trusts covered by the BNY Mellon Settlement (Covered Trusts) and the remainder of the population of private-label securitizations, and assumes that the conditions to the BNY Mellon Settlement will be met. Where relevant, we also take into account more recent experience, such as increased claim activity, our experience with various counterparties and other facts and circumstances, such as bulk settlements, as we believe appropriate.

The representations and warranties liability represents our best estimate of probable incurred losses as of June 30, 2013. However, it is reasonably possible that future representations and warranties losses may occur in excess of the amounts recorded for these exposures. In addition, we have not recorded any representations and warranties liability for certain potential private-label securitization and whole-loan exposures where we have little to no claim activity. We currently estimate that the range of possible loss for representations and warranties exposures could be up to \$4 billion over accruals at June 30, 2013. The estimated range of possible loss reflects principally non-GSE exposures. The estimated range of possible loss related to these representations and warranties exposures does not represent a probable loss, and is based on currently available information, significant judgment and a number of assumptions that are subject to change. Our estimated range of possible loss related to representations and warranties exposures does not include possible losses related to monoline insurers.

Future provisions and/or ranges of possible loss for representations and warranties may be significantly impacted if actual experiences are different from our assumptions in our predictive models, including, without limitation, ultimate resolution of the BNY Mellon Settlement, estimated repurchase rates, estimated MI rescission rates, economic conditions, estimated home prices, consumer and counterparty behavior, and a variety of other judgmental factors. Adverse developments with respect to one or more of the assumptions underlying the liability for representations and warranties and the corresponding estimated range of possible loss could result in significant increases to future provisions and/or the estimated range of possible loss. For example, an appellate court, in the context of claims brought by a monoline insurer, disagreed with our interpretation that a loan must be in default in order to satisfy the underlying agreements' requirement that a breach have a material and adverse effect. If that decision is extended to non-monoline contexts, it could significantly impact our provision and/or the estimated range of possible loss. Additionally, if court rulings related to monoline litigation, including one related to us, that have allowed sampling of loan files instead of requiring a loan-by-loan review to determine if a representations and warranties breach has occurred, are followed generally by the courts in future monoline litigation, private-label securitization counterparties may view litigation as a more attractive alternative compared to a loan-by-loan review. Finally, although we believe that

the representations and warranties typically given in non-GSE transactions are less rigorous and actionable than those given in GSE transactions, we do not have significant experience resolving loan-level claims in non-GSE transactions to measure the impact of these differences on the probability that a loan will be required to be repurchased.

For more information about the methodology used to estimate the representations and warranties liability and the corresponding estimated range of possible loss for representations and warranties exposures, see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements and, for information related to the sensitivity of the assumptions used to estimate our liability for obligations under representations and warranties, see *Complex Accounting Estimates – Representations and Warranties* on page 126 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K

Experience with Government-sponsored Enterprises

As a result of the FNMA Settlement and earlier bulk settlements with the GSEs, our exposure to repurchase claims from the GSEs for vintages prior to 2009 has been significantly reduced. After these settlements, our exposure to representations and warranties liability for loans originated prior to 2009 and sold to the GSEs is limited to loans with an original principal balance of \$113.3 billion, sold primarily to Freddie Mac (FHLMC), and loans with certain defects excluded from the settlements that we do not believe will be material, such as title defects and certain specified violations of FNMA's charter. As of June 30, 2013, of the \$113.3 billion, approximately \$75.2 billion in principal has been paid, \$10.5 billion in principal has defaulted or was severely delinquent and the notional amount of unresolved repurchase claims submitted by the GSEs was \$945 million related to these vintages. We have performed an initial review with respect to \$724 million of these claims and do not believe a valid basis for repurchase has been established by the claimant and are still in the process of reviewing the remaining \$221 million of these claims.

The FNMA Settlement and earlier bulk settlements did not address loans originated after 2008. However, we believe that changes made to our operations and underwriting policies have reduced our exposure to the GSEs related to loans originated after 2008. In addition, we estimate that lifetime losses on these vintages will be significantly less than the losses we have experienced with respect to vintages prior to 2009. We have sold \$513.6 billion of loans originated after 2008 to the GSEs. At June 30, 2013, approximately \$235.8 billion in principal has been paid, \$4.4 billion in principal has defaulted or was severely delinquent and the notional amount of unresolved repurchase claims submitted by the GSEs was \$175 million related to these vintages. We have performed an initial review with respect to \$145 million of these claims and do not believe a valid basis for repurchase has been established by the claimant and are still in the process of reviewing the remaining \$30 million of these claims.

Experience with Investors Other than Government-sponsored Enterprises

In prior years, legacy companies and certain subsidiaries sold pools of first-lien residential mortgage loans and home equity loans as private-label securitizations or in the form of whole loans originated from 2004 through 2008 with an original principal balance of \$963 billion to investors other than GSEs (although the GSEs are investors in certain private-label securitizations), of which \$541 billion in principal has been paid, \$185 billion in principal has defaulted, \$60 billion in principal was severely delinquent and \$177 billion in principal was current or less than 180 days past due at June 30, 2013.

Table of Contents

Table 15 details the population of loans originated between 2004 and 2008 and the population of loans sold as whole loans or in non-agency securitizations by entity and product together with the defaulted and severely delinquent loans stratified by the number of payments the borrower made prior to default or becoming severely delinquent as of June 30, 2013. We believe many of the defaults observed in these securitizations have been, and continue to be, driven by external factors like the substantial depreciation in home prices, persistently high unemployment and other negative economic trends, diminishing the likelihood that any loan defect (assuming one exists at all) was the cause of a loan's default. As of June 30, 2013, approximately 25 percent of the loans sold to non-GSEs that were originated between 2004 and 2008 have defaulted or are severely delinquent. Of the original principal balance for Countrywide, \$409 billion is included in the BNY Mellon Settlement and, of this amount, \$110 billion was defaulted or severely delinquent at June 30, 2013.

Table 15
Overview of Non-Agency Securitization and Whole Loan Balances

(Dollars in billions)	Principal Balance			Defaulted or Severely Delinquent					
	Original Principal Balance	Outstanding Principal Balance June 30 2013	Outstanding Principal Balance 180 Days or More Past Due	Defaulted Principal Balance	Defaulted or Severely Delinquent	Borrower Made Less than 13 Payments	Borrower Made 13 to 24 Payments	Borrower Made 25 to 36 Payments	Borrower Made More than 36 Payments
By Entity									
Bank of America	\$ 100	\$ 20	\$ 4	\$ 6	\$ 10	\$ 1	\$ 2	\$ 2	\$ 5
Countrywide	716	186	47	141	188	25	45	45	73
Merrill Lynch	65	15	4	14	18	3	4	3	8
First Franklin	82	16	5	24	29	5	6	5	13
Total^(1, 2)	\$ 963	\$ 237	\$ 60	\$ 185	\$ 245	\$ 34	\$ 57	\$ 55	\$ 99
By Product									
Prime	\$ 302	\$ 73	\$ 9	\$ 25	\$ 34	\$ 2	\$ 6	\$ 7	\$ 19
Alt-A	172	54	13	38	51	8	12	12	19
Pay option	150	39	15	41	56	5	14	16	21
Subprime	245	58	21	62	83	17	20	16	30
Home equity	88	11	—	18	18	2	5	4	7
Other	6	2	2	1	3	—	—	—	3
Total	\$ 963	\$ 237	\$ 60	\$ 185	\$ 245	\$ 34	\$ 57	\$ 55	\$ 99

⁽¹⁾ Excludes transactions sponsored by Bank of America and Merrill Lynch where no representations or warranties were made.

⁽²⁾ Includes exposures on third-party sponsored transactions related to legacy entity originations.

Monoline Insurers

Legacy companies sold \$184.5 billion of loans originated between 2004 and 2008 into monoline-insured securitizations, which are included in Table 15, including \$103.9 billion of first-lien mortgages and \$80.6 billion of second-lien mortgages. Of these balances, \$48.6 billion of the first-lien mortgages and \$52.5 billion of the second-lien mortgages have been paid in full, and \$34.9 billion of the first-lien mortgages and \$17.8 billion of the second-lien mortgages have defaulted or are severely delinquent at June 30, 2013. At least 25 payments have been made on approximately 58 percent of the defaulted and severely delinquent loans. Of the first-lien mortgages sold, \$39.1 billion, or 38 percent, were sold as whole loans to other institutions which subsequently included these loans with those of other originators in private-label securitization transactions in which the monolines insured one or more securities. During the three and six months ended June 30, 2013, there was minimal repurchase claim activity with the monolines.

At June 30, 2013, for loans originated between 2004 and 2008, the unpaid principal balance of loans related to unresolved monoline repurchase claims was \$1.5 billion compared to \$2.4 billion at December 31, 2012. At June 30, 2013, the unpaid principal balance of loans in these vintages for which the monolines had requested loan files for review but for which no repurchase claim had been received was \$2.7 billion, excluding loans that had been paid in full or resolved through settlements. Of these file requests, \$1.4 billion are aged and subject to ongoing litigation. There will likely be additional requests for loan files in the future leading to repurchase claims. In addition, we have received claims from private-label securitization trustees and a third-party securitization sponsor related to first-lien third-party sponsored securitizations that include monoline insurance.

Table of Contents

The MBIA Settlement resolved outstanding and potential claims between the parties to the settlement involving 31 first- and 17 second-lien RMBS trusts for which MBIA provided financial guarantee insurance, including \$945 million of monoline repurchase claims outstanding at December 31, 2012. In addition, this settlement covered loans with an unpaid principal balance of \$2.6 billion for which we have received file requests but for which no repurchase claims were received as of December 31, 2012. The first- and second-lien mortgages in the covered RMBS trusts had an original principal balance of \$29.3 billion and \$25.5 billion, and an unpaid principal balance of \$9.8 billion and \$9.3 billion at the time of the settlement.

For additional information, see Off-Balance Sheet Arrangements and Contractual Obligations – Experience with Investors Other than Government-sponsored Enterprises on page 59 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K

Whole Loans and Private-label Securitizations

Legacy entities, and to a lesser extent Bank of America, sold loans to investors as whole loans or via private-label securitizations. The majority of the loans sold were included in private-label securitizations, including third-party sponsored transactions. We provided representations and warranties to the whole-loan investors and these investors may retain those rights even when the whole loans were aggregated with other collateral into private-label securitizations sponsored by the whole-loan investors. The loans sold with an original total principal balance of \$778.2 billion, included in Table 15, were originated between 2004 and 2008, of which \$439.5 billion have been paid in full and \$192.3 billion were defaulted or severely delinquent at June 30, 2013. At least 25 payments have been made on approximately 64 percent of the defaulted and severely delinquent loans. We have received approximately \$21.7 billion of representations and warranties repurchase claims from whole-loan investors, including third-party sponsors, and private-label securitization investors and trustees related to these vintages, including \$12.6 billion from private-label securitization trustees, \$8.3 billion from whole-loan investors and \$811 million from one private-label securitization counterparty. In private-label securitizations, certain presentation thresholds need to be met in order for investors to direct a trustee to assert repurchase claims. Continued high levels of new private-label claims are primarily related to repurchase requests received from trustees and third-party sponsors for private-label securitization transactions not included in the BNY Mellon Settlement, including claims related to first-lien third-party sponsored securitizations that include monoline insurance. Over time, there has been an increase in requests for loan files from certain private-label securitization trustees, as well as requests for tolling agreements to toll the applicable statute of limitations relating to representations and warranties repurchase claims, and we believe it is likely that these requests will lead to an increase in repurchase claims from private-label securitization trustees with standing to bring such claims. In addition, private-label securitization trustees may have obtained loan files through other means, including litigation and administrative subpoenas.

We have resolved \$7.8 billion of the claims received from whole-loan investors and private-label securitization investors and trustees with losses of \$1.8 billion. The majority of these resolved claims were from third-party whole-loan investors. Approximately \$3.2 billion of these claims were resolved through repurchase or indemnification and \$4.6 billion were rescinded by the investor. At June 30, 2013, for loans originated between 2004 and 2008, the notional amount of unresolved repurchase claims submitted by private-label securitization trustees and whole-loan investors was \$13.9 billion. We have performed an initial review with respect to \$13.4 billion of these claims and do not believe a valid basis for repurchase has been established by the claimant and are still in the process of reviewing the remaining \$545 million of these claims.

Certain whole-loan investors have engaged with us in a consistent repurchase process and we have used that and other experience to record a liability related to existing and future claims from such counterparties. The BNY Mellon Settlement and subsequent activity with certain counterparties led to the determination that we had sufficient experience to record a liability related to our exposure on certain private-label securitizations but did not provide sufficient experience related to certain private-label securitizations sponsored by third-party whole-loan investors. As it relates to the other private-label securitizations sponsored by third-party whole-loan investors and certain other whole loan sales, it is not possible to determine whether a loss has occurred or is probable and, therefore, no representations and warranties liability has been recorded in connection with these transactions. Until we receive a repurchase claim, we generally do not review loan files related to private-label securitizations sponsored by third-party whole-loan investors (and are not required by the governing documents to do so). Our estimated range of possible loss related to representations and warranties exposures as of June 30, 2013 included possible losses related to these whole-loan sales and private-label securitizations sponsored by third-party whole-loan investors.

Private-label securitization investors generally do not have the contractual right to demand repurchase of loans directly or the right to access loan files. We have received repurchase demands totaling \$1.5 billion from private-label securitization investors and a master servicer where in each case we believe the claimant has not satisfied the contractual thresholds to direct the securitization trustee to take action and/or that the demands are otherwise procedurally or substantively invalid.

Servicing, Foreclosure and Other Mortgage Matters

We service a large portion of the loans we or our subsidiaries have securitized and also service loans on behalf of third-party securitization vehicles and other investors. Our servicing obligations are set forth in servicing agreements with the applicable counterparty. These obligations may include, but are not limited to, loan repurchase requirements in certain circumstances, indemnifications, payment of fees, advances for foreclosure costs that are not reimbursable, or responsibility for losses in excess of partial guarantees for VA loans.

Servicing agreements with the GSEs generally provide the GSEs with broader rights relative to the servicer than are found in servicing agreements with private investors. For example, each GSE typically claims the right to demand that the servicer repurchase loans that breach the seller's representations and warranties made in connection with the initial sale of the loans even if the servicer was not the seller. The GSEs claim that they have the contractual right to demand indemnification or loan repurchase for certain servicing breaches. In addition, the GSEs' first-lien mortgage seller/servicer guides provide for timelines to resolve delinquent loans through workout efforts or liquidation, if necessary, and purport to require the imposition of compensatory fees if those deadlines are not satisfied except for reasons beyond the control of the servicer, although we believe that the governing contracts, our course of dealing, and collective past practices and understandings should inform resolution of these matters. In addition, many non-agency RMBS and whole-loan servicing agreements state that the servicer may be liable for failure to perform its servicing obligations in keeping with industry standards or for acts or omissions that involve willful malfeasance, bad faith or gross negligence in the performance of, or reckless disregard of, the servicer's duties.

It is not possible to reasonably estimate our liability with respect to certain potential servicing-related claims. While we have recorded certain accruals for servicing-related claims, the amount of potential liability in excess of existing accruals could be material. For additional information, see Off-Balance Sheet Arrangements and Contractual Obligations – Servicing Matters and Foreclosure Processes on page 61 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K

2013 IFR Acceleration Agreement

On January 7, 2013, Bank of America and other mortgage servicing institutions entered into an agreement in principle with the Office of the Comptroller of the Currency (OCC) and the Federal Reserve to cease the Independent Foreclosure Review (IFR) that had commenced pursuant to consent orders entered into by Bank of America with the Federal Reserve (2011 FRB Consent Order) and by BANA with the OCC on April 13, 2011 (2011 OCC Consent Order) and replace it with an accelerated remediation process (2013 IFR Acceleration Agreement). This agreement in principle was memorialized in amendments to the 2011 FRB Consent Order and the 2011 OCC Consent Order on February 28, 2013. The 2013 IFR Acceleration Agreement requires us to provide \$1.8 billion of borrower assistance in the form of loan modifications and other foreclosure prevention actions, and in addition, we made a cash payment of \$1.1 billion into a qualified settlement fund in the first quarter of 2013, which was fully reserved at December 31, 2012. The borrower assistance program is not expected to result in any incremental credit provision, as we believe that the existing allowance for credit losses is adequate to absorb any costs that have not already been recorded as charge-offs.

National Mortgage Settlement

In March 2012, we entered into settlement agreements (collectively, the National Mortgage Settlement) with (1) the U.S. Department of Justice, various federal regulatory agencies and 49 state Attorneys General to resolve federal and state investigations into certain residential mortgage origination, servicing and foreclosure practices, (2) HUD to resolve certain claims relating to the origination of FHA-insured mortgage loans, primarily originated by Countrywide prior to and for a period following our acquisition of that lender, and (3) each of the Federal Reserve and the OCC regarding civil monetary penalties related to conduct that was the subject of consent orders entered into with the banking regulators in April 2011. The National Mortgage Settlement was entered by the court as a consent judgment on April 5, 2012. The National Mortgage Settlement provided for the establishment of certain uniform servicing standards, upfront cash payments of approximately \$1.9 billion to the state and federal governments and for borrower restitution, approximately \$7.6 billion in borrower assistance in the form of, among other things, credits earned for principal reduction, short sales, deeds-in-lieu of foreclosure and approximately \$1.0 billion of credits earned for interest rate reduction modifications. In addition, the settlement with HUD provided for an upfront cash payment of \$500 million to settle certain claims related to FHA-insured loans. We will also be obligated to provide additional cash payments of up to \$850 million if we fail to earn an additional \$850 million of credits stemming from incremental first-lien principal reductions and satisfy certain solicitation requirements over a three-year period.

We also entered into agreements with several states under which we committed to perform certain minimum levels of principal reduction and related activities within those states in connection with the National Mortgage Settlement, and under which we could be required to make additional payments if we fail to meet such minimum levels.

Subject to confirmation by the independent monitor appointed as a result of the National Mortgage Settlement to review and certify compliance with its provisions, we believe we have substantially fulfilled all borrower assistance, rate reduction modification and principal reduction commitments and, therefore, do not expect to be required to make additional cash payments. The borrower assistance program did not result in any incremental credit losses as of the settlement date, as the existing allowance for credit losses was adequate to absorb any losses that had not already been charged-off. Under the interest rate reduction program, modifications of approximately 23,500 loans with an aggregate unpaid principal balance of \$6.2 billion have been completed as of June 30, 2013, including approximately 3,300 modifications that were completed during the second quarter. These modifications, which are not accounted for as troubled debt restructurings (TDRs), provided for an average interest rate reduction of approximately two percent, resulting in an estimated decrease in fair value of the modified loans of approximately \$720 million and a reduction in annual interest income of approximately \$120 million.

Under the terms of the National Mortgage Settlement, the federal and participating state governments agreed to release us from further liability for certain alleged residential mortgage origination, servicing and foreclosure deficiencies. In settling origination issues related to FHA-guaranteed loans originated on or before April 30, 2009, we received a release from further liability for all origination claims with respect to such loans if an insurance claim had been submitted to the FHA prior to January 1, 2012 and a release of multiple damages and penalties, but not single damages, if no such claim had been submitted. In addition, provided we meet our assistance and remediation commitments, the OCC agreed not to assess, and we will not be obligated to pay to the Federal Reserve, any civil monetary penalties.

The National Mortgage Settlement does not cover certain claims arising out of origination, securitization (including representations made to investors with respect to MBS), criminal claims, private claims by borrowers, claims by certain states for injunctive relief or actual economic damages to borrowers related to the Mortgage Electronic Registration Systems, Inc. (MERS), and claims by the GSEs (including repurchase demands), among other items. For more information on MERS, see Off-Balance Sheet Arrangements and Contractual Obligations – Mortgage Electronic Registration Systems, Inc. on page 63 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K.

Impact of Foreclosure Delays

Foreclosure delays impact our default-related servicing costs. We believe default-related servicing costs peaked in late 2012 and we anticipate that these costs will continue to decline in 2013. However, unexpected foreclosure delays in 2013 could impact the rate of decline. Default-related servicing costs include costs related to resources needed for implementing new servicing standards mandated for the industry, including as part of the National Mortgage Settlement, other operational changes and operational costs due to delayed foreclosures, and do not include mortgage-related assessments, waivers and similar costs related to foreclosure delays.

Other areas of our operations are also impacted by foreclosure delays. In the six months ended June 30, 2013, we recorded \$334 million of mortgage-related assessments, waivers and similar costs related to foreclosure delays compared to \$399 million for the same period in 2012. It is also possible that the delays in foreclosure sales may result in additional costs and expenses, including costs associated with the maintenance of properties or possible home price declines while foreclosures are delayed. Finally, the time to complete foreclosure sales may continue to be protracted, which may result in a greater number of nonperforming loans and increased servicing advances, and may impact the collectability of such advances and the value of our MSR asset, MBS and real estate owned properties. Accordingly, the ultimate resolution of disagreements with counterparties, delays in foreclosure sales beyond those currently anticipated, and any issues that may arise out of alleged irregularities in our foreclosure process could significantly increase the costs associated with our mortgage operations.

Other Mortgage-related Matters

We continue to be subject to additional borrower and non-borrower litigation and governmental and regulatory scrutiny related to our past and current origination, servicing, transfer of servicing and servicing rights and foreclosure activities, including those claims not covered by the National Mortgage Settlement. This scrutiny may extend beyond our pending foreclosure matters to issues arising out of alleged irregularities with respect to previously completed foreclosure activities. We are also subject to inquiries, investigations, actions and claims from regulators, trustees, investors and other third parties relating to other mortgage-related activities such as the purchase, sale, pooling, and origination and securitization of loans, as well as structuring, marketing, underwriting and issuance of MBS and other securities, including claims relating to the adequacy and accuracy of disclosures in offering documents and representations and warranties made in connection with whole-loan sales or securitizations. The current environment of heightened scrutiny may subject us to regulatory and other inquiries or investigations that could significantly adversely affect our reputation and result in material costs to us.

Mortgage-related Settlements – Servicing Matters

In connection with the BNY Mellon Settlement, BANA has agreed to implement certain servicing changes. The Trustee and BANA have agreed to clarify and conform certain servicing standards related to loss mitigation. In particular, the BNY Mellon Settlement clarifies that it is permissible to apply the same loss mitigation strategies to the Covered Trusts as are applied to BANA affiliates' HFI portfolios. This portion of the agreement was effective in the second quarter of 2011 and is not conditioned on final court approval.

BANA also agreed to transfer the servicing rights related to certain high-risk loans to qualified subservicers on a schedule that began with the signing of the BNY Mellon Settlement. This servicing transfer protocol will reduce the servicing fees payable to BANA in the future. Upon final court approval of the BNY Mellon Settlement, failure to meet the established benchmarking standards for loans not in subservicing arrangements can trigger the payment of agreed-upon fees. Additionally, we and Countrywide have agreed to work to resolve with the Trustee certain mortgage documentation issues related to the enforceability of mortgages in foreclosure and to reimburse the related Covered Trust for any loss if BANA is unable to foreclose on the mortgage and the Covered Trust is not made whole by a title policy because of these issues. These agreements will terminate if final court approval of the BNY Mellon Settlement is not obtained, although we could still have exposure under the pooling and servicing agreements related to the mortgages in the Covered Trusts for these issues.

In connection with the National Mortgage Settlement, BANA has agreed to implement certain additional servicing changes. The uniform servicing standards established under the National Mortgage Settlement are broadly consistent with the residential mortgage servicing practices imposed by the 2011 OCC Consent Order; however, they are more prescriptive and cover a broader range of our residential mortgage servicing activities. These standards are intended to strengthen procedural safeguards and documentation requirements associated with foreclosure, bankruptcy and loss mitigation activities, as well as addressing the imposition of fees and the integrity of documentation, with a goal of ensuring greater transparency for borrowers. These uniform servicing standards also obligate us to implement compliance processes reasonably designed to provide assurance of the achievement of these objectives. Compliance with the uniform servicing standards is being assessed by a monitor based on the measurement of outcomes with respect to these objectives. Implementation of these uniform servicing standards is expected to contribute to elevated costs associated with the servicing process, but is not expected to result in material delays or dislocation in the performance of our mortgage servicing obligations, including the completion of foreclosures. For additional information, see Off-Balance Sheet Arrangements and Contractual Obligations – Mortgage-related Settlements – Servicing Matters on page 63 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K.

Regulatory Matters

U.K. Regulatory Framework

Prior to April 1, 2013, our financial services operations in the U.K. were subject to regulation by and supervision of the Financial Services Authority (FSA). On April 1, 2013, the U.K. abolished the FSA, replacing it with two new regulators, the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA). The PRA operates as a subsidiary of the Bank of England with responsibility for prudential regulation and supervision of banks, insurers and systemically significant investment firms. The FCA regulates and supervises the market conduct of all U.K. financial firms and prudentially regulates those firms not within the scope of the PRA. Our financial services operations in the U.K. are now subject to regulation and supervision by both the PRA and FCA.

Financial Reform Act

The Financial Reform Act, which was signed into law on July 21, 2010, enacted sweeping financial regulatory reform and has altered and will continue to alter the way in which we conduct certain businesses, increase our costs and reduce our revenues. Many aspects of the Financial Reform Act remain subject to final rulemaking which will take effect over several years, making it difficult to anticipate the precise impact on the Corporation, our customers or the financial services industry.

Derivatives

Pursuant to the Financial Reform Act and subsequent Commodity Futures Trading Commission (CFTC) rulemaking, we have registered BANA and certain other subsidiaries as swap dealers with the CFTC and we may need to register additional entities as swap dealers or major swap participants as a result of the CFTC's July 2013 final cross-border guidance discussed below. Upon registration, swap dealers and major swap participants become subject to certain CFTC rules, including measures regarding clearing and exchange trading of certain derivatives, new capital and margin requirements, additional reporting, external and internal business conduct, swap documentation and portfolio compression and reconciliation requirements for derivatives. Most of these requirements, with the exception of margin, capital and exchange trading, have gone into effect, except with respect to swaps between our non-U.S. swap dealers and non-U.S. branches of BANA with certain non-U.S. counterparties. Swap dealers are now required to clear certain interest rate and index credit derivative transactions when facing all counterparty types other than corporate counterparties and third-party subaccounts and, after

September 9, 2013, will be required to clear all such interest rate and index credit derivative transactions, unless either counterparty qualifies for the “end-user exception” to the clearing mandate. These products will also become subject to exchange trading requirements beginning in the fourth quarter of 2013. The timing for margin implementation remains unknown. The Financial Reform Act and subsequent OCC rulemaking also require BANA to “push out” certain derivatives activity to one or more non-bank affiliates by July 2015.

On July 12, 2013, the CFTC provided temporary exemptive relief from application of derivatives requirements of the Financial Reform Act for certain non-U.S. derivatives activity and adopted a final cross-border framework to apply CFTC requirements outside the U.S. Europe and various G-20 jurisdictions are also enacting their own derivatives regulation, although the overall pace of non-U.S. reform is behind that of the U.S. The ultimate impact on us of the derivatives regulations that have not yet been finalized and the time it will take us to comply with unfinalized requirements remains uncertain. Final regulations will impose additional operational and compliance costs on us, may require us to restructure certain businesses and may negatively impact our results of operations.

For information regarding other significant regulatory matters, see Capital Management – Regulatory Capital on page 70, *Note 11 – Commitments and Contingencies* to the Consolidated Financial Statements herein, Regulatory Matters on page 64 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K, and Item 1A. Risk Factors of the Corporation's 2012 Annual Report on Form 10-K.

Managing Risk

Overview

Risk is inherent in every material business activity that we undertake. Our business exposes us to strategic, credit, market, liquidity, compliance, operational and reputational risks. We must manage these risks to maximize our long-term results by ensuring the integrity of our assets and the quality of our earnings.

We take a comprehensive approach to risk management. We have a defined risk framework and articulated risk appetite which was approved on January 23, 2013 by the Corporation's Board of Directors (the Board). Risk management planning is integrated with strategic, financial and customer/client planning so that goals and responsibilities are aligned across the organization. Risk is managed in a systematic manner by focusing on the Corporation as a whole as well as managing risk across the enterprise and within individual business units, products, services and transactions, and across all geographic locations. We maintain a governance structure that delineates the responsibilities for risk management activities, as well as governance and oversight of those activities.

Enterprise-wide Stress Testing

As a part of our core risk management practices, we conduct enterprise-wide stress tests on a periodic basis to better understand balance sheet, earnings, capital and liquidity sensitivities to certain economic and business scenarios, including economic and market conditions that are more severe than anticipated. These enterprise-wide stress tests provide illustrative hypothetical potential impacts from our risk profile on our balance sheet, earnings, capital and liquidity and serve as a key component of our capital, liquidity and risk management practices. Scenarios are selected by the Asset Liability and Market Risk Committee (ALMRC) and approved by the Chief Financial Officer and the Chief Risk Officer. Impacts to each business from each scenario are then determined and analyzed, primarily by leveraging the models and processes utilized in everyday management routines. Impacts are assessed along with potential mitigating actions that may be taken. Analysis from such stress scenarios is compiled for and reviewed through our Chief Financial Officer Risk Committee, ALMRC and the Board's Enterprise Risk Committee. For a more detailed discussion of our risk management activities, see pages 66 through 121 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K

Strategic Risk Management

Strategic risk is embedded in every business and is one of the major risk categories along with credit, market, liquidity, compliance, operational and reputational risks. It is the risk that results from adverse business decisions, ineffective or inappropriate business plans, or failure to respond to changes in the macroeconomic environment, such as business cycles, competitor actions, changing customer preferences, product obsolescence, technology developments and regulatory environment. We face significant strategic risk due to the changing regulatory environment and the fast-paced development of new products and technologies in the financial services industries. Our appetite for strategic risk is assessed based on the strategic plan, with strategic risks selectively and carefully considered against the backdrop of the evolving marketplace. Strategic risk is managed in the context of our overall financial condition, risk appetite, and stress results, among other considerations. The Chief Executive Officer and executive management team manage and act on significant strategic actions, such as material acquisitions or capital actions subsequent to required review and approval by the Board.

For more information on our Strategic Risk Management activities, see page 70 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K

Capital Management

The Corporation manages its capital position to maintain sufficient capital to support its business activities and maintain capital, risk and risk appetite commensurate with one another. Additionally, we seek to maintain safety and soundness at all times including under adverse conditions, take advantage of organic growth opportunities, maintain ready access to financial markets, continue to serve as a credit intermediary, remain a source of strength for our subsidiaries, and satisfy current and future regulatory capital requirements.

To determine the appropriate level of capital, we assess the results of our Internal Capital Adequacy Assessment Process (ICAAP), the current economic and market environment, and feedback from key stakeholders including investors, rating agencies and regulators. Based upon this analysis, we set goals for capital ratios to maintain an adequate capital position, including in severe adverse economic scenarios.

The ICAAP incorporates capital forecasts, stress test results, economic capital (which is a component of allocated capital), qualitative risk assessments and assessment of regulatory changes. Throughout the year, we generate regulatory capital and economic capital forecasts that are aligned to the most recent earnings, balance sheet and risk forecasts. We utilize quarterly stress tests to assess the potential impacts to our balance sheet, earnings, capital and liquidity under a variety of stress scenarios. We perform qualitative risk assessments to identify and assess material risks not fully captured in the forecasts, stress tests or economic capital. We regularly assess the capital impacts of proposed changes to regulatory capital requirements. Management regularly assesses ICAAP results and provides documented quarterly assessments of the adequacy of the capital guidelines and capital position to the Board or its committees.

Capital management is integrated into our risk and governance processes, as capital is a key consideration in the development of the strategic plan, risk appetite and risk limits. Effective January 1, 2013, on a prospective basis, we adjusted the amount of capital being allocated to our business segments. The adjustment reflects a refinement to the prior-year methodology (economic capital) which focused solely on internal risk-based economic capital models. The refined methodology (allocated capital) now also considers the effect of regulatory capital requirements in addition to internal risk-based economic capital models. The Corporation's internal risk-based capital models use a risk-adjusted methodology incorporating each segment's credit, market, interest rate, business and operational risk components. See Managing Risk on page 68 and Strategic Risk Management on page 69 for more information on the nature of these risks. The capital allocated to the business segments is currently referred to as allocated capital and, prior to January 1, 2013, was referred to as economic capital, both of which represent non-GAAP financial measures. Allocated capital in the business segments is subject to change over time. For more information on the refined methodology, see Business Segment Operations on page 30.

Regulatory Capital

As a financial services holding company, we are subject to the general risk-based capital rules issued by federal banking regulators which was Basel 1 through December 31, 2012. On January 1, 2013, Basel 1 was amended prospectively, introducing changes to the measurement of risk-weighted assets for exposures subject to market risk (Market Risk Final Rule) and is referred to herein as the Basel 1 – 2013 Rules. Under these rules, the Corporation and its affiliated banking entities, BANA and FIA, measure capital adequacy based on Tier 1 common capital, Tier 1 capital and Total capital (Tier 1 plus Tier 2 capital). Capital ratios are calculated by dividing each capital amount by risk-weighted assets. Additionally, Tier 1 capital is divided by adjusted quarterly average total assets to derive the Tier 1 leverage ratio. For more information on the Market Risk Final Rule, see Capital Management – Regulatory Capital Changes on page 72.

The Federal Reserve requires BHCs to submit a capital plan and requests for capital actions on an annual basis, consistent with the rules governing the CCAR. The CCAR is the central element to the Federal Reserve's approach to ensuring that large BHCs have adequate capital and robust processes for managing their capital. In January 2013, we submitted our 2013 capital plan, and received results on March 14, 2013. The Federal Reserve's stress scenario projections for the Corporation, based on the 2013 capital plan, estimated a Basel 1 – 2013 minimum Tier 1 common capital ratio of 6.0 percent under severe adverse economic conditions with all proposed capital actions through the end of 2014, exceeding the five percent reference rate for all institutions involved in the CCAR. The capital plan submitted by the Corporation included a request to repurchase up to \$5.0 billion of common stock over four quarters, beginning in the second quarter of 2013, the redemption of \$5.5 billion in preferred stock and a continuation of the quarterly common stock dividend at \$0.01 per share. The Federal Reserve did not object to our 2013 capital plan, including all proposed capital actions. As of June 30, 2013, in connection with the CCAR capital plan, we have repurchased and retired 79.6 million common shares for an aggregate purchase price of approximately \$1.0 billion and we redeemed \$5.5 billion of preferred stock consisting of Series H and 8.

The timing and exact amount of common stock repurchases will be consistent with the Corporation's capital plan and will be subject to various factors, including the Corporation's capital position, liquidity, applicable legal considerations, financial performance and alternative uses of capital, stock trading price, and general market conditions, and may be suspended at any time. The common stock repurchases may be effected through open market purchases or privately negotiated transactions, including Rule 10b5-1 plans.

For additional information, see Capital Management – Regulatory Capital on page 70 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K and *Note 17 – Regulatory Requirements and Restrictions* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

Capital Composition and Ratios

Tier 1 common capital under the Basel 1 – 2013 Rules was \$139.5 billion at June 30, 2013, an increase of \$6.1 billion compared to \$133.4 billion under Basel 1 at December 31, 2012. For comparative purposes, we have also provided pro-forma Tier 1 common capital and the related ratio as of December 31, 2012 as if the Basel 1 – 2013 Rules existed at that time. At December 31, 2012, the pro-forma Tier 1 common capital of \$133.4 billion was unchanged and the difference between the pro-forma Tier 1 common capital ratio of 10.38 percent compared to 11.06 percent on an as-reported basis was the result of additional risk-weighted assets of \$78.8 billion as measured under the Basel 1 – 2013 Rules. At June 30, 2013, the Tier 1 common capital ratio was 10.83 percent, a 45 bps increase from the pro-forma Tier 1 common capital ratio of 10.38 percent at December 31, 2012. The increase was due to earnings eligible to be included in capital, partially offset by the impact of the common stock repurchases and a modest increase in risk-weighted assets. During the six months ended June 30, 2013, total capital remained relatively unchanged at \$196.8 billion with increases in Tier 1 common capital and the portion of the allowance for loan and lease losses eligible to be included in capital offset by decreases in qualifying preferred stock, term subordinated debt and qualifying trust preferred securities (Trust Securities). For additional information, see Tables 17 and 18.

Risk-weighted assets increased \$82.2 billion during the six months ended June 30, 2013 to \$1,288 billion. This increase adversely impacted Tier 1 common, Tier 1 and Total capital ratios by 72 bps, 82 bps and 104 bps, respectively. The increase was primarily due to the net impact of the Basel 1 – 2013 Rules which added approximately \$87 billion in risk-weighted assets and reduced the Tier 1 common capital ratio by approximately 76 bps. The Tier 1 leverage ratio increased 12 bps during the six months ended June 30, 2013 primarily driven by the increase in Tier 1 capital. For additional information, see Table 16.

Table 16 presents Bank of America Corporation's risk-weighted assets activity for the six months ended June 30, 2013.

Table 16
Risk-weighted Assets Activity

	Six Months Ended June 30, 2013
(Dollars in billions)	
Risk-weighted assets, January 1	\$ 1,206
Changes to risk-weighted assets	
Increase related to Comprehensive Risk Measure ⁽¹⁾	22
Increase related to Incremental Risk Charge ⁽¹⁾	7
Increase related to market risk regulatory VaR	21
Standard specific risk ⁽²⁾	28
Increase due to items no longer eligible to be included in market risk	9
Increases related to implementation of Basel 1 – 2013 Rules	87
Decrease related to trading and banking book exposures	(9)
Other changes	4
Total risk-weighted assets, June 30	\$ 1,288

⁽¹⁾ For additional information, see Capital Management – Regulatory Capital Changes on page 72.

⁽²⁾ A measure of the risk of loss on a position that could result from factors other than broad market movements.

Table 17 presents Bank of America Corporation's capital ratios and related information in accordance with the Basel 1– 2013 Rules as measured at June 30, 2013 and Basel 1 at December 31, 2012.

Table 17
Bank of America Corporation Regulatory Capital

(Dollars in millions)	June 30, 2013			December 31, 2012		
	Actual		Minimum Required ⁽¹⁾	Actual		Minimum Required ⁽¹⁾
	Ratio	Amount		Ratio	Amount	
Tier 1 common capital	10.83%	\$ 139,519	n/a	11.06%	\$ 133,403	n/a
Tier 1 common capital (pro-forma) ⁽²⁾	n/a	n/a	n/a	10.38	133,403	n/a
Tier 1 capital	12.16	156,689	\$ 77,290	12.89	155,461	\$ 72,359
Total capital	15.27	196,752	128,816	16.31	196,680	120,598
Tier 1 leverage	7.49	156,689	83,689	7.37	155,461	84,429

	June 30 2013	December 31 2012
Risk-weighted assets (in billions)	\$ 1,288	\$ 1,206
Adjusted quarterly average total assets (in billions) ⁽³⁾	2,092	2,111

⁽¹⁾ Dollar amount required to meet guidelines to be considered well-capitalized.

⁽²⁾ Pro-forma Tier 1 common capital ratio at December 31, 2012 includes the estimated impact of the Basel 1 – 2013 Rules. Represents a non-GAAP financial measure. On a pro-forma basis, risk-weighted assets would have been approximately \$1,285 billion with the inclusion of \$78.8 billion in pro-forma risk-weighted assets.

⁽³⁾ Reflects adjusted average total assets for the three months ended June 30, 2013 and December 31, 2012.

n/a = not applicable

Table 18 presents capital composition in accordance with the Basel 1 – 2013 Rules as measured at June 30, 2013 and Basel 1 at December 31, 2012.

Table 18
Capital Composition

(Dollars in millions)	June 30 2013	December 31 2012
Total common shareholders' equity	\$ 216,791	\$ 218,188
Goodwill	(69,930)	(69,976)
Nonqualifying intangible assets (includes core deposit intangibles, affinity relationships, customer relationships and other intangibles)	(4,621)	(4,994)
Net unrealized (gains) losses on AFS debt and marketable equity securities and net losses on derivatives recorded in accumulated OCI, net-of-tax	2,918	(2,036)
Unamortized net periodic benefit costs recorded in accumulated OCI, net-of-tax	4,323	4,456
Fair value adjustments related to structured liabilities ⁽¹⁾	4,133	4,084
Disallowed deferred tax asset	(15,656)	(17,940)
Other	1,561	1,621
Total Tier 1 common capital	139,519	133,403
Qualifying preferred stock	11,324	15,851
Trust preferred securities	5,846	6,207
Total Tier 1 capital	156,689	155,461
Long-term debt qualifying as Tier 2 capital	22,194	24,287
Allowance for loan and lease losses	21,235	24,179
Reserve for unfunded lending commitments	474	513
Allowance for loan and lease losses exceeding 1.25 percent of risk-weighted assets	(5,503)	(9,459)
45 percent of the pre-tax net unrealized gains on AFS marketable equity securities	292	329
Other	1,371	1,370
Total capital	\$ 196,752	\$ 196,680

⁽¹⁾ Represents loss on structured liabilities, net-of-tax, that is excluded from Tier 1 common capital, Tier 1 capital and Total capital for regulatory capital purposes.

Regulatory Capital Changes

At June 30, 2013, we measured and reported our capital ratios and related information in accordance with the Basel 1– 2013 Rules, which introduced new measures of market risk including a charge related to stressed Value-at-Risk (VaR), an incremental risk charge and the comprehensive risk measure (CRM), as well as other technical modifications. The implementation of the Basel 1 – 2013 Rules was the primary driver of the changes in total risk-weighted assets, and Tier 1 capital, Tier 1 common capital and Total capital ratios from December 31, 2012. We manage regulatory capital to adhere to internal capital guidelines and regulatory standards of capital adequacy based on our current understanding of the rules and the application of such rules to our business as currently conducted.

The regulatory capital rules continue to expand and evolve. In December 2007, U.S. banking regulators published final Basel 2 rules (Basel 2). We measure and report our capital ratios and related information under Basel 2 on a confidential basis to U.S. banking regulators during the required parallel period, during which we provide the U.S. banking regulators both the Basel 1 – 2013 Rules and Basel 2 related information in parallel. The parallel period will continue until we receive regulatory approval to exit parallel reporting and subsequently begin publicly reporting our Basel 2 regulatory capital results and related disclosures.

In July 2013, U.S. banking regulators approved the final Basel 3 rules (Basel 3). While not yet published in the Federal Register, Basel 3 will be effective January 1, 2014. Various aspects of Basel 3 will be subject to multi-year transition periods ending December 31, 2018 and Basel 3 generally continues to be subject to further evaluation and interpretation by the U.S. banking regulators. Basel 3 will materially change our Tier 1 common, Tier 1 and Total capital calculations. Basel 3 introduces new minimum capital ratios and buffer requirements, changes the composition of regulatory capital, expands and modifies the calculation of risk-weighted assets for credit and market risk (the Advanced Approach), revises the adequately capitalized minimum requirements under the Prompt Corrective Action framework and introduces, effective January 1, 2015, a Standardized Approach for the calculation of risk-weighted assets, which will replace the Basel 1 – 2013 Rules. Under Basel 3, we will be required to calculate regulatory capital ratios and risk-weighted assets under both the Standardized and Advanced Approaches. The approach that yields the lower ratio is to be used to assess capital adequacy including under the Prompt Corrective Action framework. The Prompt Corrective Action framework establishes categories of capitalization, including "well-capitalized," based on regulatory ratio requirements. U.S. banking regulators are required to take certain mandatory

actions depending on the category of capitalization, with no mandatory actions required for "well-capitalized" banking entities. We continue to evaluate the impact of both the Standardized and Advanced Approaches on us. The Basel 3 Advanced Approach requires approval by the U.S. regulatory agencies of analytical models used as part of capital measurement. If these models are not approved, it would likely lead to an increase in our risk-weighted assets, which in some cases could be significant.

Important differences between Basel 1, Basel 1 – 2013 Rules and Basel 3 include capital deductions related to our MSRs, deferred tax assets and defined benefit pension assets, and the inclusion of unrealized gains and losses on debt and equity securities recognized in accumulated OCI, each of which will be impacted by future changes in interest rates, overall earnings performance or other corporate actions.

In July 2013, U.S. banking regulators also issued a notice of proposed rulemaking to modify the supplementary leverage ratio minimum requirements under Basel 3 which would be effective in 2018. This proposal would only be applicable to BHCs with more than \$700 billion in total assets or more than \$10 trillion in total assets under custody. If adopted, it would require the Corporation to maintain a minimum supplementary leverage ratio of three percent, plus a supplementary leverage buffer of two percent, for a total of five percent. If the Corporation's supplementary leverage buffer is not greater than or equal to two percent, then the Corporation would be required to maintain higher capital levels which could limit its ability to make distributions of capital to shareholders, whether through dividends, stock repurchases or otherwise. In addition, the insured depository institutions of such BHCs, which for the Corporation would include primarily BANA and FIA, would be required to maintain a minimum six percent leverage ratio to be considered "well capitalized." As of June 30, 2013, we estimate the Corporation's supplementary leverage ratio to be in the range of 4.9 percent to 5.0 percent based on these proposed requirements. As of June 30, 2013, we estimate that the supplementary leverage ratio for our primary bank subsidiaries, BANA and FIA, were both in excess of the six percent proposed minimum. The proposal is not yet final and, when finalized, could have provisions significantly different from those currently proposed.

Changes to the composition of regulatory capital under Basel 3, such as recognizing the impact of unrealized gains or losses on AFS debt securities on Tier 1 common capital, are subject to a transition period where the impact is recognized in 20 percent annual increments. The transition period for these regulatory capital adjustments and deductions extends from the effective date through December 31, 2017. The phase-in period for the new minimum capital ratio requirements and related buffers under Basel 3 will occur from January 1, 2014 through December 31, 2018. When presented on a fully phased-in basis, the capital ratio, capital and risk-weighted assets assume all regulatory capital adjustments and deductions are fully recognized.

In addition, Basel 3 established regulatory capital treatment for Trust Securities, which requires that Trust Securities be: (1) excluded from Tier 1 capital, but included in Tier 2 capital in 2014 and 2015; and (2) subsequently excluded from both Tier 1 and Tier 2 capital beginning in 2016. Our previously issued and outstanding Trust Securities in the aggregate qualifying amount of \$5.8 billion (approximately 45 bps of Tier 1 capital) at June 30, 2013 will no longer qualify as Tier 1 capital or Tier 2 capital beginning in 2016.

Under the Basel 3 Advanced Approach, we estimated our Tier 1 common capital ratio, on a fully phased-in basis, to be 9.60 percent at June 30, 2013. As of June 30, 2013, we estimated that our Tier 1 common capital would be \$125.8 billion and total risk-weighted assets would be \$1,310 billion, on a fully phased-in basis. This assumes approval by U.S. banking regulators of our internal analytical models, but does not include the benefit of the removal of the surcharge applicable to the CRM. The CRM is used to determine the risk-weighted assets for correlation trading positions. The calculations under Basel 3 require management to make estimates, assumptions and interpretations, including the probability of future events based on historical experience. Realized results could differ from those estimates and assumptions. Basel 3 regulatory capital metrics are considered non-GAAP financial measures until January 1, 2014 when they are fully adopted and required by U.S. banking regulators. We have provided these measures in accordance with the Advanced Approach for comparability to our peers. Table 19 presents a reconciliation of our Tier 1 common capital and risk-weighted assets in accordance with the Basel 1 – 2013 Rules to our Basel 3 estimates at June 30, 2013 and Basel 1 to Basel 3 estimates at December 31, 2012, assuming fully phased-in measures according to the Basel 3 Advanced Approach. Our estimates under the Basel 3 Advanced Approach may be refined over time as a result of further rulemaking or clarification by U.S. banking regulators or as our understanding and interpretation of the rules evolve. For additional information, see Table 19.

In 2011, the Basel Committee on Banking Supervision (the Basel Committee) issued proposed guidance on capital requirements for global systemically important financial institutions, including the methodology for measuring systemic importance, the additional capital required (the SIFI buffer), and the arrangements by which the guidance will be phased in (the 2011 G-SIFI Proposal). Under this proposal, the SIFI buffer would increase minimum capital requirements for Tier 1 common capital from one percent to 2.5 percent, and in certain circumstances, 3.5 percent. As of June 30, 2013, we estimate our SIFI buffer would be 1.5 percent, in line with the Financial Stability Board's report, "Update of Group of Global Systemically Important Banks," issued on November 1, 2012 and based on the 2011 G-SIFI Proposal. Subsequently, in July 2013, the Basel Committee issued a new proposal that updates and replaces the 2011 G-SIFI Proposal. This new proposal modifies and recalibrates the assessment methodology and introduces public disclosure requirements. U.S. banking regulators have not yet issued proposed or final rules related to the SIFI buffer or disclosure requirements.

On December 20, 2011, the Federal Reserve issued proposed rules to implement enhanced supervisory and prudential requirements, and the early remediation requirements established under the Financial Reform Act. The enhanced standards include liquidity standards, requirements for overall risk management, single-counterparty credit limits, stress test requirements and a debt-to-equity limit for certain companies determined to pose a threat to financial stability. The final rules, when adopted and fully implemented, are likely to influence our regulatory capital and liquidity planning process, and may impose additional operational and compliance costs on us.

For more information regarding Basel 2, Basel 3 and other proposed regulatory capital changes, see *Note 17 – Regulatory Requirements and Restrictions* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

Table 19

Basel 1 to Basel 3 (fully phased-in) Reconciliation ⁽¹⁾

	June 30 2013	December 31 2012
(Dollars in millions)		
Regulatory capital – Basel 1 to Basel 3 (fully phased-in)		
Basel 1 Tier 1 capital	\$ 156,689	\$ 155,461
Deduction of qualifying preferred stock and trust preferred securities	(17,170)	(22,058)
Basel 1 Tier 1 common capital	139,519	133,403
Deduction of defined benefit pension assets	(787)	(737)
Change in deferred tax assets and threshold deductions (deferred tax asset temporary differences, MSRs and significant investments)	(6,761)	(3,020)
Change in all other deductions, net ⁽²⁾	(6,125)	(1,020)
Basel 3 (fully phased-in) Tier 1 common capital	\$ 125,846	\$ 128,626
Risk-weighted assets – Basel 1 to Basel 3 (fully phased-in)		
Basel 1 risk-weighted assets	\$ 1,288,159	\$ 1,205,976
Net change in credit and other risk-weighted assets	22,276	103,085
Increase due to Market Risk Final Rule ⁽³⁾	—	81,811
Basel 3 (fully phased-in) risk-weighted assets	\$ 1,310,435	\$ 1,390,872
Tier 1 common capital ratios		
Basel 1	10.83%	11.06%
Basel 3 (fully phased-in)	9.60	9.25

⁽¹⁾ Includes the Market Risk Final Rule at June 30, 2013. At December 31, 2012, the Basel 1 information did not include the Market Risk Final Rule.

⁽²⁾ Includes net unrealized losses of \$4.5 billion in accumulated OCI and \$1.5 billion related to certain intangibles at June 30, 2013. At December 31, 2012, this included net unrealized gains of \$0.4 billion in accumulated OCI and \$1.7 billion related to certain intangibles.

⁽³⁾ Excludes the benefit of certain hedges at December 31, 2012. Including these hedges, the increase due to the Market Risk Final Rule would have been \$78.8 billion. For additional information, see *Capital Management – Capital Composition and Ratios* on page 70.

We expect to merge certain pension plans during the third quarter of 2013. The plan merger will require a remeasurement of the qualified pension obligations and plan assets at fair value as of the merger date. The remeasurement is expected to marginally benefit our Tier 1 common capital under Basel 3. The actual amount is subject to market conditions at the time of the merger and will change as markets change. For additional information, see *Note 15 – Pension, Postretirement and Certain Compensation Plans* to the Consolidated Financial Statements.

Bank of America, N.A. and FIA Card Services, N.A. Regulatory Capital

Table 20 presents regulatory capital information for BANA and FIA at June 30, 2013 and December 31, 2012.

Table 20
Bank of America, N.A. and FIA Card Services, N.A. Regulatory Capital⁽¹⁾

(Dollars in millions)	June 30, 2013			December 31, 2012		
	Actual		Minimum Required ⁽²⁾	Actual		Minimum Required ⁽²⁾
	Ratio	Amount		Ratio	Amount	
Tier 1 capital						
Bank of America, N.A.	12.30%	\$ 123,827	\$ 60,425	12.44%	\$ 118,431	\$ 57,099
FIA Card Services, N.A.	16.78	20,141	7,200	17.34	22,061	7,632
Total capital						
Bank of America, N.A.	14.06	141,590	100,709	14.76	140,434	95,165
FIA Card Services, N.A.	18.08	21,693	12,000	18.64	23,707	12,719
Tier 1 leverage						
Bank of America, N.A.	8.97	123,827	68,997	8.59	118,431	68,957
FIA Card Services, N.A.	12.72	20,141	7,919	13.67	22,061	8,067

⁽¹⁾ BANA regulatory capital information included the Basel 1 – 2013 Rules at June 30, 2013. At December 31, 2012, BANA regulatory capital information did not include the Basel 1 – 2013 Rules. FIA is not impacted by the Basel 1 – 2013 Rules.

⁽²⁾ Dollar amount required to meet guidelines for well-capitalized institutions.

BANA's Tier 1 capital ratio decreased 14 bps to 12.30 percent and the Total capital ratio decreased 70 bps to 14.06 percent at June 30, 2013 compared to December 31, 2012. The Tier 1 leverage ratio increased 38 bps to 8.97 percent at June 30, 2013 compared to December 31, 2012. The decrease in the Tier 1 capital ratio was driven by an increase in risk-weighted assets of \$55.4 billion compared to December 31, 2012, returns of capital and dividends paid to the Corporation of \$3.0 billion and \$5.2 billion for the three and six months ended June 30, 2013, partially offset by earnings eligible to be included in capital of \$3.9 billion and \$9.0 billion. The decrease in the Total capital ratio was driven by the same factors as discussed for the Tier 1 capital ratio above as well as a \$2.5 billion and \$4.9 billion decrease in qualifying subordinated debt for the three and six months ended June 30, 2013. The increase in the Tier 1 leverage ratio was primarily driven by an increase in Tier 1 capital. The increase in risk-weighted assets was primarily due to the impact of implementing the Basel 1 – 2013 Rules and an increase in loans.

FIA's Tier 1 capital ratio and the Total capital ratio decreased 56 bps to 16.78 percent and 18.08 percent at June 30, 2013 compared to December 31, 2012. The Tier 1 leverage ratio decreased 95 bps to 12.72 percent at June 30, 2013 compared to December 31, 2012. The decrease in the Tier 1 capital and Total capital ratios was driven by returns of capital of \$1.8 billion and \$3.9 billion to the Corporation, partially offset by earnings eligible to be included in capital of \$937 million and \$1.9 billion for the three and six months ended June 30, 2013 and a decrease in risk-weighted assets of \$7.2 billion compared to December 31, 2012, primarily due to a decrease in loans. The decrease in the Tier 1 leverage ratio was driven by the decrease in Tier 1 capital, partially offset by a decrease in adjusted quarterly average total assets of \$3.0 billion. FIA was not impacted by the implementation of the Basel 1 – 2013 Rules.

Broker/Dealer Regulatory Capital

The Corporation's principal U.S. broker/dealer subsidiaries are Merrill Lynch, Pierce, Fenner & Smith (MLPF&S) and Merrill Lynch Professional Clearing Corp (MLPCC). MLPCC is a fully-guaranteed subsidiary of MLPF&S and provides clearing and settlement services. Both entities are subject to the net capital requirements of Securities and Exchange Commission (SEC) Rule 15c3-1. Both entities are also registered as futures commission merchants and are subject to the Commodity Futures Trading Commission Regulation 1.17.

MLPF&S has elected to compute the minimum capital requirement in accordance with the Alternative Net Capital Requirement as permitted by SEC Rule 15c3-1. At June 30, 2013, MLPF&S's regulatory net capital as defined by Rule 15c3-1 was \$11.6 billion and exceeded the minimum requirement of \$793 million by \$10.9 billion. MLPCC's net capital of \$1.8 billion exceeded the minimum requirement of \$242 million by \$1.6 billion. In accordance with the Alternative Net Capital Requirements, MLPF&S is required to maintain tentative net capital in excess of \$1.0 billion, net capital in excess of \$500 million and notify the SEC in the event its tentative net capital is less than \$5.0 billion. At June 30, 2013, MLPF&S had tentative net capital and net capital in excess of the minimum and notification requirements.

Common and Preferred Stock Dividends

For a summary of our declared quarterly cash dividends on common stock during thesecond quarter of 2013 and through August 1, 2013, see *Note 12 – Shareholders' Equity* to the Consolidated Financial Statements.

Table 21 is a summary of our cash dividend declarations on preferred stock during thesecond quarter of 2013 and through August 1, 2013. During the second quarter of 2013, preferred dividends were \$441 million, including \$365 million in dividends declared during the second quarter plus approximately \$76 million, representing the difference between the redemption price at par and the carrying value of securities redeemed in the second quarter. We expect the third quarter of 2013 preferred stock dividends to include \$255 million, which includes dividends on the Series J Preferred Stock, plus approximately \$24 million, representing the difference between the redemption price at par and the carrying value of securities redeemed in the third quarter. We currently expect the fourth quarter of 2013 preferred stock dividends to be \$255 million, which includes the semi-annual dividend on the Series U Preferred Stock. For more information on preferred stock, see *Note 14 – Shareholders' Equity* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

Table 21
Preferred Stock Cash Dividend Summary

Preferred Stock	Outstanding Notional Amount (in millions)	Declaration Date	Record Date	Payment Date	Per Annum Dividend Rate	Dividend Per Share
Series B ⁽¹⁾	\$ 1	April 30, 2013	July 11, 2013	July 25, 2013	7.00 %	\$ 1.75
		July 24, 2013	October 11, 2013	October 25, 2013	7.00	1.75
Series D ⁽²⁾	\$ 654	April 2, 2013	May 31, 2013	June 14, 2013	6.204 %	\$ 0.38775
		July 2, 2013	August 30, 2013	September 16, 2013	6.204	0.38775
Series E ⁽²⁾	\$ 317	April 2, 2013	April 30, 2013	May 15, 2013	Floating	\$ 0.24722
		July 2, 2013	July 31, 2013	August 15, 2013	Floating	0.25556
Series F	\$ 141	April 2, 2013	May 31, 2013	June 17, 2013	Floating	\$ 1,044.44
		July 2, 2013	August 30, 2013	September 16, 2013	Floating	1022.22222
Series G	\$ 493	April 2, 2013	May 31, 2013	June 17, 2013	Adjustable	\$ 1,044.44
		July 2, 2013	August 30, 2013	September 16, 2013	Adjustable	1022.22222
Series H ^(2, 3)	\$ 2,862	April 2, 2013	April 15, 2013	May 1, 2013	8.20 %	\$ 0.51250
Series I ⁽²⁾	\$ 365	April 2, 2013	June 15, 2013	July 1, 2013	6.625 %	\$ 0.4140625
		July 2, 2013	September 15, 2013	October 1, 2013	6.625	0.4140625
Series J ^(2, 4)	\$ 951	April 2, 2013	April 15, 2013	May 1, 2013	7.25 %	\$ 0.453125
		July 2, 2013	July 15, 2013	August 1, 2013	7.25	0.453125
Series K ^(5, 6)	\$ 1,544	July 2, 2013	July 15, 2013	July 30, 2013	Fixed-to-floating	\$ 40.00
Series L	\$ 3,080	June 17, 2013	July 1, 2013	July 30, 2013	7.25 %	\$ 18.125
Series M ^(5, 6)	\$ 1,310	April 2, 2013	April 30, 2013	May 15, 2013	Fixed-to-floating	\$ 40.62500
Series T ⁽¹⁾	\$ 5,000	June 17, 2013	June 25, 2013	July 10, 2013	6.00 %	\$ 1,500.00

⁽¹⁾ Dividends are cumulative.

⁽²⁾ Dividends per depositary share, each representing a 1/1,000th interest in a share of preferred stock.

⁽³⁾ This series was redeemed on May 1, 2013.

⁽⁴⁾ Notice of redemption sent on July 2, 2013; preferred stock to be redeemed on August 1, 2013.

⁽⁵⁾ Initially pays dividends semi-annually.

⁽⁶⁾ Dividends per depositary share, each representing a 1/25th interest in a share of preferred stock.

Table 21

Preferred Stock Cash Dividend Summary (continued)

Preferred Stock	Outstanding Notional Amount (in millions)	Declaration Date	Record Date	Payment Date	Per Annum Dividend Rate	Dividend Per Share
Series 1 ⁽⁷⁾	\$ 98	April 2, 2013	May 15, 2013	May 28, 2013	Floating	\$ 0.18750
		July 2, 2013	August 15, 2013	August 28, 2013	Floating	0.18750
Series 2 ⁽⁷⁾	\$ 299	April 2, 2013	May 15, 2013	May 28, 2013	Floating	\$ 0.18542
		July 2, 2013	August 15, 2013	August 28, 2013	Floating	0.19167
Series 3 ⁽⁷⁾	\$ 653	April 2, 2013	May 15, 2013	May 28, 2013	6.375 %	\$ 0.3984375
		July 2, 2013	August 15, 2013	August 28, 2013	6.375	0.3984375
Series 4 ⁽⁷⁾	\$ 210	April 2, 2013	May 15, 2013	May 28, 2013	Floating	\$ 0.24722
		July 2, 2013	August 15, 2013	August 28, 2013	Floating	0.25556
Series 5 ⁽⁷⁾	\$ 422	April 2, 2013	May 1, 2013	May 21, 2013	Floating	\$ 0.24722
		July 2, 2013	August 1, 2013	August 21, 2013	Floating	0.25556
Series 6 ^(8, 9)	\$ 59	April 2, 2013	June 15, 2013	June 28, 2013	6.70 %	\$ 0.41875
Series 7 ^(8, 9)	\$ 17	April 2, 2013	June 15, 2013	June 28, 2013	6.25 %	\$ 0.390625
Series 8 ^(7, 10)	\$ 2,673	April 2, 2013	May 15, 2013	May 28, 2013	8.625 %	\$ 0.5390625

⁽⁷⁾ Dividends per depositary share, each representing a 1/1,200th interest in a share of preferred stock.

⁽⁸⁾ Dividends per depositary share, each representing a 1/40th interest in a share of preferred stock.

⁽⁹⁾ These series were redeemed on June 28, 2013.

⁽¹⁰⁾ This series was redeemed on May 28, 2013.

Liquidity Risk

Funding and Liquidity Risk Management

We define liquidity risk as the potential inability to meet our contractual and contingent financial obligations, on- or off-balance sheet, as they come due. Our primary liquidity objective is to provide adequate funding for our businesses throughout market cycles, including periods of financial stress. To achieve that objective, we analyze and monitor our liquidity risk, maintain excess liquidity and access diverse funding sources including our stable deposit base. We define excess liquidity as readily available assets, limited to cash and high-quality, liquid, unencumbered securities that we can use to meet our funding requirements as those obligations arise.

Global funding and liquidity risk management activities are centralized within Corporate Treasury. We believe that a centralized approach to funding and liquidity risk management enhances our ability to monitor liquidity requirements, maximizes access to funding sources, minimizes borrowing costs and facilitates timely responses to liquidity events. For more information regarding global funding and liquidity risk management, see Liquidity Risk – Funding and Liquidity Risk Management on page 75 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K.

Global Excess Liquidity Sources and Other Unencumbered Assets

We maintain excess liquidity available to Bank of America Corporation, or the parent company and selected subsidiaries in the form of cash and high-quality, liquid, unencumbered securities. These assets, which we call our Global Excess Liquidity Sources, serve as our primary means of liquidity risk mitigation. Our cash is primarily on deposit with the Federal Reserve and central banks outside of the U.S. We limit the composition of high-quality, liquid, unencumbered securities 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. We believe we can quickly obtain cash for these securities, even in stressed market conditions, through repurchase agreements or outright sales. We hold our Global Excess Liquidity Sources in entities that allow us to meet the liquidity requirements of our global businesses, and we consider the impact of potential regulatory, tax, legal and other restrictions that could limit the transferability of funds among entities.

Our Global Excess Liquidity Sources were \$342 billion and \$372 billion at June 30, 2013 and December 31, 2012 and were maintained as presented in Table 22.

Table 22
Global Excess Liquidity Sources

(Dollars in billions)	June 30 2013	December 31 2012	Average for Three Months Ended June 30, 2013
Parent company	\$ 95	\$ 103	\$ 94
Bank subsidiaries	221	247	235
Broker/dealers	26	22	25
Total global excess liquidity sources	\$ 342	\$ 372	\$ 354

As shown in Table 22, parent company Global Excess Liquidity Sources totaled \$95 billion and \$103 billion at June 30, 2013 and December 31, 2012. The decrease in parent company liquidity was primarily due to debt maturities and capital actions. Typically, parent company cash is deposited overnight with BANA.

Global Excess Liquidity Sources available to our bank subsidiaries totaled \$221 billion and \$247 billion at June 30, 2013 and December 31, 2012. The decrease in bank subsidiaries' liquidity was primarily due to expected deposit outflows and securities revaluation. Liquidity amounts are distinct from the cash deposited by the parent company. In addition to their Global Excess Liquidity Sources, our bank subsidiaries hold other unencumbered investment-grade securities that we believe could also be used to generate liquidity. Our bank subsidiaries can also generate incremental liquidity by pledging a range of other unencumbered loans and securities to certain FHLBs and the Federal Reserve Discount Window. The cash we could have obtained by borrowing against this pool of specifically-identified eligible assets was approximately \$198 billion and \$194 billion at June 30, 2013 and December 31, 2012. We have established operational procedures to enable us to borrow against these assets, including regularly monitoring our total pool of eligible loans and securities collateral. Eligibility is defined by guidelines outlined by the FHLBs and the Federal Reserve and is subject to change at their discretion. Due to regulatory restrictions, liquidity generated by the bank subsidiaries can only be used to fund obligations within the bank subsidiaries and can only be transferred to the parent company or nonbank subsidiaries with prior regulatory approval.

Global Excess Liquidity Sources available to our broker/dealer subsidiaries totaled \$26 billion and \$22 billion at June 30, 2013 and December 31, 2012. Our broker/dealers also held other unencumbered investment-grade securities and equities that we believe could be used to generate additional liquidity. Liquidity held in a broker/dealer subsidiary is available to meet the obligations of that entity and can only be transferred to the parent company or to any other subsidiary with prior regulatory approval due to regulatory restrictions and minimum requirements.

Table 23 presents the composition of Global Excess Liquidity Sources at June 30, 2013 and December 31, 2012.

Table 23
Global Excess Liquidity Sources Composition

(Dollars in billions)	June 30 2013	December 31 2012
Cash on deposit	\$ 54	\$ 65
U.S. Treasuries	12	21
U.S. agency securities and mortgage-backed securities	261	271
Non-U.S. government and supranational securities	15	15
Total global excess liquidity sources	\$ 342	\$ 372

Time to Required Funding and Stress Modeling

We use a variety of metrics to determine the appropriate amounts of excess liquidity to maintain at the parent company and our bank and broker/dealer subsidiaries. One metric we use to evaluate the appropriate level of excess liquidity at the parent company is "Time to Required Funding." This debt coverage measure indicates the number of months that the parent company can continue to meet its unsecured contractual obligations as they come due using only its Global Excess Liquidity Sources without issuing any new debt or accessing any additional liquidity sources. We define unsecured contractual obligations for purposes of this metric as maturities of senior or subordinated debt issued or guaranteed by Bank of America Corporation or Merrill Lynch. These include certain unsecured debt instruments, primarily structured liabilities, which we may be required to settle for cash prior to maturity. Our Time to Required Funding was 32 months at June 30, 2013, which is above the Corporation's target minimum of 21 months. For purposes of calculating Time to Required Funding,

at June 30, 2013, we have included in the amount of unsecured contractual obligations \$9.6 billion, which includes the \$8.6 billion liability related to the BNY Mellon Settlement and \$951 million related to the August 1, 2013 redemption of the Series J Preferred Stock. The BNY Mellon Settlement is subject to final court approval and certain other conditions, and the timing of payment is not certain.

We utilize liquidity stress models to assist us in determining the appropriate amounts of excess liquidity to maintain at the parent company and our bank and broker/dealer subsidiaries. These models are risk sensitive and have become increasingly important in analyzing our potential contractual and contingent cash outflows beyond those outflows considered in the Time to Required Funding analysis. We evaluate the liquidity requirements under a range of scenarios with varying levels of severity and time horizons. The scenarios we consider and utilize incorporate market-wide and Corporation-specific events, including potential credit rating downgrades for the parent company and our subsidiaries, and are based on historical experience, regulatory guidance, and both expected and unexpected future events.

The types of potential contractual and contingent cash outflows we consider in our scenarios may include, but are not limited to, upcoming contractual maturities of unsecured debt and reductions in new debt issuance; diminished access to secured financing markets; potential deposit withdrawals; increased draws on loan commitments, liquidity facilities and letters of credit, including Variable Rate Demand Notes; additional collateral that counterparties could call if our credit ratings were downgraded; collateral and margin requirements arising from market value changes; and potential liquidity required to maintain businesses and finance customer activities. Changes in certain market factors, including, but not limited to, credit rating downgrades, could negatively impact potential contractual and contingent outflows and the related financial instruments, and in some cases these impacts could be material to our financial results.

We consider all sources of funds that we could access during each stress scenario and focus particularly on matching available sources with corresponding liquidity requirements by legal entity. We also use the stress modeling results to manage our asset-liability profile and establish limits and guidelines on certain funding sources and businesses.

Basel 3 Liquidity Standards

In December 2010, the Basel Committee proposed two measures of liquidity risk which are considered part of Basel 3. The first proposed liquidity measure is the Liquidity Coverage Ratio (LCR), which is calculated as the amount of a financial institution's unencumbered, high-quality, liquid assets relative to the net cash outflows the institution could encounter under a significant 30-day stress scenario. The Basel Committee announced in January 2013 that an initial minimum LCR requirement of 60 percent will be implemented in January 2015, and will thereafter increase in 10 percent annual increments through January 2019. The second proposed liquidity measure is the Net Stable Funding Ratio (NSFR), which measures the amount of longer-term, stable sources of funding employed by a financial institution relative to the liquidity profiles of the assets funded and the potential for contingent calls on funding liquidity arising from off-balance sheet commitments and obligations over a one-year period. The Basel Committee is currently reviewing the NSFR requirement and announced that it intends to implement the requirement by January 2018, following an observation period that is currently underway. We continue to monitor the development and the potential impact of these proposals, and assuming adoption by U.S. banking regulators, we expect to meet the final standards within the regulatory timelines.

Diversified Funding Sources

We fund our assets primarily with a mix of deposits and secured and unsecured liabilities through a centralized, globally coordinated funding strategy. We diversify our funding globally across products, programs, markets, currencies and investor groups.

The primary benefits expected from our centralized funding strategy include greater control, reduced funding costs, wider name recognition by investors and greater flexibility to meet the variable funding requirements of subsidiaries. Where regulations, time zone differences or other business considerations make parent company funding impractical, certain other subsidiaries may issue their own debt.

We fund a substantial portion of our lending activities through our deposits, which were \$1.08 trillion and \$1.11 trillion at June 30, 2013 and December 31, 2012. Deposits are primarily generated by our *CBB*, *GWIM* and *Global Banking* segments. These deposits are diversified by clients, product type and geography, and the majority of our U.S. deposits are insured by the Federal Deposit Insurance Corporation. We consider a substantial portion of our deposits to be a stable, low-cost and consistent source of funding. We believe this deposit funding is generally less sensitive to interest rate changes, market volatility or changes in our credit ratings than wholesale funding sources. Our lending activities may also be financed through secured borrowings, including securitizations with GSEs, the FHA and private-label investors, as well as FHLB loans.

Our trading activities in broker/dealer subsidiaries are primarily funded on a secured basis through securities lending and repurchase agreements and these amounts will vary based on customer activity and market conditions. We believe funding these activities in the secured financing markets is more cost-efficient and less sensitive to changes in our credit ratings than unsecured financing. Repurchase agreements are generally short-term and often overnight. Disruptions in secured financing markets for financial institutions have occurred in prior market cycles which resulted in adverse changes in terms or significant reductions in the availability of such financing. We manage

the liquidity risks arising from secured funding by sourcing funding globally from a diverse group of counterparties, providing a range of securities collateral and pursuing longer durations, when appropriate.

We issue the majority of our long-term unsecured debt at the parent company. During the three and six months ended June 30, 2013, the parent company issued \$3.0 billion and \$16.0 billion of long-term unsecured debt, including structured liabilities of \$1.7 billion and \$3.2 billion. We may also issue long-term unsecured debt through BANA in a variety of maturities and currencies to achieve cost-efficient funding and to maintain an appropriate maturity profile, although there were no new issuances through BANA during the six months ended June 30, 2013. While the cost and availability of unsecured funding may be negatively impacted by general market conditions or by matters specific to the financial services industry or the Corporation, we seek to mitigate refinancing risk by actively managing the amount of our borrowings that we anticipate will mature within any month or quarter.

On July 18, 2013, we announced an "any and all" cash tender offer and a maximum cash tender offer for certain senior notes maturing in 2014. The "any and all" tender offer expired on July 31, 2013 and the aggregate consideration payable for securities accepted for purchase in this tender was \$2.1 billion. The maximum tender offer will expire on August 14, 2013 and the maximum aggregate consideration available for securities accepted for purchase in this tender is \$2.9 billion. In addition, we issued \$2.0 billion of 4.1% notes due July 2023 and €1.5 billion of 2.5% notes due July 2020. Substantially all of this newly issued debt has been converted to floating-rate debt with derivative transactions.

Table 24 presents the carrying value of aggregate annual contractual maturities of long-term debt at June 30, 2013.

Table 24
Long-term Debt By Maturity

(Dollars in millions)	2013	2014	2015	2016	2017	Thereafter	Total
Bank of America Corporation	\$ 5,907	\$ 21,616	\$ 17,278	\$ 22,091	\$ 19,320	\$ 52,024	\$ 138,236
Merrill Lynch & Co., Inc.	6,940	16,280	3,795	2,878	5,773	26,138	61,804
Merrill Lynch & Co., Inc. subsidiaries	899	3,608	2,371	1,411	2,331	8,121	18,741
Bank of America, N.A. and subsidiaries	—	2	—	1,087	6,370	1,739	9,198
Other debt	3,080	1,484	1,647	1,915	17	412	8,555
Total long-term debt excluding consolidated VIEs	16,826	42,990	25,091	29,382	33,811	88,434	236,534
Long-term debt of consolidated VIEs	5,741	9,555	1,470	2,089	1,630	5,461	25,946
Total long-term debt	\$ 22,567	\$ 52,545	\$ 26,561	\$ 31,471	\$ 35,441	\$ 93,895	\$ 262,480

Table 25 presents our long-term debt by major currency at June 30, 2013 and December 31, 2012.

Table 25
Long-term Debt By Major Currency

(Dollars in millions)	June 30 2013	December 31 2012
U.S. Dollar	\$ 178,213	\$ 180,329
Euro	52,565	58,985
Japanese Yen	10,599	12,749
British Pound	9,349	11,126
Canadian Dollar	3,252	3,560
Australian Dollar	3,098	2,760
Swiss Franc	1,530	1,917
Other	3,874	4,159
Total long-term debt	\$ 262,480	\$ 275,585

Total long-term debt decreased \$13.1 billion, or five percent, during the six months ended June 30, 2013, primarily driven by maturities outpacing new issuances. We anticipate that debt levels will decline due to maturities through 2013, reflecting our ongoing initiative to reduce our debt balances over time. We may, from time to time, purchase outstanding debt instruments in various transactions, depending on prevailing market conditions, liquidity and other factors. In addition, our broker/dealer subsidiaries may make markets in our debt instruments to provide liquidity for investors. For more information on long-term debt funding, see *Note 12 – Long-term Debt* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K and for more information regarding funding and liquidity risk management, see pages 75 through 79 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K.

We use derivative transactions to manage the duration, interest rate and currency risks of our borrowings, considering the characteristics of the assets they are funding. For further details on our ALM activities, see Interest Rate Risk Management for Nontrading Activities on page 130.

We also diversify our unsecured funding sources by issuing various types of debt instruments including structured liabilities, which are debt obligations that pay investors returns linked to other debt or equity securities, indices, currencies or commodities. We typically hedge the returns we are obligated to pay on these liabilities with derivative positions and/or investments in the underlying instruments, so that from a funding perspective, the cost is similar to our other unsecured long-term debt. We could be required to settle certain structured liability obligations for cash or other securities prior to maturity under certain circumstances, which we consider for liquidity planning purposes. We believe, however, that a portion of such borrowings will remain outstanding beyond the earliest put or redemption date. We had outstanding structured liabilities with a carrying value of \$49.1 billion and \$51.7 billion at June 30, 2013 and December 31, 2012.

Substantially all of our senior and subordinated debt obligations contain no provisions that could trigger a requirement for an early repayment, require additional collateral support, result in changes to terms, accelerate maturity or create additional financial obligations upon an adverse change in our credit ratings, financial ratios, earnings, cash flows or stock price.

Contingency Planning

We maintain contingency funding plans that outline our potential responses to liquidity stress events at various levels of severity. These policies and plans are based on stress scenarios and include potential funding strategies and communication and notification procedures that we would implement in the event we experienced stressed liquidity conditions. We periodically review and test the contingency funding plans to validate efficacy and assess readiness.

Our U.S. bank subsidiaries can access contingency funding through the Federal Reserve Discount Window. Certain non-U.S. subsidiaries have access to central bank facilities in the jurisdictions in which they operate. While we do not rely on these sources in our liquidity modeling, we maintain the policies, procedures and governance processes that would enable us to access these sources if necessary.

Credit Ratings

Our borrowing costs and ability to raise funds are impacted by our credit ratings. In addition, credit ratings may be important to customers or counterparties when we compete in certain markets and when we seek to engage in certain transactions, including over-the-counter (OTC) derivatives. Thus, it is our objective to maintain high-quality credit ratings.

Credit ratings and outlooks are opinions expressed by rating agencies on our creditworthiness and that of our obligations or securities, including long-term debt, short-term borrowings, preferred stock and other securities, including asset securitizations. Our credit ratings are subject to ongoing review by the rating agencies which consider a number of factors, including our own financial strength, performance, prospects and operations as well as factors not under our control. The rating agencies could make adjustments to our ratings at any time and they provide no assurances that they will maintain our ratings at current levels.

Other factors that influence our credit ratings include changes to the rating agencies' methodologies for our industry or certain security types, the rating agencies' assessment of the general operating environment for financial services companies, our mortgage exposures (including litigation), our relative positions in the markets in which we compete, reputation, liquidity position, diversity of funding sources, funding costs, the level and volatility of earnings, corporate governance and risk management policies, capital position, capital management practices, and current or future regulatory and legislative initiatives.

The major rating agencies have each indicated that, as a systemically important financial institution, our credit ratings currently reflect their expectation that, if necessary, we would receive significant support from the U.S. government, and that they will continue to assess such support in the context of sovereign financial strength and regulatory and legislative developments.

On June 11, 2013, Standard & Poor's Ratings Services (S&P) published a report that affirmed all its current ratings for Bank of America Corporation and seven other BHCs that the agency views as having high systemic importance. That report also indicated that S&P is reconsidering, and may remove, the uplift for government support in its holding company ratings for those companies. As a result, the agency maintained its negative outlook on the Corporation's holding company ratings. S&P also maintained its negative outlook on the Corporation's operating company ratings, citing company-specific factors. On May 16, 2013, Fitch Ratings (Fitch) announced the results of its periodic review of its ratings for 12 large, complex securities trading and universal banks, including Bank of America Corporation. As part of this action, Fitch affirmed the Corporation's senior credit ratings and upgraded the rating of its stand-alone creditworthiness, as well as the ratings for its subordinated debt, trust preferred and preferred stock issuances, each by one notch. On March 27, 2013, Moody's Investor Service, Inc. (Moody's) published an update on systemic support in U.S. bank ratings and indicated

the agency expects to resolve the current negative outlooks on its ratings for systemically important U.S. BHCs, including that of the Corporation, during 2013.

Currently, the Corporation's long-term/short-term senior debt ratings and outlooks expressed by the rating agencies are as follows: Baa2/P-2 (negative) by Moody's, A-/A-2 (negative) by S&P, and A/F1 (stable) by Fitch. BANA's long-term/short-term senior debt ratings and outlooks are as follows: A3/P-2 (stable) by Moody's, A/A-1 (negative) by S&P, and A/F1 (stable) by Fitch. The credit ratings of Merrill Lynch from the three major credit rating agencies are the same as those of the Corporation. The major credit rating agencies have indicated that the primary drivers of Merrill Lynch's credit ratings are the Corporation's credit ratings. MLPF&S's long-term/short-term senior debt ratings and outlooks are A/A-1 (negative) by S&P and A/F1 (stable) by Fitch. Merrill Lynch International's long-term/short-term senior debt rating is A/A-1 (negative) by S&P.

A reduction in certain of our credit ratings or the ratings of certain asset-backed securitizations may have a material adverse effect on our liquidity, potential loss of access to credit markets, the related cost of funds, our businesses and on certain trading revenues, particularly in those businesses where counterparty creditworthiness is critical. In addition, under the terms of certain OTC derivative contracts and other trading agreements, in the event of downgrades of our or our rated subsidiaries' credit ratings, the counterparties to those agreements may require us to provide additional collateral, or to terminate these contracts or agreements, which could cause us to sustain losses and/or adversely impact our liquidity. If the short-term credit ratings of our parent company, bank or broker/dealer subsidiaries were downgraded by one or more levels, the potential loss of access to short-term funding sources such as repo financing and the effect on our incremental cost of funds could be material.

At June 30, 2013, if the rating agencies had downgraded their long-term senior debt ratings for the Corporation or certain subsidiaries by one incremental notch, the amount of additional collateral contractually required by derivative contracts and other trading agreements would have been approximately \$3.0 billion, comprised of \$2.6 billion for BANA and \$0.4 billion for Merrill Lynch and certain of its subsidiaries. If the rating agencies had downgraded their long-term senior debt ratings for these entities by a second incremental notch, approximately \$5.4 billion in additional incremental collateral, comprised of \$1.3 billion for BANA and \$4.1 billion for Merrill Lynch and certain of its subsidiaries, would have been required.

Also, if the rating agencies had downgraded their long-term senior debt ratings for the Corporation or certain subsidiaries by one incremental notch, the derivative liability that would be subject to unilateral termination by counterparties as of June 30, 2013 was \$2.7 billion, against which \$2.1 billion of collateral has been posted. If the rating agencies had downgraded their long-term senior debt ratings for the Corporation and certain subsidiaries by a second incremental notch, the derivative liability that would be subject to unilateral termination by counterparties as of June 30, 2013 was an incremental \$1.8 billion, against which \$1.2 billion of collateral has been posted.

While certain potential impacts are contractual and quantifiable, the full scope of consequences of a credit ratings downgrade to a financial institution is inherently uncertain, as it depends upon numerous dynamic, complex and inter-related factors and assumptions, including whether any downgrade of a firm's long-term credit ratings precipitates downgrades to its short-term credit ratings, and assumptions about the potential behaviors of various customers, investors and counterparties. For more information on potential impacts of credit rating downgrades, see Liquidity Risk – Time to Required Funding and Stress Modeling on page 78.

For information regarding the additional collateral and termination payments that could be required in connection with certain OTC derivative contracts and other trading agreements as a result of such a credit rating downgrade, see *Note 3 – Derivatives* to the Consolidated Financial Statements and Item 1A. Risk Factors of the Corporation's 2012 Annual Report on Form 10-K.

On July 18, 2013, Moody's revised its outlook on the U.S. government to stable from negative and affirmed its Aaa long-term sovereign credit rating on the U.S. government. On June 28, 2013, Fitch affirmed its AAA long-term and F1+ short-term sovereign credit rating on the U.S. government, but the outlook remains negative. On June 10, 2013, S&P affirmed its AA+ long-term and A-1+ short-term sovereign credit rating on the U.S. government, as the outlook on the long-term credit rating was revised to stable from negative.

Credit Risk Management

Credit quality continued to improve during the second quarter of 2013 due in part to improving economic conditions. In addition, our proactive credit risk management activities positively impacted the credit portfolio as charge-offs and delinquencies continued to improve, primarily in the consumer portfolios and risk ratings improved in the commercial portfolios. For additional information, see Executive Summary – Second Quarter 2013 Economic and Business Environment on page 6.

We proactively refine our underwriting and credit management practices as well as credit standards to meet the changing economic environment. To actively mitigate losses and enhance customer support in our consumer businesses, we have in place collection programs and loan modification and customer assistance infrastructures. We utilize a number of actions to mitigate losses in the commercial businesses including increasing the frequency and intensity of portfolio monitoring, hedging activity and our practice of transferring management of deteriorating commercial exposures to independent special asset officers as credits enter criticized categories.

Certain European countries, including Greece, Ireland, Italy, Portugal and Spain, have experienced varying degrees of financial stress. For more information on our exposures and related risks in non-U.S. countries, see Non-U.S. Portfolio on page 116 and Item 1A. Risk Factors of the Corporation's 2012 Annual Report on Form 10-K.

For information on our Credit Risk Management activities, see Consumer Portfolio Credit Risk Management on page 83, Commercial Portfolio Credit Risk Management on page 104, Non-U.S. Portfolio on page 116, Provision for Credit Losses and Allowance for Credit Losses both on page 120, *Note 5 – Outstanding Loans and Leases* and *Note 6 – Allowance for Credit Losses* to the Consolidated Financial Statements.

Consumer Portfolio Credit Risk Management

Credit risk management for the consumer portfolio begins with initial underwriting and continues throughout a borrower's credit cycle. Statistical techniques in conjunction with experiential judgment are used in all aspects of portfolio management including underwriting, product pricing, risk appetite, setting credit limits, and establishing operating processes and metrics to quantify and balance risks and returns. Statistical models are built using detailed behavioral information from external sources such as credit bureaus and/or internal historical experience. These models are a component of our consumer credit risk management process and are used in part to help make both new and ongoing credit decisions, as well as portfolio management strategies, including authorizations and line management, collection practices and strategies, determination of the allowance for loan and lease losses, and allocated capital for credit risk.

Since January 2008, and through the second quarter of 2013, Bank of America and Countrywide have completed approximately 1.3 million loan modifications with customers. During the second quarter of 2013, we completed more than 38,000 customer loan modifications with a total unpaid principal balance of approximately \$8 billion, including approximately 8,300 permanent modifications under the government's Making Home Affordable Program. Of the loan modifications completed during the second quarter of 2013, in terms of both the volume of modifications and the unpaid principal balance associated with the underlying loans, most were in the portfolio serviced for investors and were not on our balance sheet. The most common types of modifications include a combination of rate reduction and/or capitalization of past due amounts which represented 63 percent of the volume of modifications completed during the second quarter of 2013, while principal reductions and forgiveness represented 14 percent, principal forbearance represented 12 percent and capitalization of past due amounts represented six percent. For modified loans on our balance sheet, these modification types are generally considered TDRs. For more information on TDRs and portfolio impacts, see Consumer Portfolio Credit Risk Management – Nonperforming Consumer Loans, Leases and Foreclosed Properties Activity on page 101 and *Note 5 – Outstanding Loans and Leases* to the Consolidated Financial Statements.

Consumer Credit Portfolio

Improvement in the U.S. economy, labor markets and home prices during 2012 and through the six months ended June 30, 2013 resulted in lower credit losses across all major consumer portfolios compared to the six months ended June 30, 2012. Although home prices have shown steady improvement over the past year and a half, it was not enough to offset the adverse impact in the home loans portfolio since 2006.

Improved credit quality across the consumer portfolio drove a \$3.0 billion decrease during the six months ended June 30, 2013 in the consumer allowance for loan and lease losses. For additional information, see Allowance for Credit Losses on page 120.

In January 2013, we entered into the FNMA Settlement to resolve substantially all outstanding and potential repurchase and certain other claims relating to the origination, sale and delivery of residential mortgage loans originated and sold directly to FNMA from January 1, 2000 through December 31, 2008 by entities related to Countrywide and BANA. In connection with the FNMA Settlement, we repurchased certain loans from FNMA and, as of June 30, 2013, these loans had an unpaid principal balance of \$6.1 billion and a carrying value of \$5.1 billion of which \$5.7 billion of unpaid principal balance and \$4.8 billion of carrying value were classified as PCI loans. All of these loans are included in the Legacy Assets & Servicing portfolio in Table 29. For more information on PCI loans, see Consumer Portfolio Credit Risk Management – Purchased Credit-impaired Loan Portfolio on page 95 and *Note 5 – Outstanding Loans and Leases* to the Consolidated Financial Statements. For more information on the FNMA Settlement, see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements.

For further information on our accounting policies regarding delinquencies, nonperforming status, charge-offs and TDRs for the consumer portfolio, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

Table of Contents

Table 26 presents our outstanding consumer loans, leases and the PCI loan portfolio. In addition to being included in the "Outstandings" columns in Table 26, PCI loans are also shown separately, net of purchase accounting adjustments, in the "Purchased Credit-impaired Loan Portfolio" columns. For additional information, see *Note 5 – Outstanding Loans and Leases* to the Consolidated Financial Statements. The impact of the PCI loan portfolio on certain credit statistics is reported where appropriate. For additional information, see Consumer Portfolio Credit Risk Management – Purchased Credit-impaired Loan Portfolio on page 95. In addition, given the continued run-off of our discontinued real estate portfolio, effective January 1, 2013, the pay option loans previously included in discontinued real estate loans are now included as part of our residential mortgage and home equity portfolios. The majority of these loans were considered credit-impaired and were written down to fair value upon acquisition. Prior periods were reclassified to conform to current period presentation. For more information on pay option loans, see Consumer Portfolio Credit Risk Management – Purchased Credit-impaired Residential Mortgage Loan Portfolio on page 97.

Table 26

Consumer Loans and Leases

	Outstandings		Purchased Credit-impaired Loan Portfolio	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012
(Dollars in millions)				
Residential mortgage ⁽¹⁾	\$ 253,959	\$ 252,929	\$ 21,224	\$ 17,451
Home equity	100,011	108,140	7,431	8,667
U.S. credit card	90,523	94,835	n/a	n/a
Non-U.S. credit card	10,340	11,697	n/a	n/a
Direct/Indirect consumer ⁽²⁾	83,358	83,205	n/a	n/a
Other consumer ⁽³⁾	1,803	1,628	n/a	n/a
Consumer loans excluding loans accounted for under the fair value option	539,994	552,434	28,655	26,118
Loans accounted for under the fair value option ⁽⁴⁾	1,052	1,005	n/a	n/a
Total consumer loans and leases	\$ 541,046	\$ 553,439	\$ 28,655	\$ 26,118

⁽¹⁾ Outstandings include pay option loans of \$5.8 billion and \$6.7 billion and non-U.S. residential mortgage loans of \$83 million and \$93 million at June 30, 2013 and December 31, 2012. We no longer originate pay option loans.

⁽²⁾ Outstandings include dealer financial services loans of \$36.8 billion and \$35.9 billion, consumer lending loans of \$3.6 billion and \$4.7 billion, U.S. securities-based lending loans of \$30.0 billion and \$28.3 billion, non-U.S. consumer loans of \$7.5 billion and \$8.3 billion, student loans of \$4.4 billion and \$4.8 billion and other consumer loans of \$1.1 billion and \$1.2 billion at June 30, 2013 and December 31, 2012.

⁽³⁾ Outstandings include consumer finance loans of \$1.3 billion and \$1.4 billion, consumer leases of \$351 million and \$34 million, consumer overdrafts of \$149 million and \$177 million and other non-U.S. consumer loans of \$5 million at both June 30, 2013 and December 31, 2012.

⁽⁴⁾ Consumer loans accounted for under the fair value option represent residential mortgage loans at both June 30, 2013 and December 31, 2012. See Consumer Portfolio Credit Risk Management – Consumer Loans Accounted for Under the Fair Value Option on page 100 and *Note 17 – Fair Value Option* to the Consolidated Financial Statements for additional information on the fair value option.

n/a = not applicable

Table 27 presents accruing consumer loans past due 90 days or more and consumer nonperforming loans. Nonperforming loans do not include past due consumer credit card loans, other unsecured loans and in general, consumer non-real estate-secured loans (excluding those loans discharged in Chapter 7 bankruptcy) as these loans are typically charged off no later than the end of the month in which the loan becomes 180 days past due. Real estate-secured past due consumer loans that are insured by the FHA or individually insured under long-term stand-by agreements with FNMA and FHLMC (collectively, the fully-insured loan portfolio) are reported as accruing as opposed to nonperforming since the principal repayment is insured. Fully-insured loans included in accruing past due 90 days or more are primarily from our repurchases of delinquent FHA loans pursuant to our servicing agreements with GNMA. Additionally, nonperforming loans and accruing balances past due 90 days or more do not include the PCI loan portfolio or loans accounted for under the fair value option even though the customer may be contractually past due. For more information on FHA loans, see Off-Balance Sheet Arrangements and Contractual Obligations – Servicing, Foreclosure and Other Mortgage Matters on page 65.

Table 27
Consumer Credit Quality

	Nonperforming		Accruing Past Due 90 Days or More	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012
(Dollars in millions)				
Residential mortgage ⁽¹⁾	\$ 14,316	\$ 15,055	\$ 20,604	\$ 22,157
Home equity	4,151	4,282	—	—
U.S. credit card	n/a	n/a	1,167	1,437
Non-U.S. credit card	n/a	n/a	158	212
Direct/Indirect consumer	72	92	462	545
Other consumer	1	2	2	2
Total ⁽²⁾	\$ 18,540	\$ 19,431	\$ 22,393	\$ 24,353
Consumer loans and leases as a percentage of outstanding consumer loans and leases ⁽²⁾	3.43%	3.52%	4.15%	4.41%
Consumer loans and leases as a percentage of outstanding loans and leases, excluding PCI and fully-insured loan portfolios ⁽²⁾	4.39	4.46	0.42	0.50

⁽¹⁾ Residential mortgage loans accruing past due 90 days or more are fully-insured loans. At June 30, 2013 and December 31, 2012, residential mortgage included \$16.0 billion and \$17.8 billion of loans on which interest has been curtailed by the FHA, and therefore are no longer accruing interest, although principal is still insured, and \$4.6 billion and \$4.4 billion of loans on which interest was still accruing.

⁽²⁾ Balances exclude consumer loans accounted for under the fair value option. At June 30, 2013 and December 31, 2012, \$396 million and \$391 million of loans accounted for under the fair value option were past due 90 days or more and not accruing interest.

n/a = not applicable

Table 28 presents net charge-offs and related ratios for consumer loans and leases.

Table 28
Consumer Net Charge-offs and Related Ratios

(Dollars in millions)	Net Charge-offs ⁽¹⁾				Net Charge-off Ratios ^(1, 2)			
	Three Months Ended June 30		Six Months Ended June 30		Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012	2013	2012	2013	2012
Residential mortgage	\$ 271	\$ 749	\$ 654	\$ 1,662	0.43%	1.14%	0.51%	1.25%
Home equity	486	893	1,170	1,851	1.92	3.00	2.27	3.07
U.S. credit card	917	1,244	1,864	2,575	4.10	5.27	4.14	5.36
Non-U.S. credit card	104	135	216	338	3.93	3.97	4.03	4.89
Direct/Indirect consumer	86	181	210	407	0.42	0.86	0.51	0.95
Other consumer	51	49	103	105	11.57	7.71	12.15	8.15
Total	\$ 1,915	\$ 3,251	\$ 4,217	\$ 6,938	1.42	2.25	1.56	2.37

⁽¹⁾ Net charge-offs exclude write-offs in the PCI loan portfolios of \$110 million and \$855 million for home equity and \$203 million and \$297 million for residential mortgage for the three and six months ended June 30, 2013 compared to none for the same periods in 2012. These write-offs decreased the PCI valuation allowance included as part of the allowance for loan and lease losses. For more information on PCI write-offs, see Consumer Portfolio Credit Risk Management – Purchased Credit-impaired Loan Portfolio on page 95.

⁽²⁾ Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding loans excluding loans accounted for under the fair value option.

Net charge-off ratios, excluding the PCI and fully-insured loan portfolios, were 0.74 percent and 0.90 percent for residential mortgage, 2.07 percent and 2.46 percent for home equity, and 1.81 percent and 1.99 percent for the total consumer portfolio for the three and six months ended June 30, 2013, respectively. Net charge-off ratios, excluding the PCI and fully-insured loan portfolios, were 1.97 percent and 2.15 percent for residential mortgage, 3.32 percent and 3.40 percent for home equity, and 2.86 percent and 3.00 percent for the total consumer portfolio for the three and six months ended June 30, 2012, respectively. These are the only product classifications that include PCI and fully-insured loans for these periods.

Net charge-offs exclude write-offs in the PCI loan portfolios of \$110 million and \$855 million in home equity and \$203 million and \$297 million in residential mortgage for the three and six months ended June 30, 2013, respectively. This compared to none for the same periods in 2012. These write-offs decreased the PCI valuation allowance included as part of the allowance for loan and lease losses. Net charge-off ratios including the PCI write-offs were 2.35 percent and 3.93 percent for home equity and 0.74 percent and 0.75 percent for residential mortgage for the three and six months ended June 30, 2013, respectively. For more information on PCI write-offs, see Consumer Portfolio Credit Risk Management – Purchased Credit-impaired Loan Portfolio on page 95.

Table 29 presents outstandings, nonperforming balances, net charge-offs, allowance for loan and lease losses and provision for loan and lease losses for the Core portfolio and the Legacy Assets & Servicing portfolio within the home loans portfolio. For more information on Legacy Assets & Servicing, see *CRES* on page 37.

Table 29
Home Loans Portfolio

	Outstandings		Nonperforming		Net Charge-offs ⁽¹⁾			
					Three Months Ended		Six Months Ended	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012	June 30 2013	2012	June 30 2013	2012
(Dollars in millions)					2013	2012	2013	2012
Core portfolio								
Residential mortgage	\$ 172,257	\$ 170,116	\$ 3,404	\$ 3,193	\$ 68	\$ 141	\$ 169	\$ 285
Home equity	57,407	60,851	1,355	1,265	115	172	281	355
Total Core portfolio	229,664	230,967	4,759	4,458	183	313	450	640
Legacy Assets & Servicing portfolio								
Residential mortgage ⁽²⁾	81,702	82,813	10,912	11,862	203	608	485	1,377
Home equity	42,604	47,289	2,796	3,017	371	721	889	1,496
Total Legacy Assets & Servicing portfolio	124,306	130,102	13,708	14,879	574	1,329	1,374	2,873
Home loans portfolio								
Residential mortgage	253,959	252,929	14,316	15,055	271	749	654	1,662
Home equity	100,011	108,140	4,151	4,282	486	893	1,170	1,851
Total home loans portfolio	\$ 353,970	\$ 361,069	\$ 18,467	\$ 19,337	\$ 757	\$ 1,642	\$ 1,824	\$ 3,513

	Allowance for loan and lease losses		Provision for loan and lease losses			
			Three Months Ended		Six Months Ended	
	June 30 2013	December 31 2012	June 30 2013	2012	June 30 2013	2012
Core portfolio						
Residential mortgage	\$ 803	\$ 829	\$ 39	\$ 107	\$ 144	\$ 307
Home equity	1,151	1,286	40	9	147	114
Total Core portfolio	1,954	2,115	79	116	291	421
Legacy Assets & Servicing portfolio						
Residential mortgage	5,268	6,259	(222)	341	(188)	1,364
Home equity	5,174	6,559	170	222	408	659
Total Legacy Assets & Servicing portfolio	10,442	12,818	(52)	563	220	2,023
Home loans portfolio						
Residential mortgage	6,071	7,088	(183)	448	(44)	1,671
Home equity	6,325	7,845	210	231	555	773
Total home loans portfolio	\$ 12,396	\$ 14,933	\$ 27	\$ 679	\$ 511	\$ 2,444

⁽¹⁾ Net charge-offs exclude write-offs in the PCI loan portfolios of \$110 million and \$855 million for home equity and \$203 million and \$297 million for residential mortgage for the three and six months ended June 30, 2013, which are included in the Legacy Assets & Servicing portfolio, compared to none for the same periods in 2012. Write-offs in the PCI loan portfolio decrease the PCI valuation allowance included as part of the allowance for loan and lease losses. For more information on PCI write-offs, see Consumer Portfolio Credit Risk Management – Purchased Credit-impaired Loan Portfolio on page 95.

⁽²⁾ Outstandings and nonperforming amounts exclude loans accounted for under the fair value option. There were \$1.1 billion and \$1.0 billion of residential mortgage loans accounted for under the fair value option at June 30, 2013 and December 31, 2012. See Consumer Portfolio Credit Risk Management – Consumer Loans Accounted for Under the Fair Value Option on page 100 and Note 17 – Fair Value Option to the Consolidated Financial Statements for additional information on the fair value option.

We believe that the presentation of information adjusted to exclude the impact of the PCI loan portfolio, the fully-insured loan portfolio and loans accounted for under the fair value option is more representative of the ongoing operations and credit quality of the business. As a result, in the following discussions of the residential mortgage and home equity portfolios, we provide information that excludes the impact of the PCI loan portfolio, the fully-insured loan portfolio and loans accounted for under the fair value option in certain credit quality statistics. We separately disclose information on the PCI loan portfolio on page 95.

Residential Mortgage

The residential mortgage portfolio makes up the largest percentage of our consumer loan portfolio at 47 percent of consumer loans at June 30, 2013. Approximately 17 percent of the residential mortgage portfolio is in *GWIM* and represents residential mortgages that are originated for the home purchase and refinancing needs of our wealth management clients. The remaining portion of the portfolio is primarily in *All Other* and is comprised of originated loans, purchased loans used in our overall ALM activities, loans repurchased in connection with the FNMA Settlement, delinquent FHA loans repurchased pursuant to our servicing agreements with GNMA as well as loans repurchased related to our representations and warranties.

Outstanding balances in the residential mortgage portfolio, excluding \$1.1 billion of loans accounted for under the fair value option, increased \$1.0 billion during the six months ended June 30, 2013 as new origination volume retained on our balance sheet and loans repurchased as part of the FNMA Settlement were partially offset by paydowns and charge-offs.

At June 30, 2013 and December 31, 2012, the residential mortgage portfolio included \$89.3 billion and \$90.9 billion of outstanding fully-insured loans. On this portion of the residential mortgage portfolio, we are protected against principal loss as a result of either FHA insurance or long-term stand-by agreements with FNMA and FHLMC. At June 30, 2013 and December 31, 2012, \$63.8 billion and \$66.6 billion had FHA insurance with the remainder protected by long-term stand-by agreements. All of these loans are individually insured and therefore the Corporation does not record a significant allowance for credit losses with respect to these loans.

At June 30, 2013 and December 31, 2012, \$25.4 billion and \$25.5 billion of the FHA-insured loan population were repurchases of delinquent FHA loans pursuant to our servicing agreements with GNMA.

In addition to the long-term stand-by agreements with FNMA and FHLMC, we have mitigated a portion of our credit risk on the residential mortgage portfolio through the use of synthetic securitization vehicles as described in *Note 5 – Outstanding Loans and Leases* to the Consolidated Financial Statements. At June 30, 2013 and December 31, 2012, the synthetic securitization vehicles referenced principal balances of \$14.8 billion and \$17.6 billion of residential mortgage loans and provided loss protection up to \$420 million and \$500 million. At June 30, 2013 and December 31, 2012, the Corporation had a receivable of \$230 million and \$305 million from these vehicles for reimbursement of losses. The Corporation records an allowance for credit losses on loans referenced by the synthetic securitization vehicles. The reported net charge-offs for the residential mortgage portfolio do not include the benefit of amounts reimbursable from these vehicles. Adjusting for the benefit of the credit protection from the synthetic securitizations, the residential mortgage net charge-off ratio, excluding the PCI and fully-insured loan portfolios, for the three and six months ended June 30, 2013 would have been reduced by four bps for both periods compared to nine bps and eight bps for the same periods in 2012.

The long-term stand-by agreements with FNMA and FHLMC and to a lesser extent the synthetic securitizations together reduce our regulatory risk-weighted assets due to the transfer of a portion of our credit risk to unaffiliated parties. At June 30, 2013 and December 31, 2012, these programs had the cumulative effect of reducing our risk-weighted assets by \$7.5 billion and \$7.2 billion, and increasing our Tier 1 capital ratio by seven bps and eight bps, and our Tier 1 common capital ratio by six bps and seven bps.

Table 30 presents certain residential mortgage key credit statistics on both a reported basis excluding loans accounted for under the fair value option, and excluding the PCI loan portfolio, fully-insured loan portfolio and loans accounted for under the fair value option. Additionally, in the table below (in the "Reported Basis" columns) accruing balances past due and nonperforming loans do not include the PCI loan portfolio even though the customer may be contractually past due. We believe the presentation of information adjusted to exclude these loan portfolios is more representative of the credit risk in the residential mortgage loan portfolio. As such, the following discussion presents the residential mortgage portfolio excluding the PCI loan portfolio, the fully-insured loan portfolio and loans accounted for under the fair value option. For more information on the PCI loan portfolio, see page 95.

Table 30
Residential Mortgage – Key Credit Statistics

	Reported Basis ⁽¹⁾		Excluding Purchased Credit-impaired and Fully-insured Loans	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012
(Dollars in millions)				
Outstandings	\$ 253,959	\$ 252,929	\$ 143,474	\$ 144,624
Accruing past due 30 days or more	26,625	28,815	2,553	3,117
Accruing past due 90 days or more	20,604	22,157	—	—
Nonperforming loans	14,316	15,055	14,316	15,055
Percent of portfolio				
Refreshed LTV greater than 90 but less than or equal to 100	16%	15%	9%	10%
Refreshed LTV greater than 100	18	28	14	20
Refreshed FICO below 620	23	23	13	14
2006 and 2007 vintages ⁽²⁾	24	25	31	34

	Reported Basis				Excluding Purchased Credit-impaired and Fully-insured Loans			
	Three Months Ended June 30		Six Months Ended June 30		Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012	2013	2012	2013	2012
Net charge-off ratio ⁽³⁾	0.43 %	1.14 %	0.51 %	1.25 %	0.74 %	1.97 %	0.90 %	2.15 %

⁽¹⁾ Outstandings, accruing past due, nonperforming loans and percentages of portfolio exclude loans accounted for under the fair value option. There were \$1.1 billion and \$1.0 billion of residential mortgage loans accounted for under the fair value option at June 30, 2013 and December 31, 2012. See Consumer Portfolio Credit Risk Management – Consumer Loans Accounted for Under the Fair Value Option on page 100 and *Note 17 – Fair Value Option* to the Consolidated Financial Statements for additional information on the fair value option.

⁽²⁾ These vintages of loans account for 59 percent and 61 percent of nonperforming residential mortgage loans at June 30, 2013 and December 31, 2012, and 67 percent and 66 percent of residential mortgage net charge-offs for the three and six months ended June 30, 2013 and 72 percent for both the three and six months ended June 30, 2012.

⁽³⁾ Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding loans excluding loans accounted for under the fair value option.

Nonperforming residential mortgage loans decreased \$739 million during the six months ended June 30, 2013 as paydowns, returns to performing status, charge-offs, transfers to foreclosed property and the impact of sales outpaced new inflows. At June 30, 2013, borrowers were current on contractual payments with respect to \$4.3 billion, or 30 percent of nonperforming residential mortgage loans, and \$7.6 billion, or 53 percent of nonperforming residential mortgage loans were 180 days or more past due and had been written down to the estimated fair value of the collateral less costs to sell. Accruing loans past due 30 days or more decreased \$564 million during the six months ended June 30, 2013.

Net charge-offs decreased \$478 million to \$271 million for the three months ended June 30, 2013, or 0.74 percent of total average residential mortgage loans, compared to \$749 million, or 1.97 percent for the same period in 2012. Net charge-offs decreased \$1.0 billion to \$654 million for the six months ended June 30, 2013, or 0.90 percent of total average residential mortgage loans, compared to \$1.7 billion, or 2.15 percent for the same period in 2012. These decreases in net charge-offs for the three- and six-month periods were primarily driven by favorable portfolio trends and decreased write-downs on loans greater than 180 days past due which were written down to the estimated fair value of the collateral less costs to sell, due in part to improvement in home prices and the U.S. economy. Net charge-off ratios were also impacted by lower loan balances primarily due to paydowns and charge-offs outpacing new originations.

Loans in the residential mortgage portfolio with certain characteristics have greater risk of loss than others. These characteristics include loans with a high refreshed loan-to-value (LTV), loans originated at the peak of home prices in 2006 and 2007, interest-only loans and loans to borrowers located in California and Florida where we have concentrations and where significant declines in home prices have been experienced. Although the disclosures in this section address each of these risk characteristics separately, there is significant overlap in loans with these characteristics, which contributed to a disproportionate share of the losses in the portfolio. The residential mortgage loans with all of these higher risk characteristics comprised three and four percent of the residential mortgage portfolio at June 30, 2013 and December 31, 2012, and accounted for 12 percent and 16 percent of the residential mortgage net charge-offs during the three and six months ended June 30, 2013 compared to 20 percent and 21 percent for the same periods in 2012.

Residential mortgage loans with a greater than 90 percent but less than or equal to 100 percent refreshed LTV represented nine percent and 10 percent of the residential mortgage portfolio at June 30, 2013 and December 31, 2012. Loans with a refreshed LTV greater than 100 percent represented 14 percent and 20 percent of the residential mortgage loan portfolio at June 30, 2013 and December 31, 2012. Of the loans with a refreshed LTV greater than 100 percent, 93 percent and 92 percent were performing at June 30, 2013 and December 31, 2012. Loans with a refreshed LTV greater than 100 percent reflect loans where the outstanding carrying value of the loan is greater than the most recent valuation of the property securing the loan. The majority of these loans have a refreshed LTV greater than 100 percent primarily due to home price deterioration since 2006. Loans to borrowers with refreshed FICO scores below 620 represented 13 percent and 14 percent of the residential mortgage portfolio at June 30, 2013 and December 31, 2012.

Of the \$143.5 billion and \$144.6 billion in total residential mortgage loans outstanding at June 30, 2013 and December 31, 2012, as shown in Table 31, 40 percent were originated as interest-only loans for both periods. The outstanding balance of interest-only residential mortgage loans that have entered the amortization period was \$15.8 billion, or 27 percent at June 30, 2013. Residential mortgage loans that have entered the amortization period generally have experienced a higher rate of early stage delinquencies and nonperforming status compared to the residential mortgage portfolio as a whole. At June 30, 2013, \$349 million, or two percent of outstanding interest-only residential mortgages that had entered the amortization period were accruing past due 30 days or more compared to \$2.6 billion, or two percent of accruing past due 30 days or more for the entire residential mortgage portfolio. In addition, at June 30, 2013, \$2.4 billion, or 15 percent of outstanding interest-only residential mortgages that had entered the amortization period were nonperforming compared to \$14.3 billion, or 10 percent of nonperforming loans for the entire residential mortgage portfolio. Loans in our interest-only residential mortgage portfolio have an interest-only period of three to ten years and more than 90 percent of these loans will not be required to make a fully-amortizing payment until 2015 or later.

Table 31 presents outstandings, nonperforming loans and net charge-offs by certain state concentrations for the residential mortgage portfolio. The Los Angeles-Long Beach-Santa Ana Metropolitan Statistical Area (MSA) within California represented 12 percent of outstandings at both June 30, 2013 and December 31, 2012. Loans within this MSA comprised only six percent charge-offs for both the three and six months ended June 30, 2013 and eight percent of net charge-offs for both the three and six months ended June 30, 2012.

Table 31
Residential Mortgage State Concentrations

(Dollars in millions)	Outstandings ⁽¹⁾		Nonperforming ⁽¹⁾		Net Charge-offs ⁽²⁾			
					Three Months Ended		Six Months Ended	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012	June 30 2013	2012	June 30 2013	2012
California	\$ 48,108	\$ 48,671	\$ 4,306	\$ 4,580	\$ 61	\$ 254	\$ 157	\$ 591
New York ⁽³⁾	11,632	11,290	965	972	15	21	30	41
Florida ⁽³⁾	11,041	11,100	1,679	1,773	35	117	69	205
Texas	6,846	6,928	471	498	5	10	14	29
Virginia	4,928	5,096	414	410	5	12	14	28
Other U.S./Non-U.S.	60,919	61,539	6,481	6,822	150	335	370	768
Residential mortgage loans ⁽⁴⁾	\$ 143,474	\$ 144,624	\$ 14,316	\$ 15,055	\$ 271	\$ 749	\$ 654	\$ 1,662
Fully-insured loan portfolio	89,261	90,854						
Purchased credit-impaired residential mortgage loan portfolio	21,224	17,451						
Total residential mortgage loan portfolio	\$ 253,959	\$ 252,929						

⁽¹⁾ Outstandings and nonperforming amounts exclude loans accounted for under the fair value option. There were \$1.1 billion and \$1.0 billion of residential mortgage loans accounted for under the fair value option at June 30, 2013 and December 31, 2012. See Consumer Portfolio Credit Risk Management – Consumer Loans Accounted for Under the Fair Value Option on page 100 and Note 17 – Fair Value Option to the Consolidated Financial Statements for additional information on the fair value option.

⁽²⁾ Net charge-offs exclude \$203 million and \$297 million of write-offs in the residential mortgage PCI loan portfolio for the three and six months ended June 30, 2013 compared to none for the same periods in 2012. These write-offs decreased the PCI valuation allowance included as part of the allowance for loan and lease losses. For more information on PCI write-offs, see Consumer Portfolio Credit Risk Management – Purchased Credit-impaired Loan Portfolio on page 95.

⁽³⁾ In these states, foreclosure requires a court order following a legal proceeding (judicial states).

⁽⁴⁾ Amount excludes the PCI residential mortgage and fully-insured loan portfolios.

The Community Reinvestment Act (CRA) encourages banks to meet the credit needs of their communities for housing and other purposes, particularly in neighborhoods with low or moderate incomes. At June 30, 2013 and December 31, 2012, our CRA portfolio was \$11.1 billion and \$11.3 billion, or eight percent of the residential mortgage loan balances for both periods. The CRA portfolio included \$2.2 billion and \$2.5 billion of nonperforming loans at June 30, 2013 and December 31, 2012 representing 16 percent of total nonperforming residential mortgage loans for both periods. Net charge-offs related to the CRA portfolio were \$56 million and \$134 million for the three months ended June 30, 2013 and 2012, or 21 percent and 18 percent of total net charge-offs for the residential mortgage portfolio. Net charge-offs related to the CRA portfolio were \$148 million and \$320 million for the six months ended June 30, 2013 and 2012, or 23 percent and 20 percent of total net charge-offs for the residential mortgage portfolio.

Home Equity

The home equity portfolio makes up 18 percent of the consumer portfolio and is comprised of HELOCs, home equity loans and reverse mortgages. At June 30, 2013, our HELOC portfolio had an outstanding balance of \$85.0 billion, or 85 percent of the total home equity portfolio. HELOCs generally have an initial draw period of 10 years with approximately eight percent of the portfolio having a draw period of five years with a five-year renewal option. During the initial draw period, the borrowers are only required to pay the interest due on the loans on a monthly basis. After the initial draw period ends, the loans generally convert to 15-year amortizing loans.

At June 30, 2013, our home equity loan portfolio had an outstanding balance of \$13.5 billion, or 14 percent of the total home equity portfolio. Home equity loans are almost all fixed-rate loans with amortizing payment terms of 10 to 30 years and 51 percent of these loans have 25- to 30-year terms.

At June 30, 2013, our reverse mortgage portfolio had an outstanding balance of \$1.5 billion, or one percent of the total home equity portfolio. We no longer originate these products.

Table of Contents

At June 30, 2013, approximately 86 percent of the home equity portfolio was included in *CRES* while the remainder of the portfolio was primarily in *GWIM*. Outstanding balances in the home equity portfolio decreased \$8.1 billion during the six months ended June 30, 2013 primarily due to paydowns and charge-offs outpacing new originations and draws on existing lines. Of the total home equity portfolio at June 30, 2013 and December 31, 2012, \$23.9 billion and \$24.7 billion, or 24 percent and 23 percent were in first-lien positions (26 percent and 25 percent excluding the PCI home equity portfolio at June 30, 2013 and December 31, 2012). At June 30, 2013, outstanding balances in the home equity portfolio that were in a second-lien or more junior-lien position and where we also held the first-lien loan totaled \$23.4 billion, or 25 percent of our total home equity portfolio excluding the PCI loan portfolio.

Unused HELOCs totaled \$58.4 billion at June 30, 2013 compared to \$60.9 billion at December 31, 2012. This decrease was primarily due to customers choosing to close accounts as well as line management initiatives on deteriorating accounts, which more than offset new production. The HELOC utilization rate was 59 percent at June 30, 2013 compared to 60 percent at December 31, 2012.

Table 32 presents certain home equity portfolio key credit statistics on both a reported basis as well as excluding the PCI loan portfolio. Additionally, in the table below (in the "Reported Basis" columns) accruing balances past due 30 days or more and nonperforming loans do not include the PCI loan portfolio even though the customer may be contractually past due. We believe the presentation of information adjusted to exclude the impact of the PCI loan portfolio is more representative of the credit risk in this portfolio.

Table 32
Home Equity – Key Credit Statistics

	Reported Basis		Excluding Purchased Credit-impaired Loans	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012
(Dollars in millions)				
Outstandings	\$ 100,011	\$ 108,140	\$ 92,580	\$ 99,473
Accruing past due 30 days or more ⁽¹⁾	848	1,099	848	1,099
Nonperforming loans ⁽¹⁾	4,151	4,282	4,151	4,282
Percent of portfolio				
Refreshed combined LTV greater than 90 but less than or equal to 100	10%	10%	10%	10%
Refreshed combined LTV greater than 100	28	31	25	29
Refreshed FICO below 620	8	9	8	8
2006 and 2007 vintages ⁽²⁾	48	48	45	46

	Reported Basis				Excluding Purchased Credit-impaired Loans			
	Three Months Ended June 30		Six Months Ended June 30		Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012	2013	2012	2013	2012
Net charge-off ratio ⁽³⁾	1.92%	3.00%	2.27%	3.07%	2.07%	3.32%	2.46%	3.40%

⁽¹⁾ Accruing past due 30 days or more includes \$199 million and \$321 million and nonperforming loans includes \$638 million and \$824 million of loans where we serviced the underlying first-lien at June 30, 2013 and December 31, 2012.

⁽²⁾ These vintages of loans have higher refreshed combined LTV ratios and accounted for 51 percent of nonperforming home equity loans at both June 30, 2013 and December 31, 2012, and accounted for 63 percent and 61 percent of net charge-offs for the three and six months ended June 30, 2013 and 64 percent for both the three and six months ended June 30, 2012.

⁽³⁾ Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding loans.

The following discussion presents the home equity portfolio excluding the PCI loan portfolio.

Nonperforming outstanding balances in the home equity portfolio decreased \$131 million during the six months ended June 30, 2013 due to charge-offs and returns to performing status outpacing new inflows.

At June 30, 2013, on \$2.0 billion, or 49 percent of nonperforming home equity loans, the borrowers were current on contractual payments and \$1.3 billion, or 32 percent of nonperforming home equity loans were 180 days or more past due and had been written down to the estimated fair value of the collateral less costs to sell. Outstanding balances accruing past due 30 days or more decreased \$251 million during the six months ended June 30, 2013.

In some cases, the junior-lien home equity outstanding balance that we hold is performing, but the underlying first-lien is not. For outstanding balances in the home equity portfolio on which we service the first-lien loan, we are able to track whether the first-lien loan is in default. For loans where the first-lien is serviced by a third party, we utilize credit bureau data to estimate the delinquency status of the first-lien. Given that the credit bureau database we use does not include a property address for the mortgages, we are unable to identify with certainty whether a reported delinquent first-lien mortgage pertains to the same property for which we hold a junior-lien loan. At June 30, 2013, we estimate that \$2.3 billion of current and \$369 million of 30 to 89 days past due junior-lien loans were behind a delinquent first-lien loan. We service the first-lien loans on \$615 million of these combined amounts, with the remaining \$2.0 billion serviced by third parties. Of the \$2.6 billion of current to 89 days past due junior-lien loans, based on available credit bureau data and our own internal servicing data, we estimate that approximately \$1.3 billion had first-lien loans that were 90 days or more past due.

Net charge-offs decreased \$407 million to \$486 million, or 2.07 percent of the total average home equity portfolio, for the three months ended June 30, 2013 compared to \$893 million, or 3.32 percent for the same period in 2012. Net charge-offs decreased \$681 million to \$1.2 billion, or 2.46 percent of the total average home equity portfolio, for the six months ended June 30, 2013 compared to \$1.9 billion, or 3.40 percent for the same period in 2012. These decreases in net charge-offs for the three- and six-month periods were primarily driven by favorable portfolio trends due in part to improvement in home prices and the U.S. economy. Net charge-off ratios were also impacted by lower outstanding balances primarily as a result of paydowns and charge-offs outpacing new originations and draws on existing lines.

There are certain characteristics of the home equity portfolio that have contributed to higher losses including those loans with a high refreshed combined loan-to-value (CLTV), loans that were originated at the peak of home prices in 2006 and 2007, and loans in geographic areas that have experienced the most significant declines in home prices. Home price declines since 2006 coupled with the fact that most home equity outstandings are secured by second-lien positions have significantly reduced and, in some cases, eliminated all collateral value after consideration of the first-lien position. Although the disclosures in this section address each of these risk characteristics separately, there is significant overlap in outstanding balances with these characteristics, which has contributed to a disproportionate share of losses in the portfolio. Outstanding balances in the home equity portfolio with all of these higher risk characteristics comprised seven percent and eight percent of the total home equity portfolio at June 30, 2013 and December 31, 2012, and accounted for 22 percent and 20 percent of the home equity net charge-offs for the three and six months ended June 30, 2013 compared to 22 percent and 24 percent for the same periods in 2012.

Outstanding balances in the home equity portfolio with greater than 90 percent but less than or equal to 100 percent refreshed CLTVs comprised 10 percent of the home equity portfolio at both June 30, 2013 and December 31, 2012. Outstanding balances with refreshed CLTVs greater than 100 percent comprised 25 percent and 29 percent of the home equity portfolio at June 30, 2013 and December 31, 2012. Outstanding balances in the home equity portfolio with a refreshed CLTV greater than 100 percent reflect loans where the carrying value and available line of credit of the combined loans are equal to or greater than the most recent valuation of the property securing the loan. Depending on the value of the property, there may be collateral in excess of the first-lien that is available to reduce the severity of loss on the second-lien. Home price deterioration since 2006 has contributed to an increase in CLTV ratios. Of those outstanding balances with a refreshed CLTV greater than 100 percent, 96 percent of the customers were current on their home equity loan and 92 percent of second-lien loans with a refreshed CLTV greater than 100 percent were current on both their second-lien and underlying first-lien loans at June 30, 2013. Outstanding balances in the home equity portfolio to borrowers with a refreshed FICO score below 620 represented eight percent of the home equity portfolio at both June 30, 2013 and December 31, 2012.

Of the \$92.6 billion and \$99.5 billion in total home equity portfolio outstandings at June 30, 2013 and December 31, 2012, 80 percent and 79 percent were interest-only loans, almost all of which were HELOCs. The outstanding balance of HELOCs that have entered the amortization period was \$2.3 billion, or three percent of total HELOCs at June 30, 2013. The HELOCs that have entered the amortization period have experienced a higher percentage of early stage delinquencies and nonperforming status when compared to the HELOC portfolio as a whole. At June 30, 2013, \$76 million, or three percent of outstanding HELOCs that had entered the amortization period were accruing past due 30 days or more compared to \$757 million, or one percent of outstanding accruing past due 30 days or more for the entire HELOC portfolio. In addition, at June 30, 2013, \$168 million, or seven percent of outstanding HELOCs that had entered the amortization period were nonperforming compared to \$3.6 billion, or four percent of outstandings that were nonperforming for the entire HELOC portfolio. Loans in our HELOC portfolio generally have an initial draw period of 10 years and more than 85 percent of these loans will not be required to make a fully-amortizing payment until 2015 or later.

Although we do not actively track how many of our home equity customers pay only the minimum amount due on their home equity loans and lines, we can infer some of this information through a review of our HELOC portfolio that we service and that is still in its revolving period (i.e., customers may draw on and repay their line of credit, but are generally only required to pay interest on a monthly basis). During the three months ended June 30, 2013, approximately 63 percent of these customers did not pay any principal on their HELOCs.

Table 33 presents outstandings, nonperforming balances and net charge-offs by certain state concentrations for the home equity portfolio. In the New York area, the New York-Northern New Jersey-Long Island MSA made up 11 percent of the outstanding home equity portfolio at both June 30, 2013 and December 31, 2012. This MSA comprised nine percent of net charge-offs for both the three and six months ended June 30, 2013 and seven percent and eight percent of net charge-offs for the same periods in 2012. The Los Angeles-Long Beach-Santa Ana MSA within California made up 12 percent of the outstanding home equity portfolio at both June 30, 2013 and December 31, 2012. This MSA comprised nine percent of net charge-offs for both the three and six months ended June 30, 2013 and nine percent and 11 percent for the same periods in 2012.

For information on representations and warranties related to our home equity portfolio, see Off-Balance Sheet Arrangements and Contractual Obligations – Representations and Warranties on page 58 and *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements.

Table 33
Home Equity State Concentrations

	Outstandings		Nonperforming		Net Charge-offs ⁽¹⁾			
					Three Months Ended		Six Months Ended	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012	June 30 2013	2012	June 30 2013	2012
(Dollars in millions)					2013	2012	2013	2012
California	\$ 26,693	\$ 28,730	\$ 1,082	\$ 1,128	\$ 136	\$ 263	\$ 329	\$ 579
Florida ⁽²⁾	11,190	11,899	669	706	84	123	206	287
New Jersey ⁽²⁾	6,434	6,789	309	312	27	34	63	77
New York ⁽²⁾	6,341	6,736	405	419	29	47	68	95
Massachusetts	4,114	4,381	147	140	10	21	25	35
Other U.S./Non-U.S.	37,808	40,938	1,539	1,577	200	405	479	778
Home equity loans ⁽³⁾	\$ 92,580	\$ 99,473	\$ 4,151	\$ 4,282	\$ 486	\$ 893	\$ 1,170	\$ 1,851
Purchased credit-impaired home equity portfolio	7,431	8,667						
Total home equity loan portfolio	\$ 100,011	\$ 108,140						

⁽¹⁾ Net charge-offs exclude \$110 million and \$855 million of write-offs in the home equity PCI loan portfolio for the three and six months ended June 30, 2013 compared to none for the same periods in 2012. These write-offs decreased the PCI valuation allowance included as part of the allowance for loan and lease losses. For more information on PCI write-offs, see Consumer Portfolio Credit Risk Management – Purchased Credit-impaired Loan Portfolio on page 95.

⁽²⁾ In these states, foreclosure requires a court order following a legal proceeding (judicial states).

⁽³⁾ Amount excludes the PCI home equity portfolio.

Purchased Credit-impaired Loan Portfolio

Loans acquired with evidence of credit quality deterioration since origination and for which it is probable at purchase that we will be unable to collect all contractually required payments are accounted for under the accounting guidance for PCI loans, which addresses accounting for differences between contractual and expected cash flows to be collected from the purchaser's initial investment in loans if those differences are attributable, at least in part, to credit quality. Evidence of credit quality deterioration as of the acquisition date may include statistics such as past due status, refreshed FICO scores and refreshed LTVs. PCI loans are recorded at fair value upon acquisition and the applicable accounting guidance prohibits carrying over or recording a valuation allowance in the initial accounting.

PCI loans that have similar risk characteristics, primarily credit risk, collateral type and interest rate risk, are pooled and accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows. Once a pool is assembled, it is treated as if it were one loan for purposes of applying the accounting guidance for PCI loans. An individual loan is removed from a PCI loan pool if it is sold, foreclosed, forgiven or the expectation of any future proceeds is remote. When a loan is removed from a PCI loan pool and the foreclosure or recovery value of the loan is less than the loan's carrying value, the difference is first applied against the PCI pool's nonaccretable difference. If the nonaccretable difference has been fully utilized, only then is the PCI pool's basis applicable to that loan written-off against its valuation reserve; however, the integrity of the pool is maintained and it continues to be accounted for as if it were one loan.

In January 2013, in connection with the FNMA Settlement, we repurchased certain residential mortgage loans that had previously been sold to FNMA, which we have valued at less than the purchase price. As of June 30, 2013, loans repurchased in connection with the FNMA Settlement that we classified as PCI had an unpaid principal balance of \$5.7 billion and a carrying value of \$4.8 billion. For additional information, see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements.

Table 34 presents the unpaid principal balance, carrying value, related valuation allowance and the net carrying value as a percentage of the unpaid principal balance for the PCI loan portfolio.

Table 34
Purchased Credit-impaired Loan Portfolio

	June 30, 2013				
	Unpaid Principal Balance	Carrying Value	Related Valuation Allowance	Carrying Value Net of Valuation Allowance	Percent of Unpaid Principal Balance
(Dollars in millions)					
Residential mortgage	\$ 22,330	\$ 21,224	\$ 2,394	\$ 18,830	84.33%
Home equity	7,243	7,431	1,531	5,900	81.46
Total purchased credit-impaired loan portfolio	\$ 29,573	\$ 28,655	\$ 3,925	\$ 24,730	83.62

	December 31, 2012				
Residential mortgage	\$ 18,069	\$ 17,451	\$ 3,108	\$ 14,343	79.38%
Home equity	8,434	8,667	2,428	6,239	73.97
Total purchased credit-impaired loan portfolio	\$ 26,503	\$ 26,118	\$ 5,536	\$ 20,582	77.66

The total PCI unpaid principal balance increased \$3.1 billion, or 12 percent, during the six months ended June 30, 2013 primarily due to the \$5.7 billion of loans repurchased in connection with the FNMA Settlement. Excluding the \$5.7 billion of loans repurchased, the total PCI unpaid principal balance decreased \$2.7 billion primarily driven by liquidations, payoffs, paydowns and write-offs.

Of the unpaid principal balance of \$29.6 billion at June 30, 2013, \$7.2 billion was 180 days or more past due, including \$7.0 billion of first-lien and \$236 million of home equity loans. Of the \$22.4 billion that was less than 180 days past due, \$19.1 billion, or 86 percent of the total unpaid principal balance, was current based on the contractual terms while \$2.1 billion, or 10 percent, was in early stage delinquency.

During the three months ended June 30, 2013, we recorded a provision benefit of \$252 million for the PCI loan portfolio including a provision benefit of \$205 million for residential mortgage and a benefit of \$47 million for home equity. This compared to a total provision expense of \$6 million for the three months ended June 30, 2012. During the six months ended June 30, 2013, we recorded a provision benefit of \$459 million for the PCI loan portfolio including a provision benefit of \$396 million for residential mortgage and a benefit of \$63 million for home equity. This compared to a total provision expense of \$493 million for the six months ended June 30, 2012. The provision benefit for the three and six months ended June 30, 2013 was primarily driven by an improvement in our home price outlook.

The PCI valuation allowance declined \$1.6 billion during the six months ended June 30, 2013 due to \$855 million and \$297 million of write-offs in the home equity and residential mortgage PCI loan portfolios, and a provision benefit of \$459 million for the PCI loan portfolio. Write-offs during the six months ended June 30, 2013 included certain home equity PCI loans that were ineligible for the National Mortgage Settlement, but had similar characteristics as the eligible loans and the expectations of future cash proceeds was considered remote.

Additional information on the PCI residential mortgage and home equity portfolios is provided in the following sections.

Purchased Credit-impaired Residential Mortgage Loan Portfolio

The PCI residential mortgage loan portfolio comprised 74 percent of the total PCI loan portfolio at June 30, 2013. Those loans to borrowers with a refreshed FICO score below 620 represented 56 percent of the PCI residential mortgage loan portfolio at June 30, 2013. Loans with a refreshed LTV greater than 90 percent, after consideration of purchase accounting adjustments and the related valuation allowance, represented 45 percent of the PCI residential mortgage loan portfolio and 64 percent based on the unpaid principal balance at June 30, 2013. Table 35 presents outstandings net of purchase accounting adjustments and before the related valuation allowance, by certain state concentrations.

Table 35
Outstanding Purchased Credit-impaired Loan Portfolio – Residential Mortgage State Concentrations

(Dollars in millions)	June 30 2013	December 31 2012
California	\$ 9,441	\$ 9,238
Florida ⁽¹⁾	2,019	1,797
Virginia	825	715
Maryland	803	417
Texas	476	192
Other U.S./Non-U.S.	7,660	5,092
Total	\$ 21,224	\$ 17,451

⁽¹⁾ In this state, foreclosure requires a court order following a legal proceeding (judicial state).

Pay option adjustable-rate mortgages (ARMs), which are included in the residential mortgage portfolio, have interest rates that adjust monthly and minimum required payments that adjust annually, subject to resetting if minimum payments are made and deferred interest limits are reached. Annual payment adjustments are subject to a 7.5 percent maximum change. To ensure that contractual loan payments are adequate to repay a loan, the fully-amortizing loan payment amount is re-established after the initial five- or ten-year period and again every five years thereafter. These payment adjustments are not subject to the 7.5 percent limit and may be substantial due to changes in interest rates and the addition of unpaid interest to the loan balance. Payment advantage ARMs have interest rates that are fixed for an initial period of five years. Payments are subject to reset if the minimum payments are made and deferred interest limits are reached. If interest deferrals cause a loan's principal balance to reach a certain level within the first 10 years of the life of the loan, the payment is reset to the interest-only payment; then at the 10-year point, the fully-amortizing payment is required.

The difference between the frequency of changes in a loan's interest rates and payments along with a limitation on changes in the minimum monthly payments of 7.5 percent per year can result in payments that are not sufficient to pay all of the monthly interest charges (i.e., negative amortization). Unpaid interest is added to the loan balance until the loan balance increases to a specified limit, which can be no more than 115 percent of the original loan amount, at which time a new monthly payment amount adequate to repay the loan over its remaining contractual life is established.

At June 30, 2013, the unpaid principal balance of pay option loans was \$6.0 billion, with a carrying amount of \$5.8 billion, including \$5.3 billion of loans that were credit-impaired upon acquisition, and accordingly, the reserve is based on a life-of-loan loss estimate. The total unpaid principal balance of pay option loans with accumulated negative amortization was \$3.6 billion including \$225 million of negative amortization. For those borrowers who are making payments in accordance with their contractual terms, 15 percent and 10 percent at June 30, 2013 and December 31, 2012 elected to make only the minimum payment on pay option ARMs. We believe the majority of borrowers are now making scheduled payments primarily because the low rate environment has caused the fully indexed rates to be affordable to more borrowers. We continue to evaluate our exposure to payment resets on the acquired negative-amortizing loans including the PCI pay option loan portfolio and have taken into consideration in the evaluation several assumptions regarding this evaluation including prepayment and default rates. Of the loans in the pay option portfolio at June 30, 2013 that have not already experienced a payment reset, less than one percent are expected to reset before 2016, 19 percent are expected to reset in 2016 and eight percent are expected to reset thereafter. In addition, seven percent are expected to prepay and 66 percent are expected to default prior to being reset, most of which were severely delinquent as of June 30, 2013.

Purchased Credit-impaired Home Equity Loan Portfolio

The PCI home equity portfolio comprised 26 percent of the total PCI loan portfolio at June 30, 2013. Those loans with a refreshed FICO score below 620 represented 18 percent of the PCI home equity portfolio at June 30, 2013. Loans with a refreshed CLTV greater than 90 percent, after consideration of purchase accounting adjustments and the related valuation allowance, represented 73 percent of the PCI home equity portfolio and 74 percent based on the unpaid principal balance at June 30, 2013. Table 36 presents outstandings net of purchase accounting adjustments and before the related valuation allowance, by certain state concentrations.

Table 36
Outstanding Purchased Credit-impaired Loan Portfolio – Home Equity State Concentrations

(Dollars in millions)	June 30 2013	December 31 2012
California	\$ 2,209	\$ 2,629
Florida ⁽¹⁾	404	524
Virginia	346	383
Arizona	244	297
Colorado	232	264
Other U.S./Non-U.S.	3,996	4,570
Total	\$ 7,431	\$ 8,667

⁽¹⁾ In this state, foreclosure requires a court order following a legal proceeding (judicial state).

U.S. Credit Card

The U.S. credit card portfolio is managed in CBB. Outstandings in the U.S. credit card portfolio decreased \$4.3 billion during the six months ended June 30, 2013 due to a seasonal decline in retail transaction volume. For the three and six months ended June 30, 2013, net charge-offs decreased \$327 million to \$917 million and \$711 million to \$1.9 billion compared to the same periods in 2012 due to improvements in delinquencies and bankruptcies as a result of an improved economic environment, account management on higher risk accounts and the impact of higher credit quality originations. U.S. credit card loans 30 days or more past due and still accruing interest decreased \$548 million while loans 90 days or more past due and still accruing interest declined \$270 million during the six months ended June 30, 2013 as a result of the factors mentioned above that contributed to lower net charge-offs. Table 37 presents certain key credit statistics for the consumer U.S. credit card portfolio.

Table 37
U.S. Credit Card – Key Credit Statistics

(Dollars in millions)	June 30 2013	December 31 2012
Outstandings	\$ 90,523	\$ 94,835
Accruing past due 30 days or more	2,200	2,748
Accruing past due 90 days or more	1,167	1,437

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Net charge-offs	\$ 917	\$ 1,244	\$ 1,864	\$ 2,575
Net charge-off ratios ⁽¹⁾	4.10 %	5.27 %	4.14 %	5.36 %

⁽¹⁾ Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding loans.

Unused lines of credit for U.S. credit card totaled \$327.5 billion at June 30, 2013 compared to \$335.5 billion at December 31, 2012. The \$8.0 billion decrease was driven by closure of inactive accounts and account management initiatives on higher risk accounts.

Table 38 presents certain state concentrations for the U.S. credit card portfolio.

Table 38
U.S. Credit Card State Concentrations

(Dollars in millions)	Outstandings		Accruing Past Due 90 Days or More		Net Charge-offs			
	June 30 2013	December 31 2012	June 30 2013	December 31 2012	Three Months Ended June 30		Six Months Ended June 30	
					2013	2012	2013	2012
California	\$ 13,471	\$ 14,101	\$ 186	\$ 235	\$ 152	\$ 226	\$ 314	\$ 470
Florida	7,114	7,469	118	149	95	138	198	290
Texas	6,206	6,448	74	92	57	78	118	160
New York	5,450	5,746	75	91	64	72	124	149
Washington	3,786	3,884	33	41	26	39	53	79
Other U.S.	54,496	57,187	681	829	523	691	1,057	1,427
Total U.S. credit card portfolio	\$ 90,523	\$ 94,835	\$ 1,167	\$ 1,437	\$ 917	\$ 1,244	\$ 1,864	\$ 2,575

Non-U.S. Credit Card

Outstandings in the non-U.S. credit card portfolio, which are recorded in *All Other*, decreased \$1.4 billion during the six months ended June 30, 2013 due to a weakening of the British Pound against the U.S. Dollar and a seasonal decline in retail transaction volume. For the three and six months ended June 30, 2013, net charge-offs decreased \$31 million to \$104 million and \$122 million to \$216 million compared to the same periods in 2012 due primarily to improvement in delinquencies as a result of higher credit quality originations, and portfolio sales.

Unused lines of credit for non-U.S. credit card totaled \$29.2 billion at June 30, 2013 compared to \$32.2 billion at December 31, 2012. The \$3.0 billion decrease was driven by a weakening of the British Pound against the U.S. Dollar and closure of inactive accounts.

Table 39 presents certain key credit statistics for the non-U.S. credit card portfolio.

Table 39
Non-U.S. Credit Card – Key Credit Statistics

(Dollars in millions)	June 30 2013		December 31 2012	
Outstandings	\$	10,340	\$	11,697
Accruing past due 30 days or more		287		403
Accruing past due 90 days or more		158		212

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Net charge-offs	\$ 104	\$ 135	\$ 216	\$ 338
Net charge-off ratios ⁽¹⁾	3.93%	3.97%	4.03%	4.89%

⁽¹⁾ Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding loans and leases.

Direct/Indirect Consumer

At June 30, 2013, approximately 49 percent of the direct/indirect portfolio was included in *CBB* (consumer dealer financial services - automotive, marine, aircraft, recreational vehicle loans and consumer personal loans), 41 percent was included in *GWIM* (principally securities-based lending loans and other personal loans) and the remainder was primarily in *All Other* (the *GWIM* International Wealth Management (*IWM*) businesses based outside of the U.S. and student loans).

Outstanding loans and leases increased \$153 million during the six months ended June 30, 2013 as growth within the consumer dealer financial services auto portfolio and securities-based lending portfolio was offset by a loan sale within the securities-based lending portfolio in connection with the Corporation's agreement to sell the *IWM* businesses as well as lower outstandings in the unsecured consumer lending portfolio. For the three and six months ended June 30, 2013, net charge-offs decreased \$95 million to \$86 million and \$197 million to \$210 million, or 0.42 percent and 0.51 percent of total average direct/indirect loans compared to 0.86 percent and 0.95 percent for the same periods in 2012. These decreases were primarily driven by improvements in delinquencies and bankruptcies in the unsecured consumer lending portfolio as a result of an improved economic environment as well as reduced outstandings.

For the three and six months ended June 30, 2013, net charge-offs in the unsecured consumer lending portfolio decreased \$80 million to \$54 million and \$167 million to \$124 million, or 5.60 percent and 6.04 percent of total average unsecured consumer lending loans compared to 8.03 percent and 8.18 percent for the same periods in 2012. During the six months ended June 30, 2013, direct/indirect loans that were past due 30 days or more and still accruing interest declined \$282 million to \$1.1 billion due to improvements in the unsecured consumer lending, dealer financial services and student lending portfolios.

Table 40 presents certain state concentrations for the direct/indirect consumer loan portfolio.

Table 40
Direct/Indirect State Concentrations

(Dollars in millions)	Outstandings		Accruing Past Due 90 Days or More		Net Charge-offs			
					Three Months Ended June 30		Six Months Ended June 30	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012	2013	2012	2013	2012
California	\$ 10,575	\$ 10,793	\$ 40	\$ 53	\$ 12	\$ 25	\$ 27	\$ 56
Florida	7,307	7,363	29	37	10	19	23	44
Texas	7,238	7,239	32	41	8	15	20	33
New York	4,761	4,794	23	28	5	13	12	26
Georgia	2,463	2,491	27	31	4	9	9	18
Other U.S./Non-U.S.	51,014	50,525	311	355	47	100	119	230
Total direct/indirect loan portfolio	\$ 83,358	\$ 83,205	\$ 462	\$ 545	\$ 86	\$ 181	\$ 210	\$ 407

Other Consumer

At June 30, 2013, approximately 72 percent of the \$1.8 billion other consumer portfolio was associated with certain consumer finance businesses that we previously exited. The remainder is primarily leases within the consumer dealer financial services portfolio included in *CBB*.

Consumer Loans Accounted for Under the Fair Value Option

Outstanding consumer loans accounted for under the fair value option were comprised entirely of residential mortgage loans in consolidated variable interest entities of \$1.1 billion at June 30, 2013. During the three and six months ended June 30, 2013, we recorded net gains of \$11 million and \$47 million resulting from changes in the fair value of the loan portfolio. These were offset by net losses recorded on the related long-term debt during the three and six months ended June 30, 2013.

Nonperforming Consumer Loans, Leases and Foreclosed Properties Activity

Table 41 presents nonperforming consumer loans, leases and foreclosed properties activity for the three and six months ended June 30, 2013 and 2012. Nonperforming LHFS are excluded from nonperforming loans as they are recorded at either fair value or the lower of cost or fair value. Nonperforming loans do not include past due consumer credit card loans, other unsecured loans and in general, consumer non-real estate-secured loans (excluding those loans discharged in Chapter 7 bankruptcy) as these loans are typically charged off no later than the end of the month in which the loan becomes 180 days past due. The charge-offs on these loans have no impact on nonperforming activity and accordingly are excluded from Table 41. The fully-insured loan portfolio is not reported as nonperforming as principal repayment is insured. Additionally, nonperforming loans do not include the PCI loan portfolio or loans accounted for under the fair value option. For further information on nonperforming loans, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K. Nonperforming loans decreased \$742 million and \$891 million during the three and six months ended June 30, 2013 as outflows outpaced new inflows which continued to improve due to favorable delinquency trends.

The outstanding balance of a real estate-secured loan that is in excess of the estimated property value less costs to sell is charged off no later than the end of the month in which the loan becomes 180 days past due unless repayment of the loan is fully insured. At June 30, 2013, \$9.5 billion, or 50 percent of nonperforming consumer real estate loans and foreclosed properties had been written down to their estimated property value less costs to sell, including \$9.0 billion of nonperforming loans 180 days or more past due and \$508 million of foreclosed properties. In addition, at June 30, 2013, \$6.3 billion of nonperforming loans, or 34 percent of nonperforming consumer loans, were modified and are now current after successful trial periods, or are current loans classified as nonperforming loans due to regulatory guidance issued in 2012. For more information on regulatory guidance issued in 2012, see Consumer Portfolio Credit Risk Management on page 80 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K.

Foreclosed properties decreased \$112 million and \$142 million during the three and six months ended June 30, 2013 as liquidations outpaced additions. PCI loans are excluded from nonperforming loans as these loans were written down to fair value at the acquisition date; however, once the underlying real estate is acquired by the Corporation upon foreclosure of the delinquent PCI loan, it is included in foreclosed properties. PCI-related foreclosed properties increased \$26 million and \$73 million during the three and six months ended June 30, 2013. Not included in foreclosed properties at June 30, 2013 was \$1.6 billion of real estate that was acquired upon foreclosure of delinquent FHA-insured loans. We hold this real estate on our balance sheet until we convey these properties to the FHA. We exclude these amounts from our nonperforming loans and foreclosed properties activity as we will be reimbursed once the property is conveyed to the FHA for principal and, up to certain limits, costs incurred during the foreclosure process and interest incurred during the holding period. For more information on the review of our foreclosure processes, see Off-Balance Sheet Arrangements and Contractual Obligations – Servicing, Foreclosure and Other Mortgage Matters on page 65.

Restructured Loans

Nonperforming loans also include certain loans that have been modified in TDRs where economic concessions have been granted to borrowers experiencing financial difficulties. These concessions typically result from the Corporation's loss mitigation activities and could include reductions in the interest rate, payment extensions, forgiveness of principal, forbearance or other actions. Certain TDRs are classified as nonperforming at the time of restructuring and may only be returned to performing status after considering the borrower's sustained repayment performance for a reasonable period, generally six months. Nonperforming TDRs, excluding those modified loans in the PCI loan portfolio, are included in Table 41.

Table 41

Nonperforming Consumer Loans, Leases and Foreclosed Properties Activity⁽¹⁾

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
(Dollars in millions)				
Nonperforming loans and leases, January 1	\$ 19,282	\$ 19,724	\$ 19,431	\$ 18,768
Additions to nonperforming loans and leases:				
New nonperforming loans and leases	2,289	3,259	4,950	6,567
Implementation of regulatory interagency guidance ⁽²⁾	n/a	n/a	n/a	1,853
Reductions to nonperforming loans and leases:				
Paydowns and payoffs	(695)	(858)	(1,375)	(2,011)
Sales	(175)	—	(175)	—
Returns to performing status ⁽³⁾	(1,139)	(1,271)	(2,082)	(2,184)
Charge-offs	(932)	(1,541)	(2,004)	(3,278)
Transfers to foreclosed properties ⁽⁴⁾	(90)	(192)	(205)	(594)
Total net additions (reductions) to nonperforming loans and leases	(742)	(603)	(891)	353
Total nonperforming loans and leases, June 30 ⁽⁵⁾	18,540	19,121	18,540	19,121
Foreclosed properties, January 1 ⁽⁶⁾	620	1,805	650	1,991
Additions to foreclosed properties:				
New foreclosed properties ⁽⁴⁾	179	190	387	737
Reductions to foreclosed properties:				
Sales	(266)	(835)	(484)	(1,484)
Write-downs	(25)	(52)	(45)	(136)
Total net reductions to foreclosed properties	(112)	(697)	(142)	(883)
Total foreclosed properties, June 30	508	1,108	508	1,108
Nonperforming consumer loans, leases and foreclosed properties, June 30	\$ 19,048	\$ 20,229	\$ 19,048	\$ 20,229
Nonperforming consumer loans and leases as a percentage of outstanding consumer loans and leases ⁽⁷⁾	3.43%	3.33%		
Nonperforming consumer loans, leases and foreclosed properties as a percentage of outstanding consumer loans, leases and foreclosed properties ⁽⁷⁾	3.52	3.52		

⁽¹⁾ Balances do not include nonperforming LHFS of \$554 million and \$606 million and nonaccruing TDRs removed from the PCI loan portfolio prior to January 1, 2010 of \$485 million and \$461 million at June 30, 2013 and 2012 as well as loans accruing past due 90 days or more as presented in Table 27 and Note 5 – *Outstanding Loans and Leases* to the Consolidated Financial Statements.

⁽²⁾ As a result of regulatory interagency guidance issued during 2012, we reclassified \$1.9 billion of performing home equity loans (of which \$1.6 billion were current) to nonperforming. For more information on regulatory interagency guidance, see Consumer Portfolio Credit Risk Management on page 80 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K.

⁽³⁾ Consumer loans may be returned to performing status when all principal and interest is current and full repayment of the remaining contractual principal and interest is expected, or when the loan otherwise becomes well-secured and is in the process of collection.

⁽⁴⁾ New foreclosed properties represents transfers of nonperforming loans to foreclosed properties net of charge-offs taken during the first 90 days after transfer of a loan to foreclosed properties. New foreclosed properties also includes properties obtained upon foreclosure of delinquent PCI loans, properties repurchased due to representations and warranties exposure and properties acquired with newly consolidated subsidiaries.

⁽⁵⁾ At June 30, 2013, 49 percent of nonperforming loans were 180 days or more past due and were written down through charge-offs to 62 percent of their unpaid principal balance.

⁽⁶⁾ Foreclosed property balances do not include loans that are insured by the FHA and have entered foreclosure of \$1.6 billion and \$1.2 billion at June 30, 2013 and 2012.

⁽⁷⁾ Outstanding consumer loans exclude loans accounted for under the fair value option.

n/a = not applicable

Our policy is to record any losses in the value of foreclosed properties as a reduction in the allowance for loan and lease losses during the first 90 days after transfer of a loan to foreclosed properties. Thereafter, further losses in value as well as gains and losses on sale are recorded in noninterest expense. New foreclosed properties included in Table 41 are net of \$47 million and \$88 million of charge-offs for the three and six months ended June 30, 2013 compared to \$60 million and \$201 million for the same periods in 2012, recorded during the first 90 days after transfer.

In accordance with regulatory guidance, we classify consumer real estate loans that have been discharged in Chapter 7 bankruptcy and not reaffirmed by the borrower as TDRs, irrespective of payment history or delinquency status, even if the repayment terms for the loan have not been otherwise modified. We continue to have a lien on the underlying collateral. At June 30, 2013, \$4.0 billion of loans discharged in Chapter 7 bankruptcy with no change in repayment terms at the time of discharge were included in TDRs, of which \$2.0 billion were classified as nonperforming and \$2.0 billion were loans fully-insured by the FHA. Of the \$4.0 billion of TDRs, approximately 14 percent, 36 percent and 50 percent were discharged in Chapter 7 bankruptcy in the six months ended June 30, 2013, in the year ended December 31, 2012 and in years prior to 2012, respectively. In addition, at June 30, 2013, of the \$2.0 billion of nonperforming loans discharged in Chapter 7 bankruptcy, \$1.0 billion were current on their contractual payments while \$930 million were 90 days or more past due. Of the contractually current nonperforming loans, more than 70 percent were discharged in Chapter 7 bankruptcy more than 12 months ago, and nearly 45 percent were discharged 24 months or more ago. As subsequent cash payments are received, the interest component of the payments is generally recorded as interest income on a cash basis and the principal component is recorded as a reduction in the carrying value of the loan. For more information on the impacts to consumer home loan TDRs, see *Note 5 – Outstanding Loans and Leases* to the Consolidated Financial Statements.

In accordance with bank regulatory interagency guidance, 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. At June 30, 2013 and December 31, 2012, \$1.3 billion and \$1.5 billion of such loans were included in nonperforming loans.

Table 42 presents TDRs for the home loans portfolio. Performing TDR balances are excluded from nonperforming loans and leases in Table 41.

Table 42
Home Loans Troubled Debt Restructurings

(Dollars in millions)	June 30, 2013			December 31, 2012		
	Total	Nonperforming	Performing	Total	Nonperforming	Performing
Residential mortgage ^(1, 2)	\$ 31,632	\$ 9,460	\$ 22,172	\$ 28,125	\$ 9,040	\$ 19,085
Home equity ⁽³⁾	2,161	1,329	832	2,125	1,242	883
Total home loans troubled debt restructurings	\$ 33,793	\$ 10,789	\$ 23,004	\$ 30,250	\$ 10,282	\$ 19,968

⁽¹⁾ Residential mortgage TDRs deemed collateral dependent totaled \$9.5 billion and \$9.4 billion, and included \$6.7 billion and \$6.4 billion of loans classified as nonperforming and \$2.8 billion and \$3.0 billion of loans classified as performing at June 30, 2013 and December 31, 2012.

⁽²⁾ Residential mortgage performing TDRs included \$14.7 billion and \$11.9 billion of loans that were fully-insured at June 30, 2013 and December 31, 2012.

⁽³⁾ Home equity TDRs deemed collateral dependent totaled \$1.4 billion at both period ends, and included \$1.1 billion and \$1.0 billion of loans classified as nonperforming and \$311 million and \$348 million of loans classified as performing at June 30, 2013 and December 31, 2012.

We work with customers that are experiencing financial difficulty by modifying credit card and other consumer loans, while complying with Federal Financial Institutions Examination Council guidelines. Credit card and other consumer loan modifications generally involve a reduction in the consumer's interest rate on the account and placing the customer on a fixed payment plan not exceeding 60 months, all of which are considered TDRs (the renegotiated TDR portfolio). In addition, non-U.S. credit card modifications may involve reducing the interest rate on the account without placing the customer on a fixed payment plan, and these are also considered TDRs (also a part of the renegotiated TDR portfolio). We make modifications primarily through internal renegotiation programs utilizing direct customer contact, but may also utilize external renegotiation programs. The renegotiated TDR portfolio is excluded in large part from Table 41 as substantially all of the loans remain on accrual status until either charged off or paid in full. At June 30, 2013 and December 31, 2012, our renegotiated TDR portfolio was \$2.8 billion and \$3.9 billion, of which \$2.2 billion and \$3.1 billion were current or less than 30 days past due under the modified terms. The decline in the renegotiated TDR portfolio was primarily driven by paydowns and charge-offs as well as lower program enrollments. For more information on the renegotiated TDR portfolio, see *Note 5 – Outstanding Loans and Leases* to the Consolidated Financial Statements.

Commercial Portfolio Credit Risk Management

Commercial credit risk is evaluated and managed with the goal that concentrations of credit exposure do not result in undesirable levels of risk. We review, measure and manage concentrations of credit exposure by industry, product, geography, customer relationship and loan size. We also review, measure and manage commercial real estate loans by geographic location and property type. In addition, within our international portfolio, we evaluate exposures by region and by country. Tables 47, 52, 59 and 60 summarize our concentrations. We also utilize syndications of exposure to third parties, loan sales, hedging and other risk mitigation techniques to manage the size and risk profile of the commercial credit portfolio.

For information on our accounting policies regarding delinquencies, nonperforming status and net charge-offs for the commercial portfolio, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

Commercial Credit Portfolio

During the three and six months ended June 30, 2013 and 2012, credit quality in the commercial loan portfolio continued to show improvement. Reservable criticized balances and nonperforming loans, leases and foreclosed property balances declined during the six months ended June 30, 2013, with the declines primarily in the commercial real estate portfolio. Commercial real estate continued to show improvement in both the residential and non-residential portfolios. Most other credit indicators across the remaining commercial portfolios also improved. The allowance for loan and lease losses for the commercial portfolio increased \$62 million to \$3.2 billion at June 30, 2013 compared to December 31, 2012 as continued improvement in credit quality was offset by loan growth across the core commercial portfolio (total commercial products excluding U.S. small business). For additional information, see Allowance for Credit Losses on page 120.

Table 43 presents our commercial loans and leases, and related credit quality information at June 30, 2013 and December 31, 2012.

Table 43
Commercial Loans and Leases

	Outstandings		Nonperforming		Accruing Past Due 90 Days or More	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012	June 30 2013	December 31 2012
(Dollars in millions)						
U.S. commercial	\$ 206,943	\$ 197,126	\$ 1,279	\$ 1,484	\$ 50	\$ 65
Commercial real estate ⁽¹⁾	42,126	38,637	627	1,513	25	29
Commercial lease financing	23,912	23,843	10	44	22	15
Non-U.S. commercial	86,710	74,184	80	68	1	—
	359,691	333,790	1,996	3,109	98	109
U.S. small business commercial ⁽²⁾	12,424	12,593	107	115	100	120
Commercial loans excluding loans accounted for under the fair value option	372,115	346,383	2,103	3,224	198	229
Loans accounted for under the fair value option ⁽³⁾	8,409	7,997	2	11	—	—
Total commercial loans and leases	\$ 380,524	\$ 354,380	\$ 2,105	\$ 3,235	\$ 198	\$ 229

⁽¹⁾ Includes U.S. commercial real estate loans of \$40.3 billion and \$37.2 billion and non-U.S. commercial real estate loans of \$1.8 billion and \$1.5 billion at June 30, 2013 and December 31, 2012.

⁽²⁾ Includes card-related products.

⁽³⁾ Commercial loans accounted for under the fair value option include U.S. commercial loans of \$2.0 billion and \$2.3 billion and non-U.S. commercial loans of \$6.4 billion and \$5.7 billion at June 30, 2013 and December 31, 2012. See *Note 17 – Fair Value Option* to the Consolidated Financial Statements for additional information on the fair value option.

Outstanding commercial loans and leases increased \$26.1 billion during the six months ended June 30, 2013 primarily in the non-U.S. commercial and U.S. commercial product types. Nonperforming commercial loans and leases as a percentage of outstanding commercial loans and leases improved during the six months ended June 30, 2013 to 0.55 percent from 0.91 percent (0.57 percent and 0.93 percent excluding loans accounted for under the fair value option) at December 31, 2012. Accruing commercial loans and leases past due 90 days or more as a percentage of outstanding commercial loans and leases was 0.05 percent and 0.06 percent at June 30, 2013 and December 31, 2012.

Table 44 presents net charge-offs and related ratios for our commercial loans and leases for the three and six months ended June 30, 2013 and 2012. Improving trends across the portfolio drove lower charge-offs.

Table 44**Commercial Net Charge-offs and Related Ratios**

(Dollars in millions)	Net Charge-offs				Net Charge-off Ratios ⁽¹⁾			
	Three Months Ended June 30		Six Months Ended June 30		Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012	2013	2012	2013	2012
U.S. commercial	\$ 43	\$ 94	\$ 88	\$ 160	0.09 %	0.20%	0.09 %	0.18%
Commercial real estate	44	77	137	209	0.43	0.83	0.69	1.10
Commercial lease financing	(5)	14	(15)	5	(0.08)	0.25	(0.13)	0.04
Non-U.S. commercial	16	7	1	2	0.08	0.06	—	0.01
	98	192	211	376	0.11	0.26	0.12	0.26
U.S. small business commercial	98	183	200	368	3.15	5.74	3.24	5.68
Total commercial	\$ 196	\$ 375	\$ 411	\$ 744	0.22	0.49	0.23	0.48

⁽¹⁾ Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding loans and leases excluding loans accounted for under the fair value option.

Table 45 presents commercial credit exposure by type for utilized, unfunded and total binding committed credit exposure. Commercial utilized credit exposure includes standby letters of credit (SBLCs) and financial guarantees, bankers' acceptances and commercial letters of credit for which we are legally bound to advance funds under prescribed conditions, during a specified period. Although funds have not yet been advanced, these exposure types are considered utilized for credit risk management purposes. Total commercial committed credit exposure increased \$33.8 billion during the six months ended June 30, 2013 primarily driven by increases in loans and leases.

Total commercial utilized credit exposure increased \$25.4 billion during the six months ended June 30, 2013 primarily driven by increases in loans and leases. The utilization rate for loans and leases, SBLCs and financial guarantees, commercial letters of credit and bankers' acceptances was 59 percent and 58 percent at June 30, 2013 and December 31, 2012.

Table 45**Commercial Credit Exposure by Type**

(Dollars in millions)	Commercial Utilized ⁽¹⁾		Commercial Unfunded ^(2,3)		Total Commercial Committed	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012	June 30 2013	December 31 2012
Loans and leases	\$ 380,524	\$ 354,380	\$ 291,185	\$ 281,915	\$ 671,709	\$ 636,295
Derivative assets ⁽⁴⁾	56,772	53,497	—	—	56,772	53,497
Standby letters of credit and financial guarantees	38,576	41,036	1,241	2,119	39,817	43,155
Debt securities and other investments	12,065	10,937	10,443	6,914	22,508	17,851
Loans held-for-sale	6,297	7,928	50	3,763	6,347	11,691
Commercial letters of credit	2,409	2,065	787	564	3,196	2,629
Bankers' acceptances	267	185	—	3	267	188
Foreclosed properties and other ⁽⁵⁾	236	1,699	—	—	236	1,699
Total	\$ 497,146	\$ 471,727	\$ 303,706	\$ 295,278	\$ 800,852	\$ 767,005

⁽¹⁾ Total commercial utilized exposure includes loans outstanding of \$8.4 billion and \$8.0 billion and commercial letters of credit with a notional value of \$567 million and \$672 million accounted for under the fair value option at June 30, 2013 and December 31, 2012.

⁽²⁾ Total commercial unfunded exposure includes loan commitments with a notional value of \$15.3 billion and \$17.6 billion accounted for under the fair value option at June 30, 2013 and December 31, 2012.

⁽³⁾ Excludes unused business card lines which are not legally binding.

⁽⁴⁾ Derivative assets are carried at fair value, reflect the effects of legally enforceable master netting agreements and have been reduced by cash collateral of \$50.5 billion and \$58.1 billion at June 30, 2013 and December 31, 2012. Not reflected in utilized and committed exposure is additional derivative collateral held of \$18.4 billion and \$18.7 billion which consists primarily of other marketable securities.

⁽⁵⁾ The net nonline exposure of \$1.3 billion at December 31, 2012 was settled during 2013.

Table 46 presents commercial utilized reservable criticized exposure by product type. Criticized exposure corresponds to the Special Mention, Substandard and Doubtful asset categories as defined by regulatory authorities. Total commercial utilized reservable criticized exposure decreased \$1.0 billion, or six percent, during the six months ended June 30, 2013 primarily in the commercial real estate portfolio driven largely by continued paydowns, upgrades, charge-offs and sales outpacing downgrades. At June 30, 2013, approximately 84 percent of commercial utilized reservable criticized exposure was secured compared to 82 percent at December 31, 2012.

Table 46
Commercial Utilized Reservable Criticized Exposure

(Dollars in millions)	June 30, 2013		December 31, 2012	
	Amount ⁽¹⁾	Percent ⁽²⁾	Amount ⁽¹⁾	Percent ⁽²⁾
U.S. commercial	\$ 8,929	3.73%	\$ 8,631	3.72%
Commercial real estate	2,340	5.28	3,782	9.24
Commercial lease financing	1,132	4.73	969	4.06
Non-U.S. commercial	1,742	1.87	1,614	2.02
	14,143	3.53	14,996	3.98
U.S. small business commercial	785	6.32	940	7.45
Total commercial utilized reservable criticized exposure	\$ 14,928	3.62	\$ 15,936	4.10

⁽¹⁾ Total commercial utilized reservable criticized exposure includes loans and leases of \$13.5 billion and \$14.6 billion and commercial letters of credit of \$1.5 billion and \$1.3 billion at June 30, 2013 and December 31, 2012.

⁽²⁾ Percentages are calculated as commercial utilized reservable criticized exposure divided by total commercial utilized reservable exposure for each exposure category.

U.S. Commercial

At June 30, 2013, 62 percent of the U.S. commercial loan portfolio, excluding small business, was managed in *Global Banking*, 17 percent in *Global Markets*, nine percent in *GWIM* (business-purpose loans for wealthy clients) and the remainder primarily in *CBB*. U.S. commercial loans, excluding loans accounted for under the fair value option, increased \$9.8 billion, or five percent, during the six months ended June 30, 2013 due to increased client financing activity and growth across the majority of core commercial portfolios. Nonperforming loans and leases decreased \$205 million during the six months ended June 30, 2013. The declines were broad-based with respect to clients and industries, driven by improved client credit profiles and liquidity. Net charge-offs decreased \$51 million and \$72 million for the three and six months ended June 30, 2013 compared to the same periods in 2012 primarily due to lower gross charge-offs.

Commercial Real Estate

The commercial real estate portfolio is predominantly managed in *Global Banking* and consists of loans made primarily to public and private developers, and commercial real estate firms. Outstanding loans increased \$3.5 billion, or nine percent, during the six months ended June 30, 2013 due to new originations in major metropolitan markets.

The portfolio remains diversified across property types and geographic regions. California represented the largest state concentration at 22 percent and 23 percent of commercial real estate loans and leases at June 30, 2013 and December 31, 2012.

For the three and six months ended June 30, 2013, we continued to see improvements in the credit quality in both the residential and non-residential portfolios. We use a number of proactive risk mitigation initiatives to reduce utilized and potential exposure in the commercial real estate portfolios including ongoing refinement of our credit standards, additional transfers of deteriorating exposures to management by independent special asset officers and the pursuit of loan restructurings or asset sales to achieve the best results for our customers and the Corporation.

Nonperforming commercial real estate loans and foreclosed properties decreased \$1.0 billion, or 57 percent, during the six months ended June 30, 2013 primarily in the non-residential portfolio. Reservable criticized balances decreased \$1.4 billion, or 38 percent, primarily due to declines in the non-residential portfolio. Net charge-offs decreased \$33 million and \$72 million for the three and six months ended June 30, 2013 compared to the same periods in 2012 due to improvement in the non-residential portfolio.

Table of Contents

Table 47 presents outstanding commercial real estate loans by geographic region, based on the geographic location of the collateral, and by property type. Commercial real estate primarily includes commercial loans and leases secured by non-owner-occupied real estate and is dependent on the sale or lease of the real estate as the primary source of repayment.

Table 47

Outstanding Commercial Real Estate Loans

(Dollars in millions)	June 30 2013	December 31 2012
By Geographic Region		
California	\$ 9,368	\$ 8,792
Northeast	8,099	7,315
Southwest	5,650	4,612
Southeast	4,584	4,440
Midwest	3,242	3,421
Florida	2,375	2,148
Midsouth	1,926	1,980
Northwest	1,880	1,553
Illinois	1,830	1,700
Non-U.S.	1,828	1,483
Other ⁽¹⁾	1,344	1,193
Total outstanding commercial real estate loans	\$ 42,126	\$ 38,637
By Property Type		
Non-residential		
Office	\$ 10,739	\$ 9,324
Multi-family rental	7,188	5,893
Shopping centers/retail	6,240	5,780
Industrial/warehouse	3,910	3,839
Hotels/motels	3,188	3,095
Multi-use	1,927	2,186
Land and land development	923	1,157
Other	6,508	5,722
Total non-residential	40,623	36,996
Residential	1,503	1,641
Total outstanding commercial real estate loans	\$ 42,126	\$ 38,637

⁽¹⁾ Includes unsecured loans to real estate investment trusts and national home builders whose portfolios of properties span multiple geographic regions and properties in the states of Colorado, Utah, Hawaii, Wyoming and Montana.

Table of Contents

Tables 48 and 49 present commercial real estate credit quality data by non-residential and residential property types. The residential portfolio presented in Tables 47, 48 and 49 includes condominiums and other residential real estate. Other property types in Tables 47, 48 and 49 primarily include special purpose, nursing/retirement homes, medical facilities and restaurants, as well as unsecured loans to borrowers whose primary business is commercial real estate.

Table 48

Commercial Real Estate Credit Quality Data

	Nonperforming Loans and Foreclosed Properties ⁽¹⁾		Utilized Reservable Criticized Exposure ⁽²⁾	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012
(Dollars in millions)				
Non-residential				
Office	\$ 131	\$ 295	\$ 562	\$ 914
Multi-family rental	39	109	320	375
Shopping centers/retail	101	230	275	464
Industrial/warehouse	45	160	161	324
Hotels/motels	9	45	47	202
Multi-use	45	123	266	309
Land and land development	168	321	198	359
Other	38	87	239	301
Total non-residential	576	1,370	2,068	3,248
Residential	180	393	272	534
Total commercial real estate	\$ 756	\$ 1,763	\$ 2,340	\$ 3,782

⁽¹⁾ Includes commercial foreclosed properties of \$129 million and \$250 million at June 30, 2013 and December 31, 2012.

⁽²⁾ Includes loans, SBLCs and bankers' acceptances and excludes loans accounted for under the fair value option.

Table 49

Commercial Real Estate Net Charge-offs and Related Ratios

	Net Charge-offs				Net Charge-off Ratios ⁽¹⁾			
	Three Months Ended June 30		Six Months Ended June 30		Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012	2013	2012	2013	2012
(Dollars in millions)								
Non-residential								
Office	\$ —	\$ 40	\$ 28	\$ 99	0.01 %	2.21 %	0.57 %	2.72 %
Multi-family rental	2	8	4	12	0.13	0.58	0.11	0.43
Shopping centers/retail	(3)	21	7	29	(0.22)	1.50	0.23	1.01
Industrial/warehouse	8	9	18	24	0.82	0.93	0.95	1.25
Hotels/motels	13	2	18	3	1.56	0.33	1.13	0.24
Multi-use	2	28	6	39	0.49	4.00	0.56	2.64
Land and land development	12	(79)	24	(73)	5.12	(23.51)	4.79	(10.28)
Other	(10)	—	(10)	8	(0.76)	0.04	(0.37)	0.26
Total non-residential	24	29	95	141	0.24	0.34	0.50	0.79
Residential	20	48	42	68	5.21	9.49	5.45	6.31
Total commercial real estate	\$ 44	\$ 77	\$ 137	\$ 209	0.43	0.83	0.69	1.10

⁽¹⁾ Net charge-off ratios are calculated as annualized net charge-offs divided by average outstanding loans excluding loans accounted for under the fair value option.

At June 30, 2013, total committed non-residential exposure was \$60.5 billion compared to \$54.5 billion at December 31, 2012, of which \$40.6 billion and \$37.0 billion were funded secured loans. Non-residential nonperforming loans and foreclosed properties were \$576 million and \$1.4 billion at June 30, 2013 and December 31, 2012, which represented 1.41 percent and 3.68 percent of total non-residential loans and foreclosed properties. The decline in nonperforming loans and foreclosed properties in the non-residential portfolio was driven by decreases across all property types. Non-residential utilized reservable criticized exposure decreased to \$2.1 billion at June 30, 2013 compared to \$3.2 billion at December 31, 2012, which represented 4.84 percent and 8.27 percent of non-residential utilized reservable exposure, primarily due to continued resolution of legacy criticized exposure. The decrease in reservable criticized exposure was driven by decreases across all property types. For the non-residential portfolio, net charge-offs decreased \$5 million and \$46 million.

for the three and six months ended June 30, 2013 compared to the same periods in 2012 primarily due to lower overall levels of criticized and nonperforming assets, as well as higher recoveries of prior charge-offs.

Total committed residential exposure of \$3.1 billion was relatively unchanged compared to December 31, 2012 with \$1.5 billion and \$1.6 billion of funded secured loans at June 30, 2013 and December 31, 2012. Residential nonperforming loans and foreclosed properties decreased \$213 million during the six months ended June 30, 2013 due to repayments, sales and loan restructuring. Residential utilized reservable criticized exposure decreased \$262 million during the six months ended June 30, 2013 due to continued resolution of legacy criticized exposure. The nonperforming loans, leases and foreclosed properties and the utilized reservable criticized ratios for the residential portfolio were 11.85 percent and 17.41 percent at June 30, 2013 compared to 23.33 percent and 31.56 percent at December 31, 2012. Net charge-offs for the residential portfolio decreased \$28 million and \$26 million for the three and six months ended June 30, 2013 compared to the same periods in 2012.

At June 30, 2013 and December 31, 2012, the commercial real estate loan portfolio included \$6.5 billion and \$6.7 billion of funded construction and land development loans that were originated to fund the construction and/or rehabilitation of commercial properties. Reservable criticized construction and land development loans totaled \$828 million and \$1.5 billion, and nonperforming construction and land development loans and foreclosed properties totaled \$182 million and \$730 million at June 30, 2013 and December 31, 2012. During a property's construction phase, interest income is typically paid from interest reserves that are established at the inception of the loan. As construction is completed and the property is put into service, these interest reserves are depleted and interest payments from operating cash flows begin. We do not recognize interest income on nonperforming loans regardless of the existence of an interest reserve.

Non-U.S. Commercial

At June 30, 2013, 71 percent of the non-U.S. commercial loan portfolio was managed in *Global Banking* and 29 percent in *Global Markets*. Outstanding loans, excluding loans accounted for under the fair value option, increased \$12.5 billion during the six months ended June 30, 2013 primarily due to increased corporate client demand and client financing activity. Net charge-offs were \$16 million and \$1 million for the three and six months ended June 30, 2013 compared to \$7 million and \$2 million for the same periods in 2012. For more information on the non-U.S. commercial portfolio, see Non-U.S. Portfolio on page 116.

U.S. Small Business Commercial

The U.S. small business commercial loan portfolio is comprised of small business card loans and small business loans managed in *CBB*. Card-related products were 46 percent and 45 percent of the U.S. small business commercial portfolio at June 30, 2013 and December 31, 2012. U.S. small business commercial net charge-offs decreased \$85 million and \$168 million for the three and six months ended June 30, 2013 compared to the same periods in 2012 driven by lower delinquencies and bankruptcies resulting from an improvement in credit quality within the small business loan portfolio, an improved economic environment, the reduction of higher risk vintages and the impact of higher credit quality originations. Of the U.S. small business commercial net charge-offs, 72 percent and 74 percent were credit card-related products for the three and six months ended June 30, 2013 compared to 62 percent and 64 percent for the same periods in 2012.

Commercial Loans Accounted for Under the Fair Value Option

The portfolio of commercial loans accounted for under the fair value option is managed primarily in *Global Banking*. Outstanding commercial loans accounted for under the fair value option increased \$412 million to an aggregate fair value of \$8.4 billion at June 30, 2013 compared to December 31, 2012 primarily due to increased corporate borrowings under bank credit facilities. We recorded no net gains or losses and net gains of \$46 million during the three and six months ended June 30, 2013 compared to net losses of \$53 million and net gains of \$75 million for the same periods in 2012 resulting from changes in the fair value of the loan portfolio. These amounts were primarily attributable to changes in instrument-specific credit risk, were recorded in other income (loss) and do not reflect the results of hedging activities.

In addition, unfunded lending commitments and letters of credit accounted for under the fair value option had an aggregate fair value of \$486 million and \$528 million at June 30, 2013 and December 31, 2012 which was recorded in accrued expenses and other liabilities. The associated aggregate notional amount of unfunded lending commitments and letters of credit accounted for under the fair value option was \$15.9 billion and \$18.3 billion at June 30, 2013 and December 31, 2012. We recorded net losses of \$19 million and net gains of \$46 million from changes in the fair value of commitments and letters of credit during the three and six months ended June 30, 2013 compared to net losses of \$112 million and net gains of \$292 million for the same periods in 2012 resulting from maturities and terminations at par value and changes in the fair value of the loan portfolio. These amounts were primarily attributable to changes in instrument-specific credit risk, were recorded in other income (loss) and do not reflect the results of hedging activities.

Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity

Table 50 presents the nonperforming commercial loans, leases and foreclosed properties activity during the three and six months ended June 30, 2013 and 2012. Nonperforming loans do not include loans accounted for under the fair value option. During the three and six months ended June 30, 2013, nonperforming commercial loans and leases decreased \$631 million and \$1.1 billion to \$2.1 billion driven by paydowns, returns to performing status, charge-offs and sales outpacing new nonperforming loans. Approximately 91 percent of commercial nonperforming loans, leases and foreclosed properties are secured and approximately 48 percent are contractually current. Commercial nonperforming loans are carried at approximately 77 percent of their unpaid principal balance before consideration of the allowance for loan and lease losses as the carrying value of these loans has been reduced to the estimated property value less costs to sell.

Table 50

Nonperforming Commercial Loans, Leases and Foreclosed Properties Activity^(1, 2)

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Nonperforming loans and leases, beginning of period	\$ 2,734	\$ 5,751	\$ 3,224	\$ 6,337
Additions to nonperforming loans and leases:				
New nonperforming loans and leases	269	788	619	1,387
Advances	3	14	9	38
Reductions to nonperforming loans and leases:				
Paydowns	(312)	(806)	(640)	(1,379)
Sales	(171)	(392)	(318)	(529)
Returns to performing status ⁽³⁾	(243)	(152)	(410)	(297)
Charge-offs	(170)	(379)	(347)	(670)
Transfers to foreclosed properties ⁽⁴⁾	(7)	(109)	(28)	(172)
Transfers to loans held-for-sale	—	—	(6)	—
Total net reductions to nonperforming loans and leases	(631)	(1,036)	(1,121)	(1,622)
Total nonperforming loans and leases, June 30	2,103	4,715	2,103	4,715
Foreclosed properties, beginning of period	206	510	250	612
Additions to foreclosed properties:				
New foreclosed properties ⁽⁴⁾	3	83	15	127
Reductions in foreclosed properties:				
Sales	(76)	(137)	(120)	(260)
Write-downs	(4)	(23)	(16)	(46)
Total net reductions to foreclosed properties	(77)	(77)	(121)	(179)
Total foreclosed properties, June 30	129	433	129	433
Nonperforming commercial loans, leases and foreclosed properties, June 30	\$ 2,232	\$ 5,148	\$ 2,232	\$ 5,148
Nonperforming commercial loans and leases as a percentage of outstanding commercial loans and leases ⁽⁵⁾	0.57%	1.52%		
Nonperforming commercial loans, leases and foreclosed properties as a percentage of outstanding commercial loans, leases and foreclosed properties ⁽⁵⁾	0.60	1.66		

⁽¹⁾ Balances do not include nonperforming LHFS of \$337 million and \$756 million at June 30, 2013 and 2012.

⁽²⁾ Includes U.S. small business commercial activity. Small business card loans are excluded as they are not classified as nonperforming.

⁽³⁾ Commercial loans and leases may be returned to performing status when all principal and interest is current and full repayment of the remaining contractual principal and interest is expected or when the loan otherwise becomes well-secured and is in the process of collection. TDRs are generally classified as performing after a sustained period of demonstrated payment performance.

⁽⁴⁾ New foreclosed properties represents transfers of nonperforming loans to foreclosed properties net of charge-offs recorded during the first 90 days after transfer of a loan to foreclosed properties.

⁽⁵⁾ Outstanding commercial loans exclude loans accounted for under the fair value option.

Table of Contents

Table 51 presents our commercial TDRs by product type and performing status. U.S. small business commercial TDRs are comprised of renegotiated small business card loans and are not classified as nonperforming as they are charged off no later than the end of the month in which the loan becomes 180 days past due. For more information on TDRs, see *Note 5 – Outstanding Loans and Leases* to the Consolidated Financial Statements.

Table 51
Commercial Troubled Debt Restructurings

(Dollars in millions)	June 30, 2013			December 31, 2012		
	Total	Non-performing	Performing	Total	Non-performing	Performing
U.S. commercial	\$ 1,295	\$ 563	\$ 732	\$ 1,328	\$ 565	\$ 763
Commercial real estate	937	358	579	1,391	740	651
Non-U.S. commercial	111	29	82	100	15	85
U.S. small business commercial	136	—	136	202	—	202
Total commercial troubled debt restructurings	\$ 2,479	\$ 950	\$ 1,529	\$ 3,021	\$ 1,320	\$ 1,701

Industry Concentrations

Table 52 presents commercial committed and utilized credit exposure by industry and the total net credit default protection purchased to cover the funded and unfunded portions of certain credit exposures. Our commercial credit exposure is diversified across a broad range of industries. Total committed commercial credit exposure increased \$33.8 billion, or four percent, during the six months ended June 30, 2013 to \$800.9 billion. The increase in commercial committed exposure was concentrated in diversified financials, banking, real estate and retailing partially offset by lower exposure in food, beverage and tobacco.

Industry limits are used internally to manage industry concentrations and are based on committed exposures and capital usage that are allocated on an industry-by-industry basis. A risk management framework is in place to set and approve industry limits as well as to provide ongoing monitoring. Management's Credit Risk Committee (CRC) oversees industry limit governance.

Diversified financials, our largest industry concentration, experienced an increase in committed exposure of \$15.5 billion, or 16 percent, during the six months ended June 30, 2013. The increase was driven by higher derivative exposure and funded loans.

Real estate, our second largest industry concentration, experienced an increase in committed exposure of \$4.5 billion, or seven percent, during the six months ended June 30, 2013 primarily due to new originations and renewals outpacing paydowns and sales. Real estate construction and land development exposure represented 14 percent of the total real estate industry committed exposure at both June 30, 2013 and December 31, 2012. For more information on commercial real estate and related portfolios, see Commercial Portfolio Credit Risk Management – Commercial Real Estate on page 106.

Committed exposure to the food, beverage and tobacco industry decreased \$5.9 billion, or 16 percent, during the six months ended June 30, 2013. The decrease was primarily related to commitment reductions and paydowns. Banking committed exposure increased \$4.9 billion, or 11 percent, during the six months ended June 30, 2013 driven by loans to mortgage banking companies. Retailing committed exposure increased \$4.2 billion, or nine percent, during the six months ended June 30, 2013 driven by loans to auto dealers and general merchandise stores. Materials committed exposure increased \$2.9 billion, or seven percent, during the six months ended June 30, 2013. The increase was related to higher exposure to commodity chemicals and diversified metals manufacturing. Energy committed exposure increased \$2.7 billion, or seven percent, during the six months ended June 30, 2013 reflecting higher non-U.S. refining and marketing, and integrated oil and gas exposures. Government and public education committed exposure decreased \$2.4 billion, or five percent, during the six months ended June 30, 2013 primarily driven by decreases in derivatives and SBLCs.

Our committed state and municipal exposure of \$35.1 billion at June 30, 2013 consisted of \$28.2 billion of commercial utilized exposure (including \$17.1 billion of funded loans, \$7.6 billion of SBLCs and \$2.3 billion of derivative assets) and unfunded commercial exposure of \$6.9 billion (primarily unfunded loan commitments and letters of credit) and is reported in the government and public education industry in Table 52. While the slow economic recovery continues to pressure budgets, most state and local governments have implemented offsetting fiscal adjustments and continue to honor debt obligations as agreed. While historical default rates have been low, as part of our overall and ongoing risk management processes, we continually monitor these exposures through a rigorous review process. Additionally, internal communications are regularly circulated such that exposure levels are maintained in compliance with established concentration guidelines.

Table 52
Commercial Credit Exposure by Industry⁽¹⁾

	Commercial Utilized		Total Commercial Committed	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012
(Dollars in millions)				
Diversified financials	\$ 77,827	\$ 66,102	\$ 115,066	\$ 99,574
Real estate ⁽²⁾	49,564	47,479	70,162	65,639
Retailing	31,051	28,065	51,906	47,719
Capital goods	26,737	25,071	50,699	49,196
Banking	42,395	39,829	49,730	44,822
Government and public education	39,260	41,441	47,871	50,277
Healthcare equipment and services	29,327	29,396	46,418	45,488
Materials	22,831	21,809	43,369	40,493
Energy	21,052	17,661	41,133	38,441
Consumer services	21,721	23,093	34,743	36,367
Food, beverage and tobacco	14,704	14,738	31,488	37,344
Commercial services and supplies	18,932	19,020	30,478	30,257
Utilities	8,811	8,403	23,660	23,425
Transportation	15,492	13,791	22,716	20,255
Media	13,249	13,091	21,824	21,705
Individuals and trusts	14,367	13,916	18,081	17,801
Software and services	6,389	5,549	13,417	12,125
Insurance, including monolines	5,880	8,491	12,315	14,117
Pharmaceuticals and biotechnology	4,243	3,846	11,473	11,401
Technology hardware and equipment	4,840	5,111	11,289	11,101
Telecommunication services	3,871	4,008	10,588	10,276
Consumer durables and apparel	5,404	4,246	9,942	8,438
Automobiles and components	3,263	3,312	8,262	7,675
Food and staples retailing	4,363	3,528	7,848	6,838
Religious and social organizations	5,895	6,850	7,824	9,107
Other	5,678	3,881	8,550	7,124
Total commercial credit exposure by industry	\$ 497,146	\$ 471,727	\$ 800,852	\$ 767,005
Net credit default protection purchased on total commitments ⁽³⁾			\$ (11,060)	\$ (14,657)

⁽¹⁾ Includes U.S. small business commercial exposure.

⁽²⁾ Industries are viewed from a variety of perspectives to best isolate the perceived risks. For purposes of this table, the real estate industry is defined based on the borrowers' or counterparties' primary business activity using operating cash flows and primary source of repayment as key factors.

⁽³⁾ Represents net notional credit protection purchased. See Commercial Portfolio Credit Risk Management – Risk Mitigation on page 113 for additional information.

Monoline Exposure

Monoline exposure is reported in the insurance industry and managed under insurance portfolio industry limits. We have indirect exposure to monolines primarily in the form of guarantees supporting our loans, investment portfolios, securitizations and credit-enhanced securities as part of our public finance business and other selected products. Such indirect exposure exists when we purchase credit protection from monolines to hedge all or a portion of the credit risk on certain credit exposures including loans and CDOs. We underwrite our public finance exposure by evaluating the underlying securities.

We also have indirect exposure to monolines in the form of guarantees supporting our mortgage and other loan sales. Indirect exposure may exist when credit protection was purchased from monolines to hedge all or a portion of the credit risk on certain mortgage and other loan exposures. A loss may occur when we are required to repurchase a loan and the market value of the loan has declined, or we are required to indemnify or provide recourse for a guarantor's loss. For more information regarding our exposure to representations and warranties, see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements.

Table 53 presents the notional amount of our monoline derivative credit exposure, mark-to-market adjustment and the counterparty credit valuation adjustment. The notional amount of monoline exposure decreased \$902 million during the six months ended June 30, 2013 due to terminations, paydowns and maturities of monoline contracts.

Table 53

Derivative Credit Exposures

(Dollars in millions)	June 30 2013	December 31 2012
Notional amount of monoline exposure	\$ 12,645	\$ 13,547
Mark-to-market	\$ 393	\$ 898
Counterparty credit valuation adjustment	(45)	(118)
Net mark-to-market	\$ 348	\$ 780

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Gains from credit valuation changes	\$ 19	\$ 27	\$ 45	\$ 131

Risk Mitigation

We purchase credit protection to cover the funded portion as well as the unfunded portion of certain credit exposures. To lower the cost of obtaining our desired credit protection levels, we may add credit exposure within an industry, borrower or counterparty group by selling protection.

At June 30, 2013 and December 31, 2012, net notional credit default protection purchased in our credit derivatives portfolio to hedge our funded and unfunded exposures for which we elected the fair value option, as well as certain other credit exposures, was \$11.1 billion and \$14.7 billion. The mark-to-market effects resulted in net losses of \$63 million and \$129 million for the three and six months ended June 30, 2013 compared to net gains of \$124 million and net losses of \$369 million for the same periods in 2012. The gains and losses on these instruments were offset by gains and losses on the exposures. Table 54 presents the average VaR for these derivatives. See Trading Risk Management on page 125 for a description of our VaR calculation for the market-based trading portfolio.

Table 54

Credit Derivative Value-at-Risk

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Average	\$ 19	\$ 58	\$ 22	\$ 63
Credit exposure average	41	80	46	86
Combined average ⁽¹⁾	29	20	30	23

⁽¹⁾ Reflects the diversification effect between net credit default protection hedging our credit exposure and the related credit exposure.

Table of Contents

Tables 55 and 56 present the maturity profiles and the credit exposure debt ratings of the net credit default protection portfolio at June 30, 2013 and December 31, 2012.

Table 55

Net Credit Default Protection by Maturity

	June 30 2013	December 31 2012
Less than or equal to one year	25%	21%
Greater than one year and less than or equal to five years	73	75
Greater than five years	2	4
Total net credit default protection	100%	100%

Table 56

Net Credit Default Protection by Credit Exposure Debt Rating

(Dollars in millions)

Ratings ^(1,2)	June 30, 2013		December 31, 2012	
	Net Notional ⁽³⁾	Percent of Total	Net Notional ⁽³⁾	Percent of Total
AAA	\$ (107)	1.0 %	\$ (120)	0.8 %
AA	(232)	2.1	(474)	3.2
A	(4,651)	42.1	(5,861)	40.0
BBB	(4,427)	40.0	(6,067)	41.4
BB	(1,039)	9.4	(1,101)	7.5
B	(559)	5.1	(937)	6.4
CCC and below	(146)	1.3	(247)	1.7
NR ⁽⁴⁾	101	(1.0)	150	(1.0)
Total net credit default protection	\$ (11,060)	100.0 %	\$ (14,657)	100.0 %

⁽¹⁾ Ratings are refreshed on a quarterly basis.

⁽²⁾ Ratings of BBB- or higher are considered to meet the definition of investment grade.

⁽³⁾ Represents net credit default protection (purchased) sold.

⁽⁴⁾ "NR" is comprised of names that have not been rated.

In addition to our net notional credit default protection purchased to cover the funded and unfunded portion of certain credit exposures, credit derivatives are used for market-making activities for clients and establishing positions intended to profit from directional or relative value changes. We execute the majority of our credit derivative trades in the OTC market with large, multinational financial institutions, including broker/dealers and, to a lesser degree, with a variety of other investors. Because these transactions are executed in the OTC market, we are subject to settlement risk. We are also subject to credit risk in the event that these counterparties fail to perform under the terms of these contracts. In most cases, credit derivative transactions are executed on a daily margin basis. Therefore, events such as a credit downgrade, depending on the ultimate rating level, or a breach of credit covenants would typically require an increase in the amount of collateral required by the counterparty, where applicable, and/or allow us to take additional protective measures such as early termination of all trades.

Table of Contents

Table 57 presents the total contract/notional amount of credit derivatives outstanding and includes both purchased and written credit derivatives. The credit risk amounts are measured as net asset exposure by counterparty, taking into consideration all contracts with that counterparty. For information on our written credit derivatives, see *Note 3 – Derivatives* to the Consolidated Financial Statements.

The credit risk amounts discussed above and presented in Table 57 take into consideration the effects of legally enforceable master netting agreements while amounts disclosed in *Note 3 – Derivatives* to the Consolidated Financial Statements are shown on a gross basis. Credit risk reflects the potential benefit from offsetting exposure to non-credit derivative products with the same counterparties that may be netted upon the occurrence of certain events, thereby reducing our overall exposure.

Table 57
Credit Derivatives

(Dollars in millions)	June 30, 2013		December 31, 2012	
	Contract/ Notional	Credit Risk	Contract/ Notional	Credit Risk
Purchased credit derivatives:				
Credit default swaps	\$ 1,517,789	\$ 8,093	\$ 1,559,472	\$ 8,987
Total return swaps/other	50,983	516	43,489	402
Total purchased credit derivatives	\$ 1,568,772	\$ 8,609	\$ 1,602,961	\$ 9,389
Written credit derivatives:				
Credit default swaps	\$ 1,491,001	n/a	\$ 1,531,504	n/a
Total return swaps/other	69,454	n/a	68,811	n/a
Total written credit derivatives	\$ 1,560,455	n/a	\$ 1,600,315	n/a

n/a = not applicable

Counterparty Credit Risk Valuation Adjustments

We record counterparty credit risk valuation adjustments on certain derivative assets, including our credit default protection purchased, in order to properly reflect the credit risk of the counterparty. We calculate credit valuation adjustments (CVA) based on a modeled expected exposure that incorporates current market risk factors including changes in market spreads and non-credit related market factors that affect the value of a derivative. The exposure also takes into consideration credit mitigants such as legally enforceable master netting agreements and collateral. For additional information, see *Note 3 – Derivatives* to the Consolidated Financial Statements.

Table 58
Credit Valuation Gains and Losses

(Dollars in millions)	Three Months Ended June 30						Six Months Ended June 30					
	2013			2012			2013			2012		
	Gross	Hedge	Net	Gross	Hedge	Net	Gross	Hedge	Net	Gross	Hedge	Net
Credit valuation gains (losses)	\$ 143	\$ (81)	\$ 62	\$ (313)	\$ 326	\$ 13	\$ 12	\$ (245)	\$ (233)	\$ 200	\$ (38)	\$ 162

Non-U.S. Portfolio

Our non-U.S. credit and trading portfolios are subject to country risk. We define country risk as the risk of loss from unfavorable economic and political conditions, currency fluctuations, social instability and changes in government policies. A risk management framework is in place to measure, monitor and manage non-U.S. risk and exposures. Management oversight of country risk, including cross-border risk, is provided by the Country Credit Risk Committee, a subcommittee of the CRC. In addition to the direct risk of doing business in a country, we also are exposed to indirect country risks (for example, related to the collateral received on secured financing transactions or related to client clearing activities). These indirect exposures are managed in the normal course of business through credit, market and operational risk governance, rather than through country risk governance.

Non-U.S. exposure is presented on an internal risk management basis and includes sovereign and non-sovereign credit exposure, securities and other investments issued by or domiciled in countries other than the U.S. The risk assignments by country can be adjusted for external guarantees and certain collateral types. Exposures that are subject to external guarantees are reported under the country of the guarantor. Exposures with tangible collateral are reflected in the country where the collateral is held. For securities received, other than cross-border resale agreements, outstandings are assigned to the domicile of the issuer of the securities.

Funded loans and loan equivalents include loans, leases, and other extensions of credit and funds, including letters of credit and due from placements, which have not been reduced by collateral, hedges or credit default protection. Funded loans and loan equivalents are reported net of charge-offs but prior to any allowance for loan and lease losses. Unfunded commitments are the undrawn portion of legally binding commitments related to loans and loan equivalents.

Net counterparty exposure includes the fair value of derivatives, including the counterparty risk associated with CDS, and secured financing transactions. Derivative exposures are presented net of collateral, which is predominantly cash, pledged under legally enforceable master netting agreements. Secured financing transaction exposures are presented net of eligible cash or securities pledged as collateral.

Securities and other investments are carried at fair value and long securities exposures are netted against short exposures with the same underlying issuer to, but not below, zero (i.e., negative issuer exposures are reported as zero). Other investments include our GPI portfolio and strategic investments.

Net country exposure represents country exposure less hedges and credit default protection purchased, net of credit default protection sold. We hedge certain of our country exposures with credit default protection primarily in the form of single-name, as well as indexed and tranch CDS. The exposures associated with these hedges represent the amount that would be realized upon the isolated default of an individual issuer in the relevant country assuming a zero recovery rate for that individual issuer, and are calculated based on the CDS notional amount less any fair value receivable or payable. Changes in the assumption of an isolated default can produce different results in a particular tranche.

Table of Contents

Table 59 presents our 20 largest, non-U.S. country exposures. These exposures accounted for 89 percent of our total non-U.S. exposure at both June 30, 2013 and December 31, 2012. Net country exposure for these 20 countries decreased \$19.8 billion from December 31, 2012 driven by a decrease in funded loans and loan equivalents in Japan resulting from a decrease in central bank deposits and a reduction in unfunded loan commitments in Singapore.

Table 59

Top 20 Non-U.S. Countries Exposure

(Dollars in millions)	Funded Loans and Loan Equivalents	Unfunded Loan Commitments	Net Counterparty Exposure	Securities/ Other Investments	Country Exposure at June 30 2013	Hedges and Credit Default Protection	Net Country Exposure at June 30 2013	Increase (Decrease) from December 31 2012
United Kingdom	\$ 23,120	\$ 11,107	\$ 6,552	\$ 5,423	\$ 46,202	\$ (3,327)	\$ 42,875	\$ (4,317)
Canada	5,888	6,773	1,489	5,213	19,363	(1,260)	18,103	(873)
France	3,245	6,075	1,468	6,558	17,346	(3,590)	13,756	(2,535)
Brazil	8,585	432	338	4,254	13,609	(205)	13,404	901
Germany	6,650	5,162	2,715	3,284	17,811	(4,747)	13,064	2,044
China	8,800	347	909	2,666	12,722	(608)	12,114	2,927
India	7,604	614	345	2,919	11,482	(92)	11,390	(2,328)
Australia	4,882	3,192	1,089	1,958	11,121	(907)	10,214	485
Japan	4,119	495	1,812	5,449	11,875	(1,668)	10,207	(13,182)
Netherlands	4,304	3,765	629	1,152	9,850	(1,699)	8,151	(2,531)
Hong Kong	5,547	667	124	772	7,110	(202)	6,908	1,465
South Korea	4,697	667	539	2,292	8,195	(1,303)	6,892	(257)
Russian Federation	5,316	495	182	471	6,464	(474)	5,990	1,078
Singapore	3,376	257	278	1,885	5,796	(129)	5,667	(4,507)
Switzerland	2,295	2,747	691	414	6,147	(703)	5,444	(376)
Italy	3,535	2,753	2,075	802	9,165	(3,961)	5,204	366
Mexico	2,768	743	327	1,287	5,125	(502)	4,623	964
Taiwan	2,431	44	177	1,054	3,706	(36)	3,670	448
United Arab Emirates	2,616	333	211	31	3,191	(239)	2,952	200
Spain	2,610	973	203	293	4,079	(1,172)	2,907	253
Total top 20 non-U.S. countries exposure	\$ 112,388	\$ 47,641	\$ 22,153	\$ 48,177	\$ 230,359	\$ (26,824)	\$ 203,535	\$ (19,775)

Certain European countries, including Greece, Ireland, Italy, Portugal and Spain, have experienced varying degrees of financial stress in recent years. Risks from the ongoing debt crisis in these countries could continue to disrupt the financial markets which could have a detrimental impact on global economic conditions and sovereign and non-sovereign debt in these countries. Market volatility is expected to continue as policymakers address the fundamental challenges of competitiveness, growth and fiscal solvency. We expect to continue to support client activities in the region and our exposures may vary over time as we monitor the situation and manage our risk profile.

Table of Contents

Table 60 presents our direct sovereign and non-sovereign exposures in these countries at June 30, 2013. Our total sovereign and non-sovereign exposure to these countries was \$15.4 billion at June 30, 2013 compared to \$14.5 billion at December 31, 2012. The total exposure to these countries, net of all hedges, was \$9.8 billion at June 30, 2013 compared to \$9.5 billion at December 31, 2012. At June 30, 2013 and December 31, 2012, hedges and credit default protection purchased, net of credit default protection sold, was \$5.5 billion and \$5.1 billion. Net country exposure increased \$356 million from December 31, 2012 driven by increased funded loan and loan equivalents with financial institutions in Spain and an increase in sovereign securities in Italy, partially offset by a decrease in corporate exposures across all countries.

Table 60

Select European Countries

(Dollars in millions)	Funded Loans and Loan Equivalents	Unfunded Loan Commitments	Net Counterparty Exposure (1)	Securities/ Other Investments (2)	Country Exposure at June 30 2013	Hedges and Credit Default Protection (3)	Net Country Exposure at June 30 2013	Increase (Decrease) from December 31, 2012
Greece								
Sovereign	\$ —	\$ —	\$ —	\$ 31	\$ 31	\$ —	\$ 31	\$ 29
Financial institutions	—	—	3	11	14	(13)	1	6
Corporates	64	125	9	9	207	(54)	153	(156)
Total Greece	\$ 64	\$ 125	\$ 12	\$ 51	\$ 252	\$ (67)	\$ 185	\$ (121)
Ireland								
Sovereign	\$ 19	\$ —	\$ 24	\$ 117	\$ 160	\$ (10)	\$ 150	\$ 92
Financial institutions	349	19	205	26	599	(15)	584	(8)
Corporates	442	327	40	57	866	(13)	853	(76)
Total Ireland	\$ 810	\$ 346	\$ 269	\$ 200	\$ 1,625	\$ (38)	\$ 1,587	\$ 8
Italy								
Sovereign	\$ —	\$ —	\$ 1,710	\$ 472	\$ 2,182	\$ (1,839)	\$ 343	\$ 313
Financial institutions	1,970	4	254	23	2,251	(878)	1,373	296
Corporates	1,565	2,749	111	307	4,732	(1,244)	3,488	(243)
Total Italy	\$ 3,535	\$ 2,753	\$ 2,075	\$ 802	\$ 9,165	\$ (3,961)	\$ 5,204	\$ 366
Portugal								
Sovereign	\$ —	\$ —	\$ 20	\$ 22	\$ 42	\$ (37)	\$ 5	\$ 42
Financial institutions	5	—	2	25	32	(70)	(38)	(76)
Corporates	66	99	2	3	170	(201)	(31)	(116)
Total Portugal	\$ 71	\$ 99	\$ 24	\$ 50	\$ 244	\$ (308)	\$ (64)	\$ (150)
Spain								
Sovereign	\$ 34	\$ —	\$ 53	\$ 118	\$ 205	\$ (67)	\$ 138	\$ (89)
Financial institutions	832	6	107	38	983	(254)	729	571
Corporates	1,744	967	43	137	2,891	(851)	2,040	(229)
Total Spain	\$ 2,610	\$ 973	\$ 203	\$ 293	\$ 4,079	\$ (1,172)	\$ 2,907	\$ 253
Total								
Sovereign	\$ 53	\$ —	\$ 1,807	\$ 760	\$ 2,620	\$ (1,953)	\$ 667	\$ 387
Financial institutions	3,156	29	571	123	3,879	(1,230)	2,649	789
Corporates	3,881	4,267	205	513	8,866	(2,363)	6,503	(820)
Total select European exposure	\$ 7,090	\$ 4,296	\$ 2,583	\$ 1,396	\$ 15,365	\$ (5,546)	\$ 9,819	\$ 356

(1) Net counterparty exposure includes the fair value of derivatives, including the counterparty risk associated with CDS, and secured financing transactions. Derivative exposures are presented net of \$2.9 billion in collateral, which is predominantly cash, pledged under legally enforceable master netting agreements. Secured financing transaction exposures are presented net of eligible cash or securities pledged as collateral. The notional amount of reverse repurchase transactions was \$3.6 billion. Counterparty exposure is not presented net of hedges or credit default protection.

(2) Long securities exposures are netted on a single-name basis to, but not below, zero by short exposures of \$7.0 billion and net CDS purchased of \$947 million, consisting of \$963 million of net single-name CDS purchased and \$16 million of net indexed and tranch CDS sold.

(3) Represents credit default protection purchased, net of credit default protection sold, which is used to mitigate the Corporation's risk to country exposures as listed, including \$3.3 billion, consisting of \$1.7 billion in net single-name CDS purchased and \$1.6 billion in net indexed and tranch CDS purchased, to hedge loans and securities, \$2.0 billion in additional credit default protection purchased to hedge derivative assets and \$210 million in other short exposures.

Table of Contents

The majority of our CDS contracts on reference assets in Greece, Ireland, Italy, Portugal and Spain are with highly-rated financial institutions primarily outside of the Eurozone and we work to limit or eliminate correlated CDS. Due to our engagement in market-making activities, our CDS portfolio contains contracts with various maturities to a diverse set of counterparties. We work to limit mismatches in maturities between our exposures and the CDS we use to hedge them. However, there may be instances where the protection purchased has a different maturity than the exposure for which the protection was purchased, in which case, those exposures and hedges are subject to more active monitoring and management.

Table 61 presents the notional amount and fair value of single-name CDS purchased and sold on reference assets in Greece, Ireland, Italy, Portugal and Spain. Table 61 includes only single-name CDS netted at the counterparty level, whereas, Table 60 includes single-name, indexed and tranching CDS exposures netted by the reference asset that they are intended to hedge; therefore, CDS purchased and sold information is not comparable between tables.

Table 61
Single-Name CDS with Reference Assets in Greece, Ireland, Italy, Portugal and Spain⁽¹⁾

(Dollars in billions)	June 30, 2013			
	Notional		Fair Value	
	Purchased	Sold	Purchased	Sold
Greece				
Aggregate	\$ 1.5	\$ 1.5	\$ —	\$ —
After netting ⁽²⁾	0.3	0.3	—	—
Ireland				
Aggregate	2.8	2.6	0.1	0.1
After netting ⁽²⁾	1.3	1.1	0.1	0.1
Italy				
Aggregate	54.0	48.7	3.9	3.1
After netting ⁽²⁾	12.2	6.9	1.4	0.6
Portugal				
Aggregate	8.4	8.7	0.5	0.5
After netting ⁽²⁾	1.3	1.5	0.1	0.1
Spain				
Aggregate	22.7	22.8	0.9	0.9
After netting ⁽²⁾	3.8	4.0	0.2	0.2

⁽¹⁾ The majority of our CDS contracts on reference assets in Greece, Ireland, Italy, Portugal and Spain are primarily with non-Eurozone counterparties.

⁽²⁾ Amounts listed are after consideration of legally enforceable counterparty master netting agreements.

Losses could result even if there is credit default protection purchased because the purchased credit protection contracts may only pay out under certain scenarios and thus not all losses may be covered by the credit protection contracts. The effectiveness of our CDS protection as a hedge of these risks is influenced by a number of factors, including the contractual terms of the CDS. Generally, only the occurrence of a credit event as defined by the CDS terms (which may include, among other events, the failure to pay by, or restructuring of, the reference entity) results in a payment under the purchased credit protection contracts. The determination as to whether a credit event has occurred is made by the relevant International Swaps and Derivatives Association, Inc. (ISDA) Determination Committee (comprised of various ISDA member firms) based on the terms of the CDS and facts and circumstances for the event. Accordingly, uncertainties exist as to whether any particular strategy or policy action for addressing the European debt crisis would constitute a credit event under the CDS. A voluntary restructuring may not trigger a credit event under CDS terms and consequently may not trigger a payment under the CDS contract.

In addition to our direct sovereign and non-sovereign exposures, a significant deterioration of the European debt crisis could result in material reductions in the value of sovereign debt and other asset classes posted as collateral, disruptions in capital markets, widening of credit spreads of U.S. and non-U.S. financial institutions, loss of investor confidence in the financial services industry, a slowdown in global economic activity and other adverse developments. For more information on the debt crisis in Europe, see Item 1A. Risk Factors of the Corporation's 2012 Annual Report on Form 10-K.

Provision for Credit Losses

The provision for credit losses decreased \$562 million to \$1.2 billion, and decreased \$1.3 billion to \$2.9 billion for the three and six months ended June 30, 2013 compared to the same periods in 2012. The provision for credit losses was \$900 million and \$1.7 billion lower than net charge-offs for the three and six months ended June 30, 2013, resulting in reductions in the allowance for credit losses due to continued improvement in the home loans portfolio as well as lower levels of delinquencies in the credit card portfolio. This compared to reductions of \$1.9 billion and \$3.5 billion in the allowance for credit losses for the three and six months ended June 30, 2012. If the pace of improvement in the economy continues, we anticipate additional reductions in the allowance for credit losses, particularly in our consumer real estate portfolios.

The provision for credit losses for the consumer portfolio decreased \$749 million to \$984 million, and decreased \$1.9 billion to \$2.5 billion for the three and six months ended June 30, 2013 compared to the same periods in 2012. The improvement was primarily in the home loans portfolio due to increased home prices and improved portfolio trends in the non-PCI loan portfolio and an improved home price outlook in the PCI loan portfolios. The provision for credit losses related to the PCI loan portfolios was a benefit of \$252 million and \$459 million for the three and six months ended June 30, 2013 primarily due to improvement in our home price outlook compared to provision expense of \$6 million and \$493 million for the same periods in 2012.

The provision for credit losses for the commercial portfolio, including unfunded lending commitments, increased \$187 million to \$227 million, and increased \$635 million to \$449 million for the three and six months ended June 30, 2013 compared to the same periods in 2012 primarily due to stabilization of credit quality, loan growth and a higher volume of loan resolutions in the prior year, all within the core commercial portfolio, partially offset by a decrease in the U.S. small business portfolio as a result of improvement in credit quality.

Allowance for Credit Losses

Allowance for Loan and Lease Losses

The allowance for loan and lease losses is comprised of two components. The first component covers nonperforming commercial loans and TDRs. The second component covers loans and leases on which there are incurred losses that are not yet individually identifiable, as well as incurred losses that may not be represented in the loss forecast models. We evaluate the adequacy of the allowance for loan and lease losses based on the total of these two components, each of which is described in more detail below. The allowance for loan and lease losses excludes LHFS and loans accounted for under the fair value option as the fair value reflects a credit risk component.

The first component of the allowance for loan and lease losses covers both nonperforming commercial loans and all TDRs within the consumer and commercial portfolios. These loans are subject to impairment measurement based on the present value of projected future cash flows discounted at the loan's original effective interest rate, or in certain circumstances, impairment may also be based upon the collateral value or the loan's observable market price if available. Impairment measurement for the renegotiated credit card, unsecured consumer and small business TDR portfolios is based on the present value of projected cash flows discounted using the average portfolio contractual interest rate, excluding promotionally priced loans, in effect prior to restructuring. For purposes of computing this specific loss component of the allowance, larger impaired loans are evaluated individually and smaller impaired loans are evaluated as a pool using historical loss experience for the respective product types and risk ratings of the loans.

The second component of the allowance for loan and lease losses covers the remaining consumer and commercial loans and leases that have incurred losses which are not yet individually identifiable. The allowance for consumer and certain homogeneous commercial loan and lease products is based on aggregated portfolio evaluations, generally by product type. Loss forecast models are utilized that consider a variety of factors including, but not limited to, historical loss experience, estimated defaults or foreclosures based on portfolio trends, delinquencies, economic trends and credit scores. Our consumer real estate loss forecast model estimates the portion of loans that will default based on individual loan attributes, the most significant of which are refreshed LTV or CLTV, and borrower credit score as well as vintage and geography, all of which are further broken down into current delinquency status. Additionally, we incorporate the delinquency status of underlying first-lien loans on our junior-lien home equity portfolio in our allowance process. Incorporating refreshed LTV and CLTV into our probability of default allows us to factor the impact of changes in home prices into our allowance for loan and lease losses. These loss forecast models are updated on a quarterly basis to incorporate information reflecting the current economic environment. As of June 30, 2013, the loss forecast process resulted in reductions in the allowance for all major consumer portfolios.

The allowance for commercial loan and lease losses is established by product type after analyzing historical loss experience, internal risk rating, current economic conditions, industry performance trends, geographic and obligor concentrations within each portfolio and any other pertinent information. The statistical models for commercial loans are generally updated annually and utilize our historical database of actual defaults and other data. The loan risk ratings and composition of the commercial portfolios used to calculate the

allowance are updated at least quarterly to incorporate the most recent data reflecting the current economic environment. For risk-rated commercial loans, we estimate the probability of default and the loss given default (LGD) based on our historical experience of defaults and credit losses. Factors considered when assessing the internal risk rating include the value of the underlying collateral, if applicable, the industry in which the obligor operates, the obligor's liquidity and other financial indicators, and other quantitative and qualitative factors relevant to the obligor's credit risk. As of June 30, 2013, changes in portfolio size and composition resulted in a small net increase in the commercial allowance, including increases in the allowance for the non-U.S. commercial and commercial lease financing portfolios, and reductions in the allowance for the commercial real estate and U.S. commercial portfolios.

Also included within the second component of the allowance for loan and lease losses are reserves to cover losses that are incurred but, in our assessment, may not be adequately represented in the historical loss data used in the loss forecast models. For example, factors that we consider include, among others, changes in lending policies and procedures, changes in economic and business conditions, changes in the nature and size of the portfolio, changes in the volume and severity of past due loans and nonaccrual loans, the effect of external factors such as competition, and legal and regulatory requirements. We also consider factors that are applicable to unique portfolio segments. For example, we consider the risk of uncertainty in our loss forecasting models related to junior-lien home equity loans that are current, but have first-lien loans that we do not service that are 30 days or more past due. In addition, we consider the inherent uncertainty in mathematical models that are built upon historical data.

During the three and six months ended June 30, 2013, the factors that impacted the allowance for loan and lease losses included significant overall improvements in the credit quality of the portfolios driven by improvements in the U.S. economy and housing and labor markets, continuing proactive credit risk management initiatives and the impact of recent higher credit quality originations. Additionally, the resolution of uncertainties through current recognition of net charge-offs has impacted the amount of reserve needed in certain portfolios. Evidencing the improvements in the U.S. economy and housing and labor markets are modest growth in consumer spending, improvements in unemployment levels, a decrease in the absolute level and our share of national consumer bankruptcy filings, and a rise in both residential building activity and overall home prices. In addition to these improvements, paydowns, charge-offs, returns to performing status and upgrades out of criticized continued to outpace new nonaccrual consumer loans and reservable criticized commercial loans, but such loans remained elevated relative to levels experienced prior to the financial crisis.

We monitor differences between estimated and actual incurred loan and lease losses. This monitoring process includes periodic assessments by senior management of loan and lease portfolios and the models used to estimate incurred losses in those portfolios.

Additions to, or reductions of, the allowance for loan and lease losses generally are recorded through charges or credits to the provision for credit losses. Credit exposures deemed to be uncollectible are charged against the allowance for loan and lease losses. Recoveries of previously charged off amounts are credited to the allowance for loan and lease losses.

The allowance for loan and lease losses for the consumer portfolio, as presented in Table 63, was \$18.1 billion at June 30, 2013, a decrease of \$3.0 billion from December 31, 2012. The decrease was primarily driven by the home equity and residential mortgage portfolios due to improved delinquencies and home prices as evidenced by improving LTV statistics as presented in Tables 30 and 32. In addition, the home equity and residential mortgage allowance declined due to write-offs in our PCI loan portfolio. These write-offs decreased the PCI valuation allowance included as part of the allowance for loan and lease losses.

The decrease in the allowance related to the credit card and unsecured consumer lending portfolios in CBB was primarily due to improvement in delinquencies and bankruptcies. For example, in the U.S. credit card portfolio, accruing loans 30 days or more past due decreased to \$2.2 billion at June 30, 2013 from \$2.7 billion (to 2.43 percent from 2.90 percent of outstanding U.S. credit card loans) at December 31, 2012, and accruing loans 90 days or more past due declined to \$1.2 billion at June 30, 2013 from \$1.4 billion (to 1.29 percent from 1.52 percent of outstanding U.S. credit card loans) at December 31, 2012. See Tables 27, 28, 30, 32, 37 and 39 for additional details on key consumer credit statistics.

The allowance for loan and lease losses for the commercial portfolio, as presented in Table 63, was \$3.2 billion at June 30, 2013, a \$62 million increase from December 31, 2012, as continued improvement in credit quality was offset by loan growth across the commercial portfolio. The commercial utilized reservable criticized exposure decreased to \$14.9 billion at June 30, 2013 from \$15.9 billion (to 3.62 percent from 4.10 percent of total commercial utilized reservable exposure) at December 31, 2012. Similarly, nonperforming commercial loans declined to \$2.1 billion at June 30, 2013 from \$3.2 billion (to 0.57 percent from 0.93 percent of outstanding commercial loans) at December 31, 2012. See Tables 43, 44 and 46 for additional details on key commercial credit statistics.

The allowance for loan and lease losses as a percentage of total loans and leases outstanding was 2.33 percent at June 30, 2013 compared to 2.69 percent at December 31, 2012. The decrease in the ratio was primarily due to improved credit quality driven by improved economic conditions and write-offs in the home equity and residential mortgage PCI loan portfolios which led to the reduction in the allowance for credit losses discussed above. The June 30, 2013 and December 31, 2012 ratios above include the PCI loan portfolio. Excluding the PCI loan portfolio, the allowance for loan and lease losses as a percentage of total loans and leases outstanding was 1.96 percent at June 30, 2013 compared to 2.14 percent at December 31, 2012.

Table 62 presents a rollforward of the allowance for credit losses, which includes the allowance for loan and lease losses and the reserve for unfunded lending commitments, for the three and six months ended June 30, 2013 and 2012.

Table 62
Allowance for Credit Losses

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Allowance for loan and lease losses, beginning of period	\$ 22,441	\$ 32,211	\$ 24,179	\$ 33,783
Loans and leases charged off				
Residential mortgage	(330)	(795)	(754)	(1,768)
Home equity	(606)	(974)	(1,375)	(2,008)
U.S. credit card	(1,104)	(1,428)	(2,224)	(2,963)
Non-U.S. credit card	(137)	(223)	(282)	(484)
Direct/Indirect consumer	(187)	(308)	(412)	(686)
Other consumer	(61)	(61)	(124)	(129)
Total consumer charge-offs	(2,425)	(3,789)	(5,171)	(8,038)
U.S. commercial ⁽¹⁾	(214)	(360)	(421)	(685)
Commercial real estate	(92)	(230)	(198)	(434)
Commercial lease financing	(1)	(20)	(2)	(21)
Non-U.S. commercial	(18)	(12)	(20)	(13)
Total commercial charge-offs	(325)	(622)	(641)	(1,153)
Total loans and leases charged off	(2,750)	(4,411)	(5,812)	(9,191)
Recoveries of loans and leases previously charged off				
Residential mortgage	59	46	100	106
Home equity	120	81	205	157
U.S. credit card	187	184	360	388
Non-U.S. credit card	33	88	66	146
Direct/Indirect consumer	101	127	202	279
Other consumer	10	12	21	24
Total consumer recoveries	510	538	954	1,100
U.S. commercial ⁽²⁾	73	83	133	157
Commercial real estate	48	153	61	225
Commercial lease financing	6	6	17	16
Non-U.S. commercial	2	5	19	11
Total commercial recoveries	129	247	230	409
Total recoveries of loans and leases previously charged off	639	785	1,184	1,509
Net charge-offs	(2,111)	(3,626)	(4,628)	(7,682)
Write-offs of PCI loans	(313)	—	(1,152)	—
Provision for loan and lease losses	1,220	1,840	2,951	4,297
Other ⁽³⁾	(2)	(137)	(115)	(110)
Allowance for loan and lease losses, June 30	21,235	30,288	21,235	30,288
Reserve for unfunded lending commitments, beginning of period	486	651	513	714
Provision for unfunded lending commitments	(9)	(67)	(27)	(106)
Other ⁽⁴⁾	(3)	(10)	(12)	(34)
Reserve for unfunded lending commitments, June 30	474	574	474	574
Allowance for credit losses, June 30	\$ 21,709	\$ 30,862	\$ 21,709	\$ 30,862

⁽¹⁾ Includes U.S. small business commercial charge-offs of \$128 million and \$257 million for the three and six months ended June 30, 2013 compared to \$206 million and \$414 million for the same periods in 2012.

⁽²⁾ Includes U.S. small business commercial recoveries of \$30 million and \$57 million for the three and six months ended June 30, 2013 compared to \$23 million and \$46 million for the same periods in 2012.

⁽³⁾ Primarily represents the net impact of portfolio sales, consolidations and deconsolidations, and foreign currency translation adjustments.

⁽⁴⁾ Primarily represents accretion of the Merrill Lynch purchase accounting adjustment.

Table 62
Allowance for Credit Losses (continued)

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Loan and allowance ratios:				
Loans and leases outstanding at June 30 ⁽⁵⁾	\$ 912,109	\$ 883,954	\$ 912,109	\$ 883,954
Allowance for loan and lease losses as a percentage of total loans and leases outstanding at June 30 ⁽⁵⁾	2.33%	3.43%	2.33%	3.43%
Consumer allowance for loan and lease losses as a percentage of total consumer loans and leases outstanding at June 30 ⁽⁶⁾	3.35	4.70	3.35	4.70
Commercial allowance for loan and lease losses as a percentage of total commercial loans and leases outstanding at June 30 ⁽⁷⁾	0.85	1.07	0.85	1.07
Average loans and leases outstanding ⁽⁵⁾	\$ 905,500	\$ 891,185	\$ 901,331	\$ 897,899
Annualized net charge-offs as a percentage of average loans and leases outstanding ^(5, 8)	0.94%	1.64%	1.04%	1.72%
Annualized net charge-offs and PCI write-offs as a percentage of average loans and leases outstanding ^(5, 9)	1.07	1.64	1.29	1.72
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases at June 30 ^(5, 10)	103	127	103	127
Ratio of the allowance for loan and lease losses at June 30 to annualized net charge-offs ⁽⁸⁾	2.51	2.08	2.28	1.96
Ratio of the allowance for loan and lease losses at June 30 to annualized net charge-offs and PCI write-offs ⁽⁹⁾	2.18	2.08	1.82	1.96
Amounts included in allowance for loan and lease losses that are excluded from nonperforming loans and leases at June 30 ⁽¹¹⁾	\$ 9,919	\$ 16,327	\$ 9,919	\$ 16,327
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases, excluding amounts included in the allowance for loan and lease losses that are excluded from nonperforming loans and leases at June 30 ⁽¹¹⁾	55%	59%	55%	59%
Loan and allowance ratios excluding PCI loans and the related valuation allowance: ⁽¹²⁾				
Allowance for loan and lease losses as a percentage of total loans and leases outstanding at June 30 ⁽⁵⁾	1.96%	2.50%	1.96%	2.50%
Consumer allowance for loan and lease losses as a percentage of total consumer loans and leases outstanding at June 30 ⁽⁶⁾	2.77	3.32	2.77	3.32
Annualized net charge-offs as a percentage of average loans and leases outstanding ⁽⁵⁾	0.97	1.69	1.07	1.78
Allowance for loan and lease losses as a percentage of total nonperforming loans and leases at June 30 ^(5, 10)	84	90	84	90
Ratio of the allowance for loan and lease losses at June 30 to annualized net charge-offs	2.04	1.46	1.85	1.38

⁽⁵⁾ Outstanding loan and lease balances and ratios do not include loans accounted for under the fair value option. Loans accounted for under the fair value option were \$9.5 billion and \$8.4 billion at June 30, 2013 and 2012. Average loans accounted for under the fair value option were \$8.7 billion and \$8.9 billion for the three and six months ended June 30, 2013 compared to \$8.3 billion and \$8.7 billion for the same periods in 2012.

⁽⁶⁾ Excludes consumer loans accounted for under the fair value option of \$1.1 billion and \$1.2 billion at June 30, 2013 and 2012.

⁽⁷⁾ Excludes commercial loans accounted for under the fair value option of \$8.4 billion and \$7.2 billion at June 30, 2013 and 2012.

⁽⁸⁾ Net charge-offs exclude \$313 million and \$1.2 billion of write-offs in the PCI loan portfolio for the three and six months ended June 30, 2013. These write-offs decreased the PCI valuation allowance included as part of the allowance for loan and lease losses. For more information on PCI write-offs, see Consumer Portfolio Credit Risk Management – Purchased Credit-impaired Loan Portfolio on page 95.

⁽⁹⁾ There were no write-offs of PCI loans in the three and six months ended June 30, 2012.

⁽¹⁰⁾ For more information on our definition of nonperforming loans, see pages 101 and 110.

⁽¹¹⁾ Primarily includes amounts allocated to U.S. credit card and unsecured consumer lending portfolios in CBB, PCI loans and the non-U.S. credit card portfolio in All Other.

⁽¹²⁾ For more information on the PCI loan portfolio and the valuation allowance for PCI loans, see Note 5 – Outstanding Loans and Leases and Note 6 – Allowance for Credit Losses to the Consolidated Financial Statements.

For reporting purposes, we allocate the allowance for credit losses across products. However, the allowance is generally available to absorb any credit losses without restriction. Table 63 presents our allocation by product type.

Table 63
Allocation of the Allowance for Credit Losses by Product Type

	June 30, 2013			December 31, 2012		
	Amount	Percent of Total	Percent of Loans and Leases Outstanding ⁽¹⁾	Amount	Percent of Total	Percent of Loans and Leases Outstanding ⁽¹⁾
(Dollars in millions)						
Allowance for loan and lease losses						
Residential mortgage	\$ 6,071	28.59 %	2.39 %	\$ 7,088	29.31 %	2.80 %
Home equity	6,325	29.79	6.32	7,845	32.45	7.26
U.S. credit card	4,468	21.04	4.94	4,718	19.51	4.97
Non-U.S. credit card	498	2.34	4.82	600	2.48	5.13
Direct/Indirect consumer	603	2.84	0.72	718	2.97	0.86
Other consumer	102	0.48	5.68	104	0.43	6.40
Total consumer	18,067	85.08	3.35	21,073	87.15	3.81
U.S. commercial ⁽²⁾	1,874	8.83	0.85	1,885	7.80	0.90
Commercial real estate	801	3.77	1.90	846	3.50	2.19
Commercial lease financing	87	0.41	0.37	78	0.32	0.33
Non-U.S. commercial	406	1.91	0.47	297	1.23	0.40
Total commercial ⁽³⁾	3,168	14.92	0.85	3,106	12.85	0.90
Allowance for loan and lease losses	21,235	100.00 %	2.33	24,179	100.00 %	2.69
Reserve for unfunded lending commitments	474			513		
Allowance for credit losses ⁽⁴⁾	\$ 21,709			\$ 24,692		

⁽¹⁾ Ratios are calculated as allowance for loan and lease losses as a percentage of loans and leases outstanding excluding loans accounted for under the fair value option. Consumer loans accounted for under the fair value option included residential mortgage loans of \$1.1 billion and \$1.0 billion at June 30, 2013 and December 31, 2012. Commercial loans accounted for under the fair value option included U.S. commercial loans of \$2.0 billion and \$2.3 billion and non-U.S. commercial loans of \$6.4 billion and \$5.7 billion at June 30, 2013 and December 31, 2012.

⁽²⁾ Includes allowance for loan and lease losses for U.S. small business commercial loans of \$584 million and \$642 million at June 30, 2013 and December 31, 2012.

⁽³⁾ Includes allowance for loan and lease losses for impaired commercial loans of \$328 million and \$475 million at June 30, 2013 and December 31, 2012.

⁽⁴⁾ Includes \$3.9 billion and \$5.5 billion of valuation allowance presented with the allowance for credit losses related to PCI loans at June 30, 2013 and December 31, 2012.

Reserve for Unfunded Lending Commitments

In addition to the allowance for loan and lease losses, we also estimate probable losses related to unfunded lending commitments such as letters of credit, financial guarantees, unfunded bankers' acceptances and binding loan commitments, excluding commitments accounted for under the fair value option. Unfunded lending commitments are subject to the same assessment as funded loans, including estimates of probability of default and LGD. Due to the nature of unfunded commitments, the estimate of probable losses must also consider utilization. To estimate the portion of these undrawn commitments that is likely to be drawn by a borrower at the time of estimated default, analyses of the Corporation's historical experience are applied to the unfunded commitments to estimate the funded exposure at default (EAD). The expected loss for unfunded lending commitments is the product of the probability of default, the LGD and the EAD, adjusted for any qualitative factors including economic uncertainty and inherent imprecision in models.

The reserve for unfunded lending commitments at June 30, 2013 was \$474 million, \$39 million lower than December 31, 2012 driven by improved credit quality in the unfunded portfolio.

Market Risk Management

Market risk is the risk that values of assets and liabilities or revenues will be adversely affected by changes in market conditions. This risk is inherent in the financial instruments associated with our operations, primarily within our *Global Markets* segment. We are also exposed to these risks in other areas of the Corporation to a lesser extent. In the event of market stress, these risks can have a material impact on the results of the Corporation.

Our traditional banking loan and deposit products are nontrading positions and are generally reported at amortized cost for assets or the amount owed for liabilities (historical cost). However, these positions are still subject to changes in economic value based on varying market conditions, primarily changes in the levels of interest rates. The risk of adverse changes in the economic value of our nontrading positions is managed through our ALM activities. We have elected to account for certain assets and liabilities under the fair value option. For further information on the fair value of certain financial assets and liabilities, see *Note 16 – Fair Value Measurements* to the Consolidated Financial Statements.

Our trading positions are reported at fair value with changes reflected in income. Trading positions are subject to various changes in market-based risk factors. The majority of this risk is generated by our activities in the interest rate, foreign exchange, credit, mortgage, equity and commodities markets. In addition, the values of assets and liabilities could change due to market liquidity, correlations across markets and expectations of market volatility. We seek to manage these risk exposures by using a variety of techniques that encompass a broad range of financial instruments. The key risk management techniques are discussed in more detail in the Trading Risk Management section.

Global Markets Risk Management is an independent function within the Corporation that supports the Global Banking and Markets Risk Executive. The Global Markets Risk Committee (GMRC), chaired by the Global Banking and Markets Risk Executive, has been designated by ALMRC as the primary risk governance authority for *Global Markets*. The GMRC's focus is to take a forward-looking view of the primary credit, market and operational risks impacting *Global Markets* and prioritize those that need a proactive risk mitigation strategy.

Global Markets Risk Management is responsible for providing senior management with a clear and comprehensive understanding of the trading risks to which the Corporation is exposed. These responsibilities include the ownership of market risk policy, development of quantitative risk models, calculations of aggregated risk measures, establishing and monitoring position limits consistent with risk appetite, conducting daily reviews and analysis of trading inventory, approving material risk exposures and fulfilling regulatory requirements.

Market risks that impact businesses outside of *Global Markets* are monitored and governed by their respective governance authorities.

For more information on our market risk management process, see pages 113 through 120 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K.

Trading Risk Management

To evaluate risk in our trading activities, we focus on the actual and potential volatility of revenues generated by individual positions as well as portfolios of positions. Various techniques and procedures are utilized to enable the most complete understanding of these risks. Quantitative measures of market risk are evaluated on a daily basis from a single position to the portfolio of the Corporation. These measures include sensitivities of positions to various market risk factors, such as the potential impact on revenue from a one basis point change in interest rates, and statistical measures utilizing both actual and hypothetical market moves, such as VaR and stress testing. Periods of extreme market stress influence the reliability of these techniques to varying degrees. Qualitative evaluations of market risk utilize the suite of quantitative risk measures while understanding each of their respective limitations. Additionally, risk managers independently evaluate the risk of the portfolios under the current market environment and potential future environments.

VaR is a common statistic used to measure market risk as it allows the aggregation of market risk factors, including the effects of portfolio diversification. A VaR model simulates the value of a portfolio under a range of scenarios in order to generate a distribution of potential gains and losses. VaR represents the loss a portfolio is not expected to exceed more than a certain number of days per year, based on a specified holding period, confidence interval and window of historical data. We use one VaR model consistently across the Corporation that uses a historical simulation approach based on a three-year window of historical data. Our primary VaR statistic is equivalent to a 99 percent confidence level and this means that losses should not exceed VaR, on average, 99 out of 100 trading days. In other words, the portfolio is expected to experience losses greater than VaR two to three times per year.

Within any VaR model, there are significant and numerous assumptions that will differ from company to company. The accuracy of a VaR model depends on the availability and quality of historical data for each of the risk factors in the portfolio. A VaR model may require additional modeling assumptions for new products that do not have the necessary historical market data or for illiquid positions for which accurate daily prices are not consistently available. For positions with insufficient historical data for the VaR calculation, the process for establishing an appropriate proxy is based on fundamental and statistical analysis of the new product or illiquid position. This analysis identifies reasonable alternatives that replicate both the expected volatility and correlation to other market risk factors that the missing data would be expected to experience.

VaR may not be indicative of realized revenue volatility as changes in market conditions or in the composition of the portfolio can have a material impact on the results. In particular, the historical data used for the VaR calculation might indicate higher or lower levels of portfolio diversification than will be experienced. In order for the VaR model to reflect current market conditions, we update the historical data underlying our VaR model on a bi-weekly basis, or more frequently during periods of market stress, and regularly review the assumptions underlying the model. A relatively minor portion of risks related to our positions are not included in VaR. These risks are regularly reviewed and if deemed material, the VaR results are supplemented.

Global Markets Risk Management continually reviews, evaluates and enhances our VaR model so that it reflects the material risks in our trading portfolio. Changes to the VaR model are reviewed and approved prior to implementation and any material changes are reported to management through the appropriate governance committees.

Market risk VaR for trading activities as presented below differs from VaR used for regulatory capital calculations (regulatory VaR). The VaR disclosed below excludes both the counterparty credit valuation adjustments, which are adjustments to the mark-to-market value of our derivative exposures to reflect the impact of the credit quality of counterparties on our derivatives assets, and the corresponding hedges. Regulatory standards require that regulatory VaR only exclude the counterparty credit valuation adjustments but include the corresponding hedges. The holding period for regulatory VaR is 10 days while for VaR it is one day. Both regulatory and market risk VaR values utilize the same process and methodology. For more information on certain components in regulatory VaR, see Capital Management – Regulatory Capital Changes on page 72.

Table 64 presents period-end, average, high and low daily trading VaR for the three months ended June 30, 2013, March 31, 2013 and June 30, 2012, as well as average daily trading VaR for the six months ended June 30, 2013 and 2012.

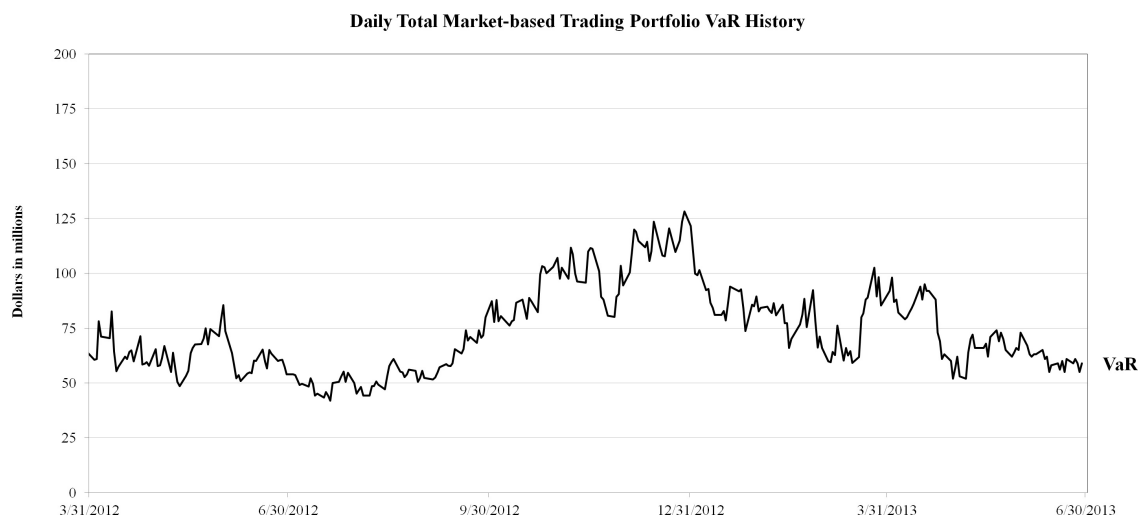
Table 64
Market Risk VaR for Trading Activities

	Three Months Ended June 30, 2013				Three Months Ended March 31, 2013				Three Months Ended June 30, 2012				Six Months Ended June 30	
	Period End	Average	High ⁽¹⁾	Low ⁽¹⁾	Period End	Average	High ⁽¹⁾	Low ⁽¹⁾	Period End	Average	High ⁽¹⁾	Low ⁽¹⁾	2013 Average	2012 Average
(Dollars in millions)														
Foreign exchange	\$ 17	\$ 20	\$ 42	\$ 12	\$ 22	\$ 24	\$ 38	\$ 15	\$ 24	\$ 20	\$ 27	\$ 15	\$ 22	\$ 19
Interest rate	27	37	53	25	44	45	66	32	38	49	67	31	41	49
Credit	48	53	65	43	61	59	72	48	46	37	54	31	56	44
Real estate/mortgage	23	27	31	23	32	36	43	31	32	32	40	28	32	35
Equities	25	35	56	23	36	33	49	20	17	24	36	16	34	32
Commodities	14	14	18	10	15	13	15	11	13	12	15	7	14	13
Portfolio diversification	(95)	(117)	—	—	(125)	(130)	—	—	(116)	(111)	—	—	(124)	(119)
Total market-based trading portfolio	\$ 59	\$ 69	\$ 98	\$ 52	\$ 85	\$ 80	\$ 103	\$ 59	\$ 54	\$ 63	\$ 86	\$ 49	\$ 75	\$ 73

⁽¹⁾ The high and low for the total portfolio may have occurred on different trading days than the high and low for the individual components. Therefore the amount of portfolio diversification, which is the difference between the total portfolio and the sum of the individual components, is not relevant.

The decrease in average and period-end VaR for the three months ended June 30, 2013 compared to the three months ended March 31, 2013 was driven by broad-based risk reductions across most asset classes consistent with our current risk appetite, led by lower levels of exposure to real estate/mortgage and credit markets.

The graph below presents the daily total market-based trading portfolio VaR for the previous five quarters, corresponding to the data presented in Table 64.



To enhance the visibility of the market risks to which we are exposed, additional VaR statistics produced within the Corporation's single VaR model are provided in Table 65. Evaluating VaR with additional statistics allows for an increased understanding of the risks in the portfolio as the historical market data used in the VaR calculation does not necessarily follow a predefined statistical distribution. Table 65 presents average trading VaR statistics for 99 percent and 95 percent confidence intervals for the three months ended June 30, 2013, March 31, 2013 and June 30, 2012.

Table 65
Average Market Risk VaR for Trading Activities – Additional VaR Statistics

(Dollars in millions)	Three Months Ended June 30, 2013		Three Months Ended March 31, 2013		Three Months Ended June 30, 2012	
	99 percent	95 percent	99 percent	95 percent	99 percent	95 percent
Foreign exchange	\$ 20	\$ 13	\$ 24	\$ 15	\$ 20	\$ 13
Interest rate	37	21	45	28	49	29
Credit	53	23	59	28	37	19
Real estate/mortgage	27	16	36	21	32	18
Equities	35	20	33	19	24	14
Commodities	14	8	13	7	12	6
Portfolio diversification	(117)	(67)	(130)	(80)	(111)	(67)
Total market-based trading portfolio	\$ 69	\$ 34	\$ 80	\$ 38	\$ 63	\$ 32

Limits on quantitative risk measures, including VaR, are monitored on a daily basis. The limits are independently set by market risk management and reviewed on a regular basis to ensure they remain relevant and within our overall risk appetite for market risks. Limits are reviewed in the context of market liquidity, volatility and strategic business priorities. The limits are set at both a granular level to ensure extensive coverage of risks as well as at aggregated portfolios to account for correlations among risk factors. Trading limits are approved at least annually. The ALMRC has given authority to the GMRC to approve changes to trading limits throughout the year. Approved trading limits are stored and tracked in a centralized limits management system. Trading limit excesses are communicated to management for review.

In periods of market stress, the GMRC members communicate daily to discuss losses, key risk positions and any limit excesses. As a result of this process, the businesses may selectively reduce risk. Where economically feasible, positions are sold or macroeconomic hedges are executed to reduce the exposures.

Backtesting

The accuracy of the VaR methodology is evaluated by backtesting, which compares the daily VaR results against the realized daily profit and loss. Backtesting excesses occur when a trading loss exceeds the VaR for the corresponding day. These excesses are evaluated to understand the positions and market moves that produced the trading loss and to ensure that the VaR methodology accurately represents those losses. As our primary VaR statistic used for backtesting is based on a 99 percent confidence interval, we expect one trading loss in excess of VaR every 100 days, or between two to three trading losses in excess of VaR over the course of a year. The number of backtesting excesses observed can differ from the statistically expected number of excesses if the current level of market volatility is materially different than the level of market volatility during the three years of historical data used in the VaR calculation.

We conduct daily backtests on our portfolios and report the results to senior market risk management. Senior management, including the GMRC, regularly reviews and evaluates the results of these tests. The government agencies that regulate our operations also regularly review these results.

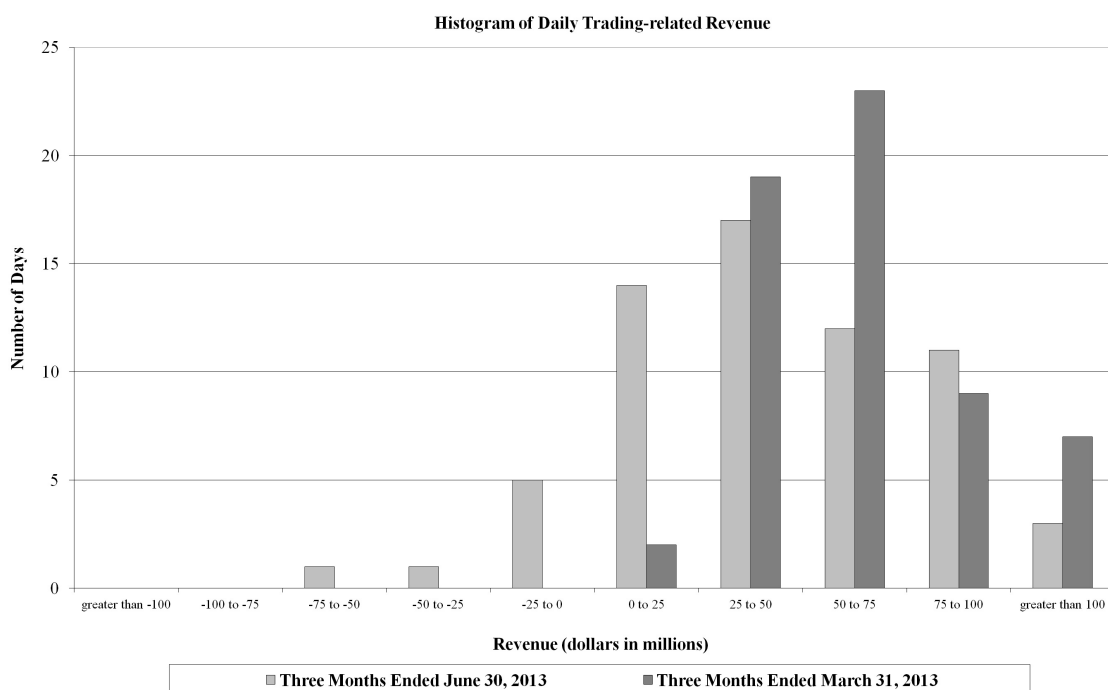
Backtesting revenues are defined by regulatory agencies in order to most closely align with the VaR component of the regulatory capital calculation. This revenue differs from total trading-related revenue in that it excludes revenues from trading activities that either do not generate market risk or the market risk cannot be included in VaR. Some examples of the types of revenue excluded for backtesting are fees, commissions, reserves, net interest income and intraday trading revenues. In addition, counterparty credit valuation adjustments are not included in the VaR component of the regulatory capital calculation and are therefore not included in the revenue used for backtesting.

There were no days during the three and six months ended June 30, 2013 in which the backtesting revenue was a loss in excess of our total market-based trading portfolio VaR.

Total Trading Revenue

Total trading-related revenue represents the total amount earned from trading positions, including market-based net interest income, which are taken in a diverse range of financial instruments and markets. Trading account assets and liabilities are reported at fair value. For more information on fair value, see *Note 16 – Fair Value Measurements* to the Consolidated Financial Statements. Trading-related revenues can be volatile and are largely driven by general market conditions and customer demand. Also, trading-related revenues are dependent on the volume and type of transactions, the level of risk assumed, and the volatility of price and rate movements at any given time within the ever-changing market environment. Significant daily revenues by business are monitored and the primary drivers of these are reviewed. When it is deemed material, an explanation of these revenues is provided to the GMRC.

The histogram below is a graphic depiction of trading volatility and illustrates the daily level of trading-related revenue for the three months ended June 30, 2013 compared to the three months ended March 31, 2013. During the three months ended June 30, 2013, positive trading-related revenue was recorded for 89 percent, or 57 trading days, of which 67 percent (43 days) were daily trading gains of over \$25 million and the largest loss was \$54 million. These results can be compared to the three months ended March 31, 2013, where positive trading-related revenue was recorded for 100 percent, or 60 trading days, of which 97 percent (58 days) were daily trading gains of over \$25 million.



Trading Portfolio Stress Testing

Because the very nature of a VaR model suggests results can exceed our estimates and are dependent on a limited historical window, we also stress test our portfolio using scenario analysis. This analysis estimates the change in value of our trading portfolio that may result from abnormal market movements.

A set of scenarios, categorized as either historical or hypothetical, are computed daily for the overall trading portfolio and individual businesses. These scenarios include shocks to underlying market risk factors that may be well beyond the shocks found in the historical data used to calculate VaR. Historical scenarios simulate the impact of the market moves that occurred during a period of extended historical market stress. Generally, a 10-business day window or longer representing the most severe point during a crisis is selected for each historical scenario. Hypothetical scenarios provide simulations of the estimated portfolio impact from potential future market stress events. Scenarios are reviewed and updated in response to changing positions and new economic or political information. In addition, new or ad hoc scenarios are developed to address specific potential market events. For example, a stress test was conducted to estimate the impact of a full or partial break-up of the Eurozone. The stress tests are reviewed on a regular basis and the results are presented to senior management.

Stress testing for the trading portfolio is integrated with enterprise-wide stress testing and incorporated into the limits framework. A process is in place to promote consistency between the scenarios used for the trading portfolio and those used for enterprise-wide stress testing. The scenarios used for enterprise-wide stress testing purposes differ from the typical trading portfolio scenarios in that they have a longer time horizon and the results are forecasted over multiple periods for use in consolidated capital and liquidity planning. For more information on enterprise-wide stress testing, see *Managing Risk – Enterprise-wide Stress Testing* on page 68.

Interest Rate Risk Management for Nontrading Activities

The following discussion presents net interest income excluding the impact of trading-related activities.

Interest rate risk represents the most significant market risk exposure to our nontrading balance sheet. Interest rate risk is measured as the potential change in net interest income caused by movements in market interest rates. Client-facing activities, primarily lending and deposit-taking, create interest rate sensitive positions on our balance sheet.

We prepare forward-looking forecasts of net interest income. The baseline forecast takes into consideration expected future business growth, ALM positioning and the direction of interest rate movements as implied by the market-based forward curve. We then measure and evaluate the impact that alternative interest rate scenarios have on the baseline forecast in order to assess interest rate sensitivity under varied conditions. The net interest income forecast is frequently updated for changing assumptions and differing outlooks based on economic trends, market conditions and business strategies. Thus, we continually monitor our balance sheet position in an effort to maintain an acceptable level of exposure to interest rate changes.

The interest rate scenarios that we analyze incorporate balance sheet assumptions such as loan and deposit growth and pricing, changes in funding mix, product repricing and maturity characteristics, but do not include the impact of hedge ineffectiveness. Our overall goal is to manage interest rate risk so that movements in interest rates do not significantly adversely affect earnings and capital.

Table 66 presents the spot and 12-month forward rates used in our baseline forecasts at June 30, 2013 and December 31, 2012.

Table 66
Forward Rates

	June 30, 2013			December 31, 2012		
	Federal Funds	Three-month LIBOR	10-Year Swap	Federal Funds	Three-month LIBOR	10-Year Swap
Spot rates	0.25 %	0.27 %	2.70 %	0.25 %	0.31 %	1.84 %
12-month forward rates	0.25	0.49	3.08	0.25	0.37	2.10

Table 67 shows the pre-tax dollar impact to forecasted net interest income over the next 12 months from June 30, 2013 and December 31, 2012, resulting from instantaneous parallel and non-parallel shocks to the market-based forward curve. Periodically we evaluate the scenarios presented to ensure that they are meaningful in the context of the current rate environment. For further discussion of net interest income excluding the impact of trading-related activities, see page 23.

During the three months ended June 30, 2013, the 10-year Treasury rate increased more than 60 bps. This increase in long-end rates increased our expectations for net interest income excluding trading-related activities over the next 12 months due to the impact of those higher rates primarily on our residential mortgage and ALM securities portfolios. We continue to be asset sensitive to both a parallel move in interest rates and to a lesser degree a long-end led steepening of the yield curve. Additionally, rising interest rates impact the fair value of debt securities, and accordingly, for debt securities classified as AFS, may adversely affect accumulated OCI and, thus, capital levels.

Table 67
Estimated Net Interest Income Excluding Trading-related Net Interest Income

(Dollars in millions)				June 30	December 31
Curve Change		Short Rate (bps)	Long Rate (bps)	2013	2012
Parallel shifts					
+100 bps instantaneous shift		+100	+100	\$ 3,311	\$ 4,232
-50 bps instantaneous shift		-50	-50	(1,645)	(2,250)
Flatteners					
Short end instantaneous change		+100	—	2,291	2,159
Long end instantaneous change		—	-50	(662)	(1,597)
Steeperers					
Short end instantaneous change		-50	—	(973)	(655)
Long end instantaneous change		—	+100	1,029	2,091

The sensitivity analysis in Table 67 assumes that we take no action in response to these rate shocks. Our net interest income was asset sensitive to a parallel move in interest rates at both June 30, 2013 and December 31, 2012. As part of our ALM activities, we use securities, residential mortgages, and interest rate and foreign exchange derivatives in managing interest rate sensitivity.

Securities

The securities portfolio is an integral part of our interest rate risk management, which includes our ALM positioning, and is primarily comprised of debt securities including MBS and to a lesser extent U.S. Treasury, corporate, municipal and other debt securities. As part of the ALM positioning, we use derivatives to hedge certain debt securities to mitigate the interest rate and duration risk. At June 30, 2013 and December 31, 2012, our securities portfolio used for ALM positioning had a carrying value of \$336.4 billion and \$360.3 billion.

During the three months ended June 30, 2013 and 2012, we purchased debt securities of \$62.9 billion and \$35.4 billion, sold \$45.7 billion and \$20.0 billion, and had maturities and received paydowns of \$27.7 billion and \$16.0 billion, respectively. We realized \$457 million and \$400 million in net gains on sales of AFS debt securities. During the six months ended June 30, 2013 and 2012, we purchased debt securities of \$99.2 billion and \$102.3 billion, sold \$61.0 billion and \$45.8 billion, and had maturities and received paydowns of \$51.7 billion and \$34.2 billion, respectively. We realized \$525 million and \$1.2 billion in net gains on sales of AFS debt securities.

At June 30, 2013, accumulated OCI included an after-tax net unrealized loss of \$645 million on AFS debt securities and an after-tax net unrealized gain of \$411 million on AFS marketable equity securities compared to after-tax net unrealized gains of \$3.7 billion and \$16 million at June 30, 2012. For more information on accumulated OCI, see *Note 13 – Accumulated Other Comprehensive Income (Loss)* to the Consolidated Financial Statements. The pre-tax net amounts in accumulated OCI related to AFS debt securities decreased \$6.6 billion and \$8.1 billion during the three and six months ended June 30, 2013 to a \$1.0 billion net unrealized loss primarily due to the impact of higher interest rates. For more information on our securities portfolio, see *Note 4 – Securities* to the Consolidated Financial Statements.

We recognized \$4 million and \$13 million of other-than-temporary impairment (OTTI) losses in earnings on AFS debt securities in the three and six months ended June 30, 2013 compared to \$6 million and \$46 million for the same periods in 2012. The recognition of OTTI losses is based on a variety of factors, including the length of time and extent to which the market value has been less than amortized cost, the financial condition of the issuer of the security including credit ratings and any specific events affecting the operations of the issuer, underlying assets that collateralize the debt security, other industry and macroeconomic conditions, and our intent and ability to hold the security to recovery.

Residential Mortgage Portfolio

At June 30, 2013 and December 31, 2012, our residential mortgage portfolio was \$254.0 billion and \$252.9 billion excluding \$1.1 billion and \$1.0 billion of consumer residential mortgage loans accounted for under the fair value option. For more information on consumer fair value option loans, see *Consumer Portfolio Credit Risk Management – Consumer Loans Accounted for Under the Fair Value Option* on page 100. The \$1.1 billion increase in the six months ended June 30, 2013 was primarily due to the repurchase of certain loans in connection with the FNMA Settlement, new origination volume and repurchases of delinquent FHA loans pursuant to our servicing agreements with GNMA, partially offset by paydowns, charge-offs and transfers to foreclosed properties. For more information on the FNMA Settlement, see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements.

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

During the three months ended June 30, 2013, *CRES* and *GWIM* originated \$13.0 billion of first-lien mortgages that we retained compared to \$7.9 billion in the same period in 2012. We repurchased \$2.9 billion of delinquent FHA loans pursuant to our servicing agreements with GNMA compared to \$2.2 billion in the prior-year period. We purchased \$27 million of residential mortgages related to ALM activities during the three months ended June 30, 2013; there were none in the same period in 2012. We sold \$340 million of residential mortgages compared to \$17 million in the same period in 2012, all of which were originated residential mortgages. Gains recognized on the sales of residential mortgages in both periods were not material. We received paydowns of \$15.9 billion compared to \$12.2 billion in the same period in 2012.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

During the six months ended June 30, 2013, *CRES* and *GWIM* originated \$23.8 billion of first-lien mortgages that we retained compared to \$16.2 billion in the same period in 2012. Additionally, during the six months ended June 30, 2013 in connection with the FNMA Settlement, we repurchased certain residential mortgage loans as mentioned above. We repurchased \$6.0 billion of delinquent FHA loans pursuant to our servicing agreements with GNMA compared to \$2.3 billion in the same period in 2012. We purchased \$27 million of residential mortgages related to ALM activities during the six months ended June 30, 2013; there were none in the same period in 2012. We sold \$355 million of residential mortgages compared to \$36 million in the same period in 2012, all of which were originated residential mortgages. Gains recognized on the sales of residential mortgages in both periods were not material. We received paydowns of \$29.9 billion compared to \$25.1 billion in the same period in 2012.

Interest Rate and Foreign Exchange Derivative Contracts

Interest rate and foreign exchange derivative contracts are utilized in our ALM activities and serve as an efficient tool to manage our interest rate and foreign exchange risk. We use derivatives to hedge the variability in cash flows or changes in fair value on our balance sheet due to interest rate and foreign exchange components. For more information on our hedging activities, see *Note 3 – Derivatives* to the Consolidated Financial Statements.

Our interest rate contracts are generally non-leveraged generic interest rate and foreign exchange basis swaps, options, futures and forwards. In addition, we use foreign exchange contracts, including cross-currency interest rate swaps, foreign currency forward contracts and options to mitigate the foreign exchange risk associated with foreign currency-denominated assets and liabilities.

Changes to the composition of our derivatives portfolio during the six months ended June 30, 2013 reflect actions taken for interest rate and foreign exchange rate risk management. The decisions to reposition our derivatives portfolio are based on the current assessment of economic and financial conditions including the interest rate and foreign currency environments, balance sheet composition and trends, and the relative mix of our cash and derivative positions.

Table of Contents

Table 68 presents derivatives utilized in our ALM activities including those designated as accounting and economic hedging instruments and shows the notional amount, fair value, weighted-average receive-fixed and pay-fixed rates, expected maturity and average estimated durations of our open ALM derivatives at June 30, 2013 and December 31, 2012. These amounts do not include derivative hedges on our MSRs.

Table 68

Asset and Liability Management Interest Rate and Foreign Exchange Contracts

June 30, 2013										Average Estimated Duration
Expected Maturity										
(Dollars in millions, average estimated duration in years)	Fair Value	Total	2013	2014	2015	2016	2017	Thereafter		
Receive-fixed interest rate swaps ^(1, 2)	\$ 6,560								5.09	
Notional amount		\$ 98,664	\$ 839	\$ 7,604	\$ 12,873	\$ 13,339	\$ 19,803	\$ 44,206		
Weighted-average fixed-rate		3.61 %	4.68 %	3.79 %	3.32 %	3.49 %	3.87 %	3.57 %		
Pay-fixed interest rate swaps ^(1, 2)	261								5.19	
Notional amount		\$ 19,426	\$ 9	\$ 3,604	\$ 520	\$ 1,025	\$ 1,527	\$ 12,741		
Weighted-average fixed-rate		1.60 %	6.91 %	0.60 %	2.30 %	1.65 %	1.84 %	1.82 %		
Same-currency basis swaps ⁽³⁾	36									
Notional amount		\$ 219,772	\$ 68,124	\$ 54,266	\$ 25,714	\$ 27,199	\$ 14,786	\$ 29,683		
Foreign exchange basis swaps ^(2, 4, 5)	(1,018)									
Notional amount		197,352	11,912	39,104	37,012	24,891	23,413	61,020		
Option products ⁽⁶⁾	12									
Notional amount ⁽⁷⁾		(85)	(92)	—	—	—	—	7		
Foreign exchange contracts ^(2, 5, 8)	3,211									
Notional amount ⁽⁷⁾		(2,131)	(24,011)	7,938	1,242	(184)	6,936	5,948		
Futures and forward rate contracts	433									
Notional amount ⁽⁷⁾		(17,117)	(17,117)	—	—	—	—	—		
Net ALM contracts	\$ 9,495									

(Dollars in millions, average estimated duration in years)	Fair Value	December 31, 2012							Average Estimated Duration	
		Expected Maturity								
		Total	2013	2014	2015	2016	2017	Thereafter		
Receive-fixed interest rate swaps ^(1, 2)	\$ 10,491									5.30
Notional amount		\$ 85,899	\$ 7,175	\$ 7,604	\$ 11,785	\$ 11,362	\$ 19,693	\$ 28,280		
Weighted-average fixed-rate		4.12 %	4.06 %	3.79 %	3.56 %	3.98 %	3.89 %	4.67 %		
Pay-fixed interest rate swaps ^(1, 2)	(4,903)									15.47
Notional amount		\$ 26,548	\$ 27	\$ 3,989	\$ 520	\$ 1,025	\$ 1,527	\$ 19,460		
Weighted-average fixed-rate		3.09 %	6.91 %	0.79 %	2.30 %	1.65 %	1.84 %	3.75 %		
Same-currency basis swaps ⁽³⁾	45									
Notional amount		\$ 213,458	\$ 82,716	\$ 54,534	\$ 19,995	\$ 20,361	\$ 13,542	\$ 22,310		
Foreign exchange basis swaps ^(2, 4, 5)	431									
Notional amount		191,925	32,590	44,732	27,569	15,965	20,134	50,935		
Option products ⁽⁶⁾	(147)									
Notional amount ⁽⁷⁾		4,218	4,000	—	—	—	—	218		
Foreign exchange contracts ^(2, 5, 8)	5,636									
Notional amount ⁽⁷⁾		(1,200)	(23,438)	8,615	1,303	582	6,183	5,555		
Futures and forward rate contracts	24									
Notional amount ⁽⁷⁾		(11,595)	(11,595)	—	—	—	—	—		
Net ALM contracts	\$ 11,577									

⁽¹⁾ At June 30, 2013, the receive-fixed interest rate swap notional amounts that represent forward starting swaps and which will not be effective until their respective contractual start dates totaled \$6 billion compared to none at December 31, 2012. The forward starting pay-fixed swap positions at June 30, 2013 and December 31, 2012 were \$748 million and \$520 million.

⁽²⁾ Does not include basis adjustments on either fixed-rate debt issued by the Corporation or AFS debt securities, which are hedged using derivatives designated as fair value hedging instruments, that substantially offset the fair values of these derivatives.

⁽³⁾ At June 30, 2013 and December 31, 2012, the notional amount of same-currency basis swaps was comprised of \$219.8 billion and \$213.5 billion in both foreign currency and U.S. dollar-denominated basis swaps in which both sides of the swap are in the same currency.

⁽⁴⁾ Foreign exchange basis swaps consisted of cross-currency variable interest rate swaps used separately or in conjunction with receive-fixed interest rate swaps.

⁽⁵⁾ Does not include foreign currency translation adjustments on certain non-U.S. debt issued by the Corporation that substantially offset the fair values of these derivatives.

⁽⁶⁾ The notional amount of option products of \$(85) million at June 30, 2013 was comprised of \$1.0 billion in MBS options, \$(92) million in foreign exchange options, \$(1.0) billion in swaptions and \$18 million in purchased caps/floors. Option products of \$4.2 billion at December 31, 2012 were comprised of \$4.2 billion in swaptions and \$18 million in purchased caps/floors.

⁽⁷⁾ Reflects the net of long and short positions. Amounts shown as negative reflect a net short position.

⁽⁸⁾ The notional amount of foreign exchange contracts of \$(2.1) billion at June 30, 2013 was comprised of \$36.1 billion in foreign currency-denominated and cross-currency receive-fixed swaps \$(7.2) billion in foreign currency-denominated pay-fixed swaps and \$(31.0) billion in net foreign currency forward rate contracts. Foreign exchange contracts of \$(1.2) billion at December 31, 2012 were comprised of \$41.9 billion in foreign currency-denominated and cross-currency receive-fixed swaps, \$(10.5) billion in foreign currency-denominated pay-fixed swaps and \$(32.6) billion in net foreign currency forward rate contracts.

Table of Contents

We use interest rate derivative instruments to hedge the variability in the cash flows of our assets and liabilities and other forecasted transactions (collectively referred to as cash flow hedges). The net losses on both open and terminated cash flow hedge derivative instruments recorded in accumulated OCI, net-of-tax, were \$2.7 billion and \$2.9 billion at June 30, 2013 and December 31, 2012. These net losses are expected to be reclassified into earnings in the same period as the hedged cash flows affect earnings and will decrease income or increase expense on the respective hedged cash flows. Assuming no change in open cash flow derivative hedge positions and no changes in prices or interest rates beyond what is implied in forward yield curves at June 30, 2013, the pre-tax net losses are expected to be reclassified into earnings as follows: \$936 million, or 22 percent, within the next year, 58 percent in years two through five, and 14 percent in years six through ten, with the remaining six percent thereafter. For more information on derivatives designated as cash flow hedges, see *Note 3 – Derivatives* to the Consolidated Financial Statements.

We hedge our net investment in non-U.S. operations determined to have functional currencies other than the U.S. dollar using forward foreign exchange contracts that typically settle in less than 180 days, cross-currency basis swaps, foreign exchange options and foreign currency-denominated debt. We recorded net after-tax gains on derivatives and foreign currency-denominated debt in accumulated OCI associated with net investment hedges which were offset by losses on our net investments in consolidated non-U.S. entities at June 30, 2013.

Mortgage Banking Risk Management

We originate, fund and service mortgage loans, which subject us to credit, liquidity and interest rate risks, among others. We determine whether loans will be HFI or held-for-sale at the time of commitment and manage credit and liquidity risks by selling or securitizing a portion of the loans we originate.

Interest rate risk and market risk can be substantial in the mortgage business. Fluctuations in interest rates drive consumer demand for new mortgages and the level of refinancing activity, which in turn, affects total origination and servicing income. Typically, an increase in mortgage interest rates will lead to a decrease in mortgage originations and related fees and an increase in the value of the MSRs driven by lower prepayment expectations. Hedging the various sources of interest rate risk in mortgage banking is a complex process that requires complex modeling and ongoing monitoring. IRLCs and the related residential first mortgage LHFS are subject to interest rate risk between the date of the IRLC and the date the loans are sold to the secondary market. To hedge interest rate risk, we utilize forward loan sale commitments and other derivative instruments including purchased options. These instruments are used to hedge certain market risks of IRLCs and residential first mortgage LHFS. At June 30, 2013 and December 31, 2012, the notional amounts of derivatives economically hedging the IRLCs and residential first mortgage LHFS were \$27.7 billion and \$31.1 billion.

MSRs are nonfinancial assets created when the underlying mortgage loan is sold to investors and we retain the right to service the loan. We use certain derivatives such as interest rate options, interest rate swaps, forward settlement contracts and Eurodollar futures, as well as principal-only and interest-only MBS and U.S. Treasuries to hedge certain market risks of MSRs. The fair value and notional amounts of the derivative contracts and fair value of securities hedging the MSRs were \$(2.4) billion, \$1.8 trillion and \$3.2 billion at June 30, 2013 and \$2.3 billion, \$1.6 trillion and \$2.3 billion at December 31, 2012. For the three and six months ended June 30, 2013, we recorded losses in mortgage banking income of \$752 million and \$871 million related to the change in fair value of the derivative contracts and other securities used to hedge the market risks of the MSRs compared to gains of \$1.8 billion and \$1.3 billion for the same periods in 2012. For more information on MSRs, see *Note 19 – Mortgage Servicing Rights* to the Consolidated Financial Statements and for more information on mortgage banking income, see *CRES* on page 37.

Compliance Risk Management

The Global Compliance organization is responsible for overseeing compliance risk, which is the risk of legal or regulatory sanctions, material financial loss or damage to the reputation of the Corporation in the event of the failure of the Corporation to comply with requirements of applicable banking and financial services laws, rules and regulations, related self-regulatory organization standards, and codes of conduct. Compliance is at the core of the Corporation's culture and is a key component of risk management discipline.

The Global Compliance Framework, an addendum to the Bank of America Risk Framework, details the high-level requirements of the global compliance program in one comprehensive document. The Global Compliance Framework also clearly defines roles and responsibilities and is supported by policies that articulate detailed requirements for implementation and execution of the global compliance program. As such, the Global Compliance Framework supports responsible, well-informed compliance risk management that incorporates an ongoing, disciplined approach to proactive planning, oversight, escalation and decision making across the Corporation.

The Global Compliance Framework also provides an outline for senior management and the Board, and/or appropriate Board level committee, such as the Audit Committee, to continue to leverage in conducting objective oversight of the Corporation's compliance risk management. The Board provides oversight of compliance risks through its Audit Committee.

Operational Risk Management

The Corporation defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk may occur anywhere in the Corporation, including outsourced business processes, and is not limited to operations functions. Its effects may extend beyond financial losses. Operational risk includes legal risk. Successful operational risk management is particularly important to diversified financial services companies because of the nature, volume and complexity of the financial services business. Global banking guidelines and country-specific requirements for managing operational risk were established in Basel 2 which require that the Corporation has internal operational risk management processes to assess and measure operational risk exposure and to set aside appropriate capital to address those exposures. Operational risk is a significant component in the calculation of total risk-weighted assets used in the Basel 3 capital determination. For more information on Basel 3, see Capital Management – Regulatory Capital Changes on page 72.

For more information on our operational risk management activities, see page 120 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K

Complex Accounting Estimates

Our significant accounting principles, as described in *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K, are essential in understanding the MD&A. Many of our significant accounting principles require complex judgments to estimate the values of assets and liabilities. We have procedures and processes in place to facilitate making these judgments.

The more judgmental estimates impacting results for the six months ended June 30, 2013 are summarized in the following discussion. We have identified and described the development of the variables most important in the estimation processes that involve mathematical models to derive the estimates. In many cases, there are numerous alternative judgments that could be used in the process of determining the inputs to the models. Where alternatives exist, we have used the factors that we believe represent the most reasonable value in developing the inputs. Actual performance that differs from our estimates of the key variables could impact our results of operations. Separate from the possible future impact to our results of operations from input and model variables, the value of our lending portfolio and market-sensitive assets and liabilities may change subsequent to the balance sheet date, often significantly, due to the nature and magnitude of future credit and market conditions. Such credit and market conditions may change quickly and in unforeseen ways and the resulting volatility could have a significant, negative effect on future operating results. These fluctuations would not be indicative of deficiencies in our models or inputs.

For additional information, see Complex Accounting Estimates on page 121 of the MD&A of the Corporation's 2012 Annual Report on Form 10-K

Level 3 Assets and Liabilities

Financial assets and liabilities whose values are based on valuation techniques that require inputs that are both unobservable and are significant to the overall fair value measurement are classified as Level 3 under the fair value hierarchy established in applicable accounting guidance. The Level 3 financial assets and liabilities include certain loans, MBS, ABS, CDOs and structured liabilities, as well as highly structured, complex or long-dated derivative contracts, private equity investments and consumer MSRs. The fair value of these Level 3 financial assets and liabilities is determined using pricing models, discounted cash flow methodologies or similar techniques for which the determination of fair value requires significant management judgment or estimation.

Table 69

Level 3 Asset and Liability Summary

	June 30, 2013			December 31, 2012		
	Level 3 Fair Value	As a % of Total Level 3 Assets	As a % of Total Assets	Level 3 Fair Value	As a % of Total Level 3 Assets	As a % of Total Assets
(Dollars in millions)						
Trading account assets	\$ 8,313	25.46%	0.39%	\$ 9,559	26.13%	0.43%
Derivative assets	7,714	23.63	0.36	8,073	22.06	0.37
AFS debt securities	5,042	15.44	0.24	5,091	13.91	0.23
All other Level 3 assets at fair value	11,581	35.47	0.55	13,865	37.90	0.63
Total Level 3 assets at fair value ⁽¹⁾	\$ 32,650	100.00%	1.54%	\$ 36,588	100.00%	1.66%
	Level 3 Fair Value	As a % of Total Level 3 Liabilities	As a % of Total Liabilities	Level 3 Fair Value	As a % of Total Level 3 Liabilities	As a % of Total Liabilities
Derivative liabilities	\$ 6,541	75.05%	0.35%	\$ 6,605	73.51%	0.33%
Long-term debt	1,890	21.68	0.10	2,301	25.61	0.12
All other Level 3 liabilities at fair value	285	3.27	0.01	79	0.88	0.01
Total Level 3 liabilities at fair value ⁽¹⁾	\$ 8,716	100.00%	0.46%	\$ 8,985	100.00%	0.46%

⁽¹⁾ Level 3 total assets and liabilities are shown before the impact of counterparty netting related to our derivative positions.

During the three and six months ended June 30, 2013, we recognized net gains of \$1.7 billion and \$2.4 billion on Level 3 assets and liabilities. The net gains during the three months ended June 30, 2013 were primarily gains on net derivative assets and MSRs. Gains on net derivative assets were primarily unrealized gains associated with the performance of various index option contracts as well as production gains on IRLCs. Gains on MSRs were primarily due to the impact of the increase in interest rates on forecasted prepayments. The net gains during the six months ended June 30, 2013 were primarily gains on net derivative assets and MSRs, as discussed above, as well as gains on trading account assets, offset by losses on other assets. Unrealized gains on trading account assets were primarily due to mark-to-market gains on collateralized loan obligation positions due to strong market conditions, as well as mark-to-market gains on secondary loan positions held in inventory. Losses on other assets were primarily due to a write-down of a receivable. There were net unrealized gains of \$30 million in accumulated OCI on Level 3 assets and liabilities at June 30, 2013. For more information on the components of net realized and unrealized gains and losses during three and six months ended June 30, 2013, see *Note 16 – Fair Value Measurements* to the Consolidated Financial Statements.

Level 3 financial instruments, such as our consumer MSRs, may be hedged with derivatives classified as Level 1 or 2; therefore, gains or losses associated with Level 3 financial instruments may be offset by gains or losses associated with financial instruments classified in other levels of the fair value hierarchy. The Level 3 gains and losses recorded in earnings did not have a significant impact on our liquidity or capital resources.

We conduct a review of our fair value hierarchy classifications on a quarterly basis. Transfers into or out of Level 3 are made if the significant inputs used in the financial models measuring the fair values of the assets and liabilities became unobservable or observable, respectively, in the current marketplace. These transfers are considered to be effective as of the beginning of the quarter in which they occur. For more information on the significant transfers into and out of Level 3 during the three and six months ended June 30, 2013, see *Note 16 – Fair Value Measurements* to the Consolidated Financial Statements.

Representations and Warranties

The methodology used to estimate the liability for obligations under representations and warranties related to transfers of residential mortgage loans is a function of the representations and warranties given and considers a variety of factors. Depending upon the counterparty, these factors include actual defaults, estimated future defaults, historical loss experience, estimated home prices, other economic conditions, estimated probability that we will receive a repurchase request, including consideration of whether presentation thresholds will be met, number of payments made by the borrower prior to default and estimated probability that we will be required to repurchase a loan. It also considers other relevant facts and circumstances, such as bulk settlements and identity of the counterparty or type of counterparty, as appropriate. The estimate of the liability for obligations under representations and warranties is based upon currently available information, significant judgment, and a number of factors, including those set forth above, that are subject to change. Changes to any one of these factors could significantly impact the estimate of our liability.

The representations and warranties provision may vary significantly each period as the methodology used to estimate the expense continues to be refined based on the level and type of repurchase requests presented, defects identified, the latest experience gained on repurchase requests and other relevant facts and circumstances. The estimate of the liability for representations and warranties is sensitive to future defaults, loss severity and the net repurchase rate. An assumed simultaneous increase or decrease of 10 percent in estimated future defaults, loss severity and the net repurchase rate would result in an increase of approximately \$650 million or decrease of approximately \$600 million in the representations and warranties liability as of June 30, 2013. These sensitivities are hypothetical and are intended to provide an indication of the impact of a significant change in these key assumptions on the representations and warranties liability. In reality, changes in one assumption may result in changes in other assumptions, which may or may not counteract the sensitivity.

For more information on representations and warranties exposure and the corresponding estimated range of possible loss, see Off-Balance Sheet Arrangements and Contractual Obligations – Representations and Warranties on page 58, as well as *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements herein and *Note 13 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

Glossary

Alt-A Mortgage – A type of U.S. mortgage that, for various reasons, is considered riskier than A-paper, or "prime," and less risky than "subprime," the riskiest category. Alt-A interest rates, which are determined by credit risk, therefore tend to be between those of prime and subprime home loans. Typically, Alt-A mortgages are characterized by borrowers with less than full documentation, lower credit scores and higher LTVs.

Assets in Custody – Consist largely of custodial and non-discretionary trust assets excluding brokerage assets administered for clients. Trust assets encompass a broad range of asset types including real estate, private company ownership interest, personal property and investments.

Assets Under Management (AUM) – The total market value of assets under the investment advisory and discretion of *GWIM* which generate asset management fees based on a percentage of the assets' market values. AUM reflects assets that are generally managed for institutional, high net-worth and retail clients, and are distributed through various investment products including mutual funds, other commingled vehicles and separate accounts.

Carrying Value (with respect to loans) – The amount at which a loan is recorded on the balance sheet. For loans recorded at amortized cost, carrying value is the unpaid principal balance net of unamortized deferred loan origination fees and costs, and unamortized purchase premium or discount. For loans that are or have been on nonaccrual status, the carrying value is also reduced by any net charge-offs that have been recorded and the amount of interest payments applied as a reduction of principal under the cost recovery method. For PCI loans, the carrying value equals fair value upon acquisition adjusted for subsequent cash collections and yield accreted to date. For credit card loans, the carrying value also includes interest that has been billed to the customer. For loans classified as held-for-sale, carrying value is the lower of carrying value as described in the sentences above, or fair value. For loans for which we have elected the fair value option, the carrying value is fair value.

Client Brokerage Assets – Include client assets which are held in brokerage accounts. This includes non-discretionary brokerage and fee-based assets which generate brokerage income and asset management fee revenue.

Committed Credit Exposure – Includes any funded portion of a facility plus the unfunded portion of a facility on which the lender is legally bound to advance funds during a specified period under prescribed conditions.

Credit Derivatives – Contractual agreements that provide protection against a credit event on one or more referenced obligations. The nature of a credit event is established by the protection purchaser and protection seller at the inception of the transaction, and such events generally include bankruptcy or insolvency of the referenced credit entity, failure to meet payment obligations when due, as well as acceleration of indebtedness and payment repudiation or moratorium. The purchaser of the credit derivative pays a periodic fee in return for a payment by the protection seller upon the occurrence, if any, of such a credit event. A credit default swap is a type of a credit derivative.

Credit Valuation Adjustment (CVA) – A portfolio adjustment required to properly reflect the counterparty credit risk exposure as part of the fair value of derivative instruments.

Debit Valuation Adjustment (DVA) – A portfolio adjustment required to properly reflect the Corporation's own credit risk exposure as part of the fair value of derivative instruments.

Interest Rate Lock Commitment (IRLC) – Commitment with a loan applicant in which the loan terms, including interest rate and price, are guaranteed for a designated period of time subject to credit approval.

Letter of Credit – A document issued on behalf of a customer to a third party promising to pay the third party upon presentation of specified documents. A letter of credit effectively substitutes the issuer's credit for that of the customer.

Loan-to-value (LTV) – A commonly used credit quality metric that is reported in terms of ending and average LTV. Ending LTV is calculated as the outstanding carrying value of the loan at the end of the period divided by the estimated value of the property securing the loan. Estimated property values are primarily determined by utilizing the Case-Schiller Home Index, a widely used index based on data from repeat sales of single family homes. Case-Schiller indices are updated quarterly and are reported on a three-month or one-quarter lag. An additional metric related to LTV is **combined loan-to-value (CLTV)** which is similar to the LTV metric, yet combines the outstanding balance on the residential mortgage loan and the outstanding carrying value on the home equity loan or available line of credit, both of which are secured by the same property, divided by the estimated value of the property. A LTV of 100 percent reflects a loan that is currently secured by a property valued at an amount exactly equal to the carrying value or available line of the loan. Under certain circumstances, estimated values can also be determined by utilizing an automated valuation method (AVM) or Mortgage Risk

Assessment Corporation (MRAC) index. An AVM is a tool that estimates the value of a property by reference to large volumes of market data including sales of comparable properties and price trends specific to the MSA in which the property being valued is located. The MRAC index is similar to the Case-Schiller Home Index in that it is an index that is based on data from repeat sales of single family homes and is reported on a lag.

Margin Receivable – An extension of credit secured by eligible securities in certain brokerage accounts.

Matched Book – Repurchase and resale agreements and securities borrowed and loaned transactions entered into to accommodate customers and earn interest rate spreads.

Mortgage Servicing Right (MSR) – The right to service a mortgage loan when the underlying loan is sold or securitized. Servicing includes collections for principal, interest and escrow payments from borrowers and accounting for and remitting principal and interest payments to investors.

Net Interest Yield – Net interest income divided by average total interest-earning assets.

Nonperforming Loans and Leases – Includes loans and leases that have been placed on nonaccrual status, including nonaccruing loans whose contractual terms have been restructured in a manner that grants a concession to a borrower experiencing financial difficulties (TDRs). Loans accounted for under the fair value option, PCI loans and LHFS are not reported as nonperforming loans and leases. Consumer credit card loans, business card loans, consumer loans secured by personal property (except for certain secured consumer loans, including those that have been modified in a TDR), and consumer loans secured by real estate that are insured by the FHA or through long-term credit protection agreements with FNMA and FHLMC (fully-insured loan portfolio), are not placed on nonaccrual status and are, therefore, not reported as nonperforming loans and leases.

Purchased Credit-impaired (PCI) Loan – A loan purchased as an individual loan, in a portfolio of loans or in a business combination with evidence of deterioration in credit quality since origination for which it is probable, upon acquisition, that the investor will be unable to collect all contractually required payments. These loans are recorded at fair value upon acquisition.

Subprime Loans – Although a standard industry definition for subprime loans (including subprime mortgage loans) does not exist, the Corporation defines subprime loans as specific product offerings for higher risk borrowers, including individuals with one or a combination of high credit risk factors, such as low FICO scores, high debt to income ratios and inferior payment history.

Tier 1 Common Capital – Tier 1 capital less preferred stock, qualifying trust preferred securities, hybrid securities and qualifying noncontrolling interest in subsidiaries.

Troubled Debt Restructurings (TDRs) – Loans whose contractual terms have been restructured in a manner that grants a concession to a borrower experiencing financial difficulties. Certain consumer loans for which a binding offer to restructure has been extended are also classified as TDRs. Concessions could include a reduction in the interest rate to a rate that is below market on the loan, payment extensions, forgiveness of principal, forbearance, loans discharged in bankruptcy or other actions intended to maximize collection. Secured consumer loans that have been discharged in Chapter 7 bankruptcy and have not been reaffirmed by the borrower are classified as TDRs at the time of discharge from bankruptcy. TDRs are generally reported as nonperforming loans and leases while on nonaccrual status. Nonperforming TDRs may be returned to accrual status when, among other criteria, payment in full of all amounts due under the restructured terms is expected and the borrower has demonstrated a sustained period of repayment performance, typically six months. TDRs that are on accrual status are reported as performing TDRs through the end of the calendar year in which the restructuring occurred or the year in which they are returned to accrual status. In addition, if accruing TDRs bear less than a market rate of interest at the time of modification, they are reported as performing TDRs throughout their remaining lives unless and until they cease to perform in accordance with their modified contractual terms, at which time they would be placed on nonaccrual status and reported as nonperforming TDRs.

Value-at-Risk (VaR) – VaR is a model that simulates the value of a portfolio under a range of hypothetical scenarios in order to generate a distribution of potential gains and losses. VaR represents the loss the portfolio is expected to experience with a given confidence level based on historical data. A VaR model is an effective tool in estimating ranges of potential gains and losses on our trading portfolios.

Acronyms

ABS	Asset-backed securities
AFS	Available-for-sale
ALM	Asset and liability management
ALMRC	Asset Liability and Market Risk Committee
ARM	Adjustable-rate mortgage
BHC	Bank holding company
CCAR	Comprehensive Capital Analysis and Review
CDO	Collateralized debt obligation
CLO	Collateralized loan obligation
CMBS	Commercial mortgage-backed securities
CRA	Community Reinvestment Act
CRC	Credit Risk Committee
EAD	Exposure at default
EU	European Union
FDIC	Federal Deposit Insurance Corporation
FHA	Federal Housing Administration
FHLMC	Freddie Mac
FICC	Fixed income, currencies and commodities
FICO	Fair Isaac Corporation (credit score)
FNMA	Fannie Mae
FTE	Fully taxable-equivalent
GAAP	Accounting principles generally accepted in the United States of America
GMRC	Global Markets Risk Committee
GNMA	Government National Mortgage Association
GSE	Government-sponsored enterprise
HELOC	Home equity lines of credit
HFI	Held-for-investment
HUD	U.S. Department of Housing and Urban Development
LCR	Liquidity Coverage Ratio
LGD	Loss given default
LHFS	Loans held-for-sale
LIBOR	London InterBank Offered Rate
MBS	Mortgage-backed securities
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MI	Mortgage insurance
MSA	Metropolitan statistical area
NSFR	Net Stable Funding Ratio
OCC	Office of the Comptroller of the Currency
OCI	Other comprehensive income
OTC	Over-the-counter
OTTI	Other-than-temporary impairment
PPI	Payment protection insurance
RMBS	Residential mortgage-backed securities
SBLCs	Standby letters of credit
SEC	Securities and Exchange Commission
VA	U.S. Department of Veterans Affairs
VIE	Variable interest entity

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Market Risk Management on page 125 in the MD&A and the sections referenced therein for Quantitative and Qualitative Disclosures about Market Risk.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report and pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934 (Exchange Act), the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness and design of the Corporation's disclosure controls and procedures (as that term is defined in Rule 13a-15(e) of the Exchange Act). Based upon that evaluation, the Corporation's Chief Executive Officer and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures were effective, as of the end of the period covered by this report, in recording, processing, summarizing and reporting information required to be disclosed by the Corporation in reports that it files or submits under the Exchange Act, within the time periods specified in the Securities and Exchange Commission's rules and forms.

Changes in Internal Controls

There have been no changes in the Corporation's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the three months ended June 30, 2013 that have materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting.

Table of Contents

Part I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Bank of America Corporation and Subsidiaries

Consolidated Statement of Income

	Three Months Ended June 30		Six Months Ended June 30	
(Dollars in millions, except per share information)	2013	2012	2013	2012
Interest income				
Loans and leases	\$ 9,060	\$ 9,744	\$ 18,238	\$ 19,917
Debt securities	2,548	1,905	5,097	4,651
Federal funds sold and securities borrowed or purchased under agreements to resell	319	360	634	820
Trading account assets	1,181	1,246	2,518	2,598
Other interest income	717	737	1,439	1,467
Total interest income	13,825	13,992	27,926	29,453
Interest expense				
Deposits	366	519	748	1,068
Short-term borrowings	809	943	1,558	1,824
Trading account liabilities	427	448	899	925
Long-term debt	1,674	2,534	3,508	5,242
Total interest expense	3,276	4,444	6,713	9,059
Net interest income	10,549	9,548	21,213	20,394
Noninterest income				
Card income	1,469	1,578	2,879	3,035
Service charges	1,837	1,934	3,636	3,846
Investment and brokerage services	3,143	2,847	6,170	5,723
Investment banking income	1,556	1,146	3,091	2,363
Equity investment income	680	368	1,243	1,133
Trading account profits	1,938	1,764	4,927	3,839
Mortgage banking income	1,178	1,659	2,441	3,271
Gains on sales of debt securities	457	400	525	1,152
Other income (loss)	(76)	730	(188)	(464)
Other-than-temporary impairment losses on available-for-sale debt securities:				
Total other-than-temporary impairment losses	(5)	(13)	(14)	(62)
Less: Portion of other-than-temporary impairment losses recognized in other comprehensive income	1	7	1	16
Net impairment losses recognized in earnings on available-for-sale debt securities	(4)	(6)	(13)	(46)
Total noninterest income	12,178	12,420	24,711	23,852
Total revenue, net of interest expense	22,727	21,968	45,924	44,246
Provision for credit losses	1,211	1,773	2,924	4,191
Noninterest expense				
Personnel	8,531	8,729	18,422	18,917
Occupancy	1,109	1,117	2,263	2,259
Equipment	532	546	1,082	1,157
Marketing	437	449	866	914
Professional fees	694	922	1,343	1,705
Amortization of intangibles	274	321	550	640
Data processing	779	692	1,591	1,548
Telecommunications	411	417	820	817
Other general operating	3,251	3,855	8,581	8,232
Total noninterest expense	16,018	17,048	35,518	36,189
Income before income taxes	5,498	3,147	7,482	3,866
Income tax expense	1,486	684	1,987	750
Net income	\$ 4,012	\$ 2,463	\$ 5,495	\$ 3,116
Preferred stock dividends	441	365	814	690
Net income applicable to common shareholders	\$ 3,571	\$ 2,098	\$ 4,681	\$ 2,426
Per common share information				
Earnings	\$ 0.33	\$ 0.19	\$ 0.43	\$ 0.23
Diluted earnings	0.32	0.19	0.42	0.22
Dividends paid	0.01	0.01	0.02	0.02
Average common shares issued and outstanding (in thousands)	10,775,867	10,775,695	10,787,357	10,714,881

Average diluted common shares issued and outstanding (in thousands)	11,524,510	11,556,011	11,549,693	11,509,945

See accompanying Notes to Consolidated Financial Statements.

Bank of America Corporation and Subsidiaries Consolidated Statement of Comprehensive Income					
(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30		
	2013	2012	2013	2012	
Net income	\$ 4,012	\$ 2,463	\$ 5,495	\$ 3,116	
Other comprehensive income (loss), net-of-tax:					
Net change in available-for-sale debt and marketable equity securities	(4,233)	1,530	(5,139)	606	
Net change in derivatives	13	(81)	185	301	
Employee benefit plan adjustments	48	79	133	1,031	
Net change in foreign currency translation adjustments	(49)	(32)	(91)	(1)	
Other comprehensive income (loss)	(4,221)	1,496	(4,912)	1,937	
Comprehensive income (loss)	\$ (209)	\$ 3,959	\$ 583	\$ 5,053	

See accompanying Notes to Consolidated Financial Statements.

Bank of America Corporation and Subsidiaries		
Consolidated Balance Sheet		
(Dollars in millions)	June 30 2013	December 31 2012
Assets		
Cash and cash equivalents	\$ 98,828	\$ 110,752
Time deposits placed and other short-term investments	12,916	18,694
Federal funds sold and securities borrowed or purchased under agreements to resell (includes \$103,272 and \$98,670 measured at fair value)	224,168	219,924
Trading account assets (includes \$94,021 and \$115,821 pledged as collateral)	191,234	227,775
Derivative assets	56,772	53,497
Debt securities:		
Carried at fair value (includes \$60,375 and \$63,349 pledged as collateral)	281,481	310,850
Held-to-maturity, at cost (fair value – \$52,856 and \$50,270; \$21,432 and \$22,461 pledged as collateral)	54,922	49,481
Total debt securities	336,403	360,331
Loans and leases (includes \$9,461 and \$9,002 measured at fair value and \$81,174 and \$50,289 pledged as collateral)	921,570	907,819
Allowance for loan and lease losses	(21,235)	(24,179)
Loans and leases, net of allowance	900,335	883,640
Premises and equipment, net	10,836	11,858
Mortgage servicing rights (includes \$5,827 and \$5,716 measured at fair value)	5,839	5,851
Goodwill	69,930	69,976
Intangible assets	6,104	6,684
Loans held-for-sale (includes \$10,878 and \$11,659 measured at fair value)	14,549	19,413
Customer and other receivables	67,526	71,467
Other assets (includes \$21,746 and \$26,490 measured at fair value)	127,880	150,112
Total assets	\$ 2,123,320	\$ 2,209,974

Assets of consolidated variable interest entities included in total assets above (isolated to settle the liabilities of the variable interest entities)

Trading account assets	\$ 6,507	\$ 7,906
Derivative assets	173	333
Loans and leases	113,045	123,227
Allowance for loan and lease losses	(3,157)	(3,658)
Loans and leases, net of allowance	109,888	119,569
Loans held-for-sale	1,876	1,969
All other assets	3,927	4,654
Total assets of consolidated variable interest entities	\$ 122,371	\$ 134,431

See accompanying Notes to Consolidated Financial Statements.

Bank of America Corporation and Subsidiaries		
Consolidated Balance Sheet (continued)		
	June 30 2013	December 31 2012
(Dollars in millions)		
Liabilities		
Deposits in U.S. offices:		
Noninterest-bearing	\$ 352,447	\$ 372,546
Interest-bearing (includes \$1,978 and \$2,262 measured at fair value)	654,370	654,332
Deposits in non-U.S. offices:		
Noninterest-bearing	6,920	7,573
Interest-bearing	67,046	70,810
Total deposits	1,080,783	1,105,261
Federal funds purchased and securities loaned or sold under agreements to repurchase (includes \$59,926 and \$42,639 measured at fair value)	232,609	293,259
Trading account liabilities	82,381	73,587
Derivative liabilities	48,532	46,016
Short-term borrowings (includes \$2,147 and \$4,074 measured at fair value)	46,470	30,731
Accrued expenses and other liabilities (includes \$13,302 and \$16,594 measured at fair value and \$474 and \$513 of reserve for unfunded lending commitments)	139,033	148,579
Long-term debt (includes \$46,439 and \$49,161 measured at fair value)	262,480	275,585
Total liabilities	1,892,288	1,973,018
Commitments and contingencies (<i>Note 7 – Securitizations and Other Variable Interest Entities, Note 8 – Representations and Warranties Obligations and Corporate Guarantees and Note 11 – Commitments and Contingencies</i>)		
Shareholders' equity		
Preferred stock, \$0.01 par value; authorized – 100,000,000 shares; issued and outstanding – 3,445,843 and 3,685,410 shares	14,241	18,768
Common stock and additional paid-in capital, \$0.01 par value; authorized – 12,800,000,000 shares; issued and outstanding – 10,743,097,956 and 10,778,263,628 shares	157,192	158,142
Retained earnings	67,308	62,843
Accumulated other comprehensive income (loss)	(7,709)	(2,797)
Total shareholders' equity	231,032	236,956
Total liabilities and shareholders' equity	\$ 2,123,320	\$ 2,209,974
Liabilities of consolidated variable interest entities included in total liabilities above		
Short-term borrowings (includes \$839 and \$872 of non-recourse liabilities)	\$ 1,421	\$ 3,731
Long-term debt (includes \$22,456 and \$29,476 of non-recourse debt)	25,946	34,256
All other liabilities (includes \$210 and \$149 of non-recourse liabilities)	390	360
Total liabilities of consolidated variable interest entities	\$ 27,757	\$ 38,347

See accompanying Notes to Consolidated Financial Statements.

Bank of America Corporation and Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity

		Common Stock and Additional Paid-in Capital				Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
(Dollars in millions, shares in thousands)	Preferred Stock	Shares	Amount	Retained Earnings			
Balance, December 31, 2011	\$ 18,397	10,535,938	\$ 156,621	\$ 60,520	\$	(5,437)	\$ 230,101
Net income				3,116			3,116
Net change in available-for-sale debt and marketable equity securities						606	606
Net change in derivatives						301	301
Employee benefit plan adjustments						1,031	1,031
Net change in foreign currency translation adjustments						(1)	(1)
Dividends paid:							
Common				(232)			(232)
Preferred				(734)			(734)
Net issuance of preferred stock	661			(2)			659
Common stock issued in connection with exchanges of preferred stock and trust preferred securities	(296)	49,867	412	44			160
Common stock issued under employee plans and related tax effects		191,064	968				968
Balance, June 30, 2012	\$ 18,762	10,776,869	\$ 158,001	\$ 62,712	\$	(3,500)	\$ 235,975
Balance, December 31, 2012	\$ 18,768	10,778,264	\$ 158,142	\$ 62,843	\$	(2,797)	\$ 236,956
Net income				5,495			5,495
Net change in available-for-sale debt and marketable equity securities						(5,139)	(5,139)
Net change in derivatives						185	185
Employee benefit plan adjustments						133	133
Net change in foreign currency translation adjustments						(91)	(91)
Dividends paid:							
Common				(216)			(216)
Preferred				(738)			(738)
Issuance of preferred stock	1,008						1,008
Redemption of preferred stock	(5,535)			(76)			(5,611)
Common stock issued under employee plans and related tax effects		44,480	53				53
Common stock repurchased		(79,646)	(1,003)				(1,003)
Balance, June 30, 2013	\$ 14,241	10,743,098	\$ 157,192	\$ 67,308	\$	(7,709)	\$ 231,032

See accompanying Notes to Consolidated Financial Statements.

Bank of America Corporation and Subsidiaries			
Consolidated Statement of Cash Flows			
	Six Months Ended June 30		
(Dollars in millions)	2013	2012	
Operating activities			
Net income	\$ 5,495	\$ 3,116	
Reconciliation of net income to net cash provided by operating activities:			
Provision for credit losses	2,924	4,191	
Gains on sales of debt securities	(525)	(1,152)	
Fair value adjustments on structured liabilities	80	3,376	
Depreciation and premises improvements amortization	813	910	
Amortization of intangibles	550	640	
Net amortization of premium/discount on debt securities	655	1,055	
Deferred income taxes	884	159	
Originations and purchases of loans held-for-sale	(40,128)	(22,876)	
Proceeds from sales, securitizations and paydowns of loans held-for-sale	43,871	22,411	
Net (increase) decrease in trading and derivative instruments	41,218	(11,664)	
Net (increase) decrease in other assets	25,281	(7,564)	
Net increase (decrease) in accrued expenses and other liabilities	(9,595)	9,835	
Other operating activities, net	1,073	(1,167)	
Net cash provided by operating activities	72,596	1,270	
Investing activities			
Net decrease in time deposits placed and other short-term investments	5,778	3,654	
Net increase in federal funds sold and securities borrowed or purchased under agreements to resell	(4,244)	(14,933)	
Proceeds from sales of debt securities carried at fair value	61,564	46,974	
Proceeds from paydowns and maturities of debt securities carried at fair value	46,652	31,757	
Purchases of debt securities carried at fair value	(88,615)	(99,693)	
Proceeds from paydowns and maturities of held-to-maturity debt securities	5,055	2,451	
Purchases of held-to-maturity debt securities	(10,556)	(2,608)	
Proceeds from sales of loans and leases	5,480	664	
Purchases of loans and leases	(12,439)	(3,338)	
Other changes in loans and leases, net	(13,237)	29,853	
Net sales (purchases) of premises and equipment	(98)	74	
Proceeds from sales of foreclosed properties	604	1,744	
Proceeds from sales of investments	2,117	1,483	
Other investing activities, net	(353)	(238)	
Net cash used in investing activities	(2,292)	(2,156)	
Financing activities			
Net increase (decrease) in deposits	(24,478)	2,184	
Net increase (decrease) in federal funds purchased and securities loaned or sold under agreements to repurchase	(60,650)	71,050	
Net increase in short-term borrowings	15,739	2,718	
Proceeds from issuance of long-term debt	25,174	14,181	
Retirement of long-term debt	(29,433)	(85,134)	
Proceeds from issuance of preferred stock	1,008	661	
Redemption of preferred stock	(5,535)	—	
Common stock repurchased	(1,003)	—	
Cash dividends paid	(954)	(966)	
Excess tax benefits on share-based payments	12	13	
Other financing activities, net	(13)	59	
Net cash provided by (used in) financing activities	(80,133)	4,766	
Effect of exchange rate changes on cash and cash equivalents	(2,095)	(265)	
	(11,924)	3,615	
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at January 1	110,752	120,102	
Cash and cash equivalents at June 30	\$ 98,828	\$ 123,717	

See accompanying Notes to Consolidated Financial Statements.

Bank of America Corporation and Subsidiaries
Notes to Consolidated Financial Statements

NOTE 1 – Summary of Significant Accounting Principles

Bank of America Corporation (together with its consolidated subsidiaries, the Corporation), a bank holding company and a financial holding company, provides a diverse range of financial services and products throughout the U.S. and in certain international markets. The term "the Corporation" as used herein may refer to Bank of America Corporation individually, Bank of America Corporation and its subsidiaries, or certain of Bank of America Corporation's subsidiaries or affiliates.

The Corporation conducts its activities through banking and nonbanking subsidiaries. The Corporation operates its banking activities primarily under two charters: Bank of America, National Association (Bank of America, N.A. or BANA) and FIA Card Services, National Association (FIA Card Services, N.A. or FIA).

Principles of Consolidation and Basis of Presentation

The Consolidated Financial Statements include the accounts of the Corporation and its majority-owned subsidiaries, and those variable interest entities (VIEs) where the Corporation is the primary beneficiary. Intercompany accounts and transactions have been eliminated. Results of operations of acquired companies are included from the dates of acquisition and for VIEs, from the dates that the Corporation became the primary beneficiary. Assets held in an agency or fiduciary capacity are not included in the Consolidated Financial Statements. The Corporation accounts for investments in companies for which it owns a voting interest and for which it has the ability to exercise significant influence over operating and financing decisions using the equity method of accounting or at fair value under the fair value option. These investments are included in other assets. Equity method investments are subject to impairment testing and the Corporation's proportionate share of income or loss is included in equity investment income.

The preparation of the Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Realized results could differ from those estimates and assumptions.

These unaudited Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K. The nature of the Corporation's business is such that the results of any interim period are not necessarily indicative of results for a full year. In the opinion of management, all adjustments, which consist of normal recurring adjustments necessary for a fair statement of the interim period results have been made. The Corporation evaluates subsequent events through the date of filing with the Securities and Exchange Commission (SEC). Certain prior-period amounts have been reclassified to conform to current period presentation.

New Accounting Pronouncements

Effective January 1, 2013, the Corporation retrospectively adopted new accounting guidance from the Financial Accounting Standards Board (FASB) requiring additional disclosures on the effect of netting arrangements on an entity's financial position. The disclosures relate to derivatives and securities financing agreements that are either offset on the balance sheet under existing accounting guidance or are subject to a legally enforceable master netting or similar agreement. This new guidance addresses only disclosures, and accordingly, did not have any impact on the Corporation's consolidated financial position or results of operations. For the related disclosures, see *Note 3 – Derivatives* and *Note 10 – Federal Funds Sold, Securities Financing Agreements and Short-term Borrowings*.

Effective January 1, 2013, the Corporation adopted new accounting guidance on the presentation of comprehensive income by reporting the amounts reclassified out of each component of accumulated other comprehensive income (OCI) based on its source and the income statement line items affected by the reclassifications. For the table and related information, see *Note 13 – Accumulated Other Comprehensive Income (Loss)*.

In December 2012, the FASB issued a proposed standard on accounting for expected credit losses. It would replace multiple existing impairment models, including an "incurred loss" model for loans, with an "expected credit loss" model. The FASB announced it would establish the effective date when it issues the final standard. The Corporation cannot predict at this time whether or when a final standard will be issued, when it will be effective or what its final provisions will be. It is possible that the final standard could have a material adverse impact on the Corporation's results of operations once it is issued and becomes effective.

Accounting Policies

All significant accounting policies are discussed either in this Note, in *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K or are included in the Notes herein listed below.

INDEX	Page
<i>Note 3 – Derivatives</i>	150
<i>Note 4 – Securities</i>	161
<i>Note 5 – Outstanding Loans and Leases</i>	169
<i>Note 7 – Securitizations and Other Variable Interest Entities</i>	192
<i>Note 8 – Representations and Warranties Obligations and Corporate Guarantees</i>	202
<i>Note 11 – Commitments and Contingencies</i>	213
<i>Note 15 – Pension, Postretirement and Certain Compensation Plans</i>	224
<i>Note 16 – Fair Value Measurements</i>	225
<i>Note 19 – Mortgage Servicing Rights</i>	248

NOTE 2 – Trading Account Assets and Liabilities

The table below presents the components of trading account assets and liabilities at June 30, 2013 and December 31, 2012.

(Dollars in millions)	June 30 2013	December 31 2012
Trading account assets		
U.S. government and agency securities ⁽¹⁾	\$ 54,409	\$ 86,974
Corporate securities, trading loans and other	34,557	37,900
Equity securities	44,075	43,315
Non-U.S. sovereign debt	42,943	42,746
Mortgage trading loans and asset-backed securities	15,250	16,840
Total trading account assets	\$ 191,234	\$ 227,775
Trading account liabilities		
U.S. government and agency securities	\$ 21,868	\$ 23,430
Equity securities	25,952	22,492
Non-U.S. sovereign debt	25,127	20,244
Corporate securities and other	9,434	7,421
Total trading account liabilities	\$ 82,381	\$ 73,587

⁽¹⁾ Includes \$15.2 billion and \$30.6 billion of government-sponsored enterprise obligations at June 30, 2013 and December 31, 2012.

NOTE 3 – Derivatives**Derivative Balances**

Derivatives are entered into on behalf of customers, for trading, or to support risk management activities. Derivatives used in risk management activities include derivatives that may or may not be designated in qualifying hedge accounting relationships. Derivatives that are not designated in qualifying hedge accounting relationships are referred to as other risk management derivatives. For more information on the Corporation's derivatives and hedging activities, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K. The following tables present derivative instruments included on the Consolidated Balance Sheet in derivative assets and liabilities at June 30, 2013 and December 31, 2012. Balances are presented on a gross basis, prior to the application of counterparty and cash collateral netting. Total derivative assets and liabilities are adjusted on an aggregate basis to take into consideration the effects of legally enforceable master netting agreements and have been reduced by the cash collateral received or paid.

	June 30, 2013							
	Gross Derivative Assets				Gross Derivative Liabilities			
	Contract/ Notional ⁽¹⁾	Trading Derivatives and Other Risk Management Derivatives	Qualifying Accounting Hedges	Total	Trading Derivatives and Other Risk Management Derivatives	Qualifying Accounting Hedges	Total	
(Dollars in billions)								
Interest rate contracts								
Swaps	\$ 33,363.0	\$ 749.7	\$ 9.2	\$ 758.9	\$ 744.9	\$ 0.6	\$ 745.5	
Futures and forwards	10,507.8	5.7	—	5.7	5.1	—	5.1	
Written options	2,244.6	—	—	—	76.7	—	76.7	
Purchased options	2,160.9	77.4	—	77.4	—	—	—	
Foreign exchange contracts								
Swaps	2,275.4	38.1	0.9	39.0	39.8	2.4	42.2	
Spot, futures and forwards	2,721.0	28.2	1.0	29.2	29.3	0.4	29.7	
Written options	525.5	—	—	—	10.8	—	10.8	
Purchased options	499.0	10.2	—	10.2	—	—	—	
Equity contracts								
Swaps	139.5	3.5	—	3.5	3.4	—	3.4	
Futures and forwards	64.9	1.4	—	1.4	1.1	—	1.1	
Written options	365.2	—	—	—	25.8	—	25.8	
Purchased options	327.5	25.7	—	25.7	—	—	—	
Commodity contracts								
Swaps	73.5	4.4	—	4.4	5.0	—	5.0	
Futures and forwards	580.4	5.7	—	5.7	3.9	—	3.9	
Written options	224.9	—	—	—	8.1	—	8.1	
Purchased options	232.4	8.1	—	8.1	—	—	—	
Credit derivatives								
Purchased credit derivatives:								
Credit default swaps	1,517.8	29.3	—	29.3	21.4	—	21.4	
Total return swaps/other	51.0	2.4	—	2.4	2.8	—	2.8	
Written credit derivatives:								
Credit default swaps	1,491.0	22.5	—	22.5	26.3	—	26.3	
Total return swaps/other	69.5	2.3	—	2.3	0.4	—	0.4	
Gross derivative assets/liabilities	\$ 1,014.6	\$ 11.1	\$ 1,025.7	\$ 1,004.8	\$ 3.4	\$ 1,008.2		
Less: Legally enforceable master netting agreements			(918.4)					
Less: Cash collateral received/paid			(50.5)					
Total derivative assets/liabilities			\$ 56.8			\$ 48.5		

⁽¹⁾ Represents the total contract/notional amount of derivative assets and liabilities outstanding.

December 31, 2012

December 31, 2012									
(Dollars in billions)	Contract/ Notional ⁽¹⁾	Gross Derivative Assets				Gross Derivative Liabilities			
		Trading Derivatives and Other Risk Management Derivatives	Qualifying Accounting Hedges	Total	Trading Derivatives and Other Risk Management Derivatives	Qualifying Accounting Hedges	Total		
Interest rate contracts									
Swaps	\$ 34,667.4	\$ 1,075.4	\$ 13.8	\$ 1,089.2	\$ 1,062.6	\$ 4.7	\$ 1,067.3		
Futures and forwards	11,950.5	2.8	—	2.8	2.7	—	2.7		
Written options	2,343.5	—	—	—	106.0	—	106.0		
Purchased options	2,162.6	105.5	—	105.5	—	—	—		
Foreign exchange contracts									
Swaps	2,489.0	47.4	1.4	48.8	53.2	1.8	55.0		
Spot, futures and forwards	3,023.0	31.5	0.4	31.9	30.5	0.8	31.3		
Written options	363.3	—	—	—	7.3	—	7.3		
Purchased options	321.8	6.5	—	6.5	—	—	—		
Equity contracts									
Swaps	127.1	1.6	—	1.6	2.0	—	2.0		
Futures and forwards	58.4	1.0	—	1.0	1.0	—	1.0		
Written options	295.3	—	—	—	20.2	—	20.2		
Purchased options	271.0	20.4	—	20.4	—	—	—		
Commodity contracts									
Swaps	60.5	2.5	0.1	2.6	4.0	—	4.0		
Futures and forwards	498.9	4.8	—	4.8	2.7	—	2.7		
Written options	166.4	—	—	—	7.4	—	7.4		
Purchased options	168.2	7.1	—	7.1	—	—	—		
Credit derivatives									
Purchased credit derivatives:									
Credit default swaps	1,559.5	35.6	—	35.6	22.1	—	22.1		
Total return swaps/other	43.5	2.5	—	2.5	2.9	—	2.9		
Written credit derivatives:									
Credit default swaps	1,531.5	23.0	—	23.0	32.6	—	32.6		
Total return swaps/other	68.8	0.2	—	0.2	0.3	—	0.3		
Gross derivative assets/liabilities		\$ 1,367.8	\$ 15.7	\$ 1,383.5	\$ 1,357.5	\$ 7.3	\$ 1,364.8		
Less: Legally enforceable master netting agreements				(1,271.9)	(1,271.9)				
Less: Cash collateral received/paid				(58.1)	(46.9)				
Total derivative assets/liabilities				\$ 53.5	\$ 46.0				

⁽¹⁾ Represents the total contract/notional amount of derivative assets and liabilities outstanding.

Offsetting of Derivatives

The Corporation enters into International Swaps and Derivatives Association, Inc. (ISDA) master netting agreements or similar agreements with substantially all of the Corporation's derivative counterparties. These legally enforceable master netting agreements give the Corporation, in the event of default by the counterparty, the right to liquidate securities held as collateral and to offset receivables and payables with the same counterparty. For purposes of the Consolidated Balance Sheet, the Corporation offsets derivative assets and liabilities and cash collateral held with the same counterparty where it has such a legally enforceable master netting agreement.

Table of Contents

The table below presents derivative instruments included in derivative assets and liabilities on the Consolidated Balance Sheet at June 30, 2013 and December 31, 2012 by primary risk (e.g., interest rate risk) and the platform, where applicable, on which these derivatives are transacted. Exchange-traded derivatives include listed options transacted on an exchange. Over-the-counter (OTC) derivatives include bilateral transactions between the Corporation and a particular counterparty. OTC cleared derivatives include bilateral transactions between the Corporation and a counterparty where the transaction is cleared through a clearinghouse. Balances are presented on a gross basis, prior to the application of counterparty and cash collateral netting. Total gross derivative assets and liabilities are adjusted on an aggregate basis to take into consideration the effects of legally enforceable master netting agreements and have been reduced by the cash collateral received or paid.

Other gross derivative assets and liabilities in the table represent derivatives entered into under master netting agreements where uncertainty exists as to the enforceability of these agreements under bankruptcy laws in some countries or industries, and accordingly, receivables and payables with counterparties in these countries or industries are reported on a gross basis.

Also included in the table is financial instrument collateral related to legally enforceable master netting agreements that represents securities collateral received or pledged and customer cash collateral held at third-party custodians. These amounts are not offset on the Consolidated Balance Sheet but are shown as a reduction to total derivative assets and liabilities in the table to derive net derivative assets and liabilities.

For information on the offsetting of securities financing agreements, see *Note 10 – Federal Funds Sold, Securities Financing Agreements and Short-term Borrowings*

Offsetting of Derivatives

(Dollars in billions)	June 30, 2013		December 31, 2012	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Interest rate contracts				
Over-the-counter	\$ 474.3	\$ 452.0	\$ 646.7	\$ 623.4
Over-the-counter cleared	363.3	371.7	539.5	545.1
Foreign exchange contracts				
Over-the-counter	74.8	77.6	84.1	88.7
Equity contracts				
Over-the-counter	19.1	16.2	15.2	13.3
Exchange-traded	6.8	7.5	4.8	4.7
Commodity contracts				
Over-the-counter	9.7	10.2	6.9	7.9
Exchange-traded	3.3	3.1	3.4	3.2
Credit derivatives				
Over-the-counter	51.1	46.1	56.0	53.9
Over-the-counter cleared	4.0	4.2	3.8	3.4
Total gross derivative assets/liabilities, before netting				
Over-the-counter	629.0	602.1	808.9	787.2
Exchange-traded	10.1	10.6	8.2	7.9
Over-the-counter cleared	367.3	375.9	543.3	548.5
Less: Legally enforceable master netting and cash collateral received/paid				
Over-the-counter	(594.5)	(576.7)	(780.8)	(764.4)
Exchange-traded	(7.1)	(7.1)	(5.9)	(5.9)
Over-the-counter cleared	(367.3)	(375.9)	(543.3)	(548.5)
Derivative assets/liabilities, after netting	37.5	28.9	30.4	24.8
Other gross derivative assets/liabilities	19.3	19.6	23.1	21.2
Total derivative assets/liabilities	56.8	48.5	53.5	46.0
Less: Financial instruments collateral ⁽¹⁾	(11.1)	(10.0)	(11.5)	(14.6)
Total net derivative assets/liabilities	\$ 45.7	\$ 38.5	\$ 42.0	\$ 31.4

⁽¹⁾ These amounts are limited to the derivative asset/liability balance, and accordingly, do not include excess collateral received/pledged.

ALM and Risk Management Derivatives

The Corporation's asset and liability management (ALM) and risk management activities include the use of derivatives to mitigate risk to the Corporation including derivatives designated in qualifying hedge accounting relationships and derivatives used in other risk management activities. Interest rate, foreign exchange, equity, commodity and credit contracts are utilized in the Corporation's ALM and risk management activities.

The Corporation maintains an overall interest rate risk management strategy that incorporates the use of interest rate contracts, which are generally non-leveraged generic interest rate and basis swaps, options, futures and forwards, to minimize significant fluctuations in earnings that are caused by interest rate volatility. The Corporation's goal is to manage interest rate sensitivity and volatility so that movements in interest rates do not significantly adversely affect earnings or capital. As a result of interest rate fluctuations, hedged fixed-rate assets and liabilities appreciate or depreciate in fair value. Gains or losses on the derivative instruments that are linked to the hedged fixed-rate assets and liabilities are expected to substantially offset this unrealized appreciation or depreciation.

Market risk, including interest rate risk, can be substantial in the mortgage business. Market risk is the risk that values of mortgage assets or revenues will be adversely affected by changes in market conditions such as interest rate movements. To mitigate the interest rate risk in mortgage banking production income, the Corporation utilizes forward loan sale commitments and other derivative instruments including purchased options and certain debt securities. The Corporation also utilizes derivatives such as interest rate options, interest rate swaps, forward settlement contracts and Eurodollar futures to hedge certain market risks of mortgage servicing rights (MSRs). For more information on MSRs, see *Note 19 – Mortgage Servicing Rights*.

The Corporation uses foreign exchange contracts to manage the foreign exchange risk associated with certain foreign currency-denominated assets and liabilities, as well as the Corporation's investments in non-U.S. subsidiaries. Foreign exchange contracts, which include spot and forward contracts, represent agreements to exchange the currency of one country for the currency of another country at an agreed-upon price on an agreed-upon settlement date. Exposure to loss on these contracts will increase or decrease over their respective lives as currency exchange and interest rates fluctuate.

The Corporation enters into derivative commodity contracts such as futures, swaps, options and forwards as well as non-derivative commodity contracts to provide price risk management services to customers or to manage price risk associated with its physical and financial commodity positions. The non-derivative commodity contracts and physical inventories of commodities expose the Corporation to earnings volatility. Cash flow and fair value accounting hedges provide a method to mitigate a portion of this earnings volatility.

The Corporation purchases credit derivatives to manage credit risk related to certain funded and unfunded credit exposures. Credit derivatives include credit default swaps (CDS), total return swaps and swaptions. These derivatives are recorded on the Consolidated Balance Sheet at fair value with changes in fair value recorded in other income (loss).

Derivatives Designated as Accounting Hedges

The Corporation uses various types of interest rate, commodity and foreign exchange derivative contracts to protect against changes in the fair value of its assets and liabilities due to fluctuations in interest rates, commodity prices and exchange rates (fair value hedges). The Corporation also uses these types of contracts and equity derivatives to protect against changes in the cash flows of its assets and liabilities, and other forecasted transactions (cash flow hedges). The Corporation hedges its net investment in consolidated non-U.S. operations determined to have functional currencies other than the U.S. dollar using forward exchange contracts and cross-currency basis swaps, and by issuing foreign currency-denominated debt (net investment hedges).

Fair Value Hedges

The table below summarizes certain information related to fair value hedges for the three and six months ended June 30, 2013 and 2012, including hedges of interest rate risk on long-term debt that were acquired as part of a business combination and redesignated. At redesignation, the fair value of the derivatives was positive. As the derivatives mature, the fair value will approach zero. As a result, ineffectiveness will occur and the fair value changes in the derivatives and the long-term debt being hedged may be directionally the same in certain scenarios. Based on a regression analysis, the derivatives continue to be highly effective at offsetting changes in the fair value of the long-term debt attributable to interest rate risk.

Derivatives Designated as Fair Value Hedges

Gains (Losses)	Three Months Ended June 30			Six Months Ended June 30		
	2013			2013		
	Derivative	Hedged Item	Hedge Ineffectiveness	Derivative	Hedged Item	Hedge Ineffectiveness
(Dollars in millions)						
Interest rate risk on long-term debt ⁽¹⁾	\$ (2,407)	\$ 2,239	\$ (168)	\$ (3,383)	\$ 3,033	\$ (350)
Interest rate and foreign currency risk on long-term debt ⁽¹⁾	(582)	548	(34)	(2,120)	2,004	(116)
Interest rate risk on available-for-sale securities ⁽²⁾	(14)	9	(5)	836	(837)	(1)
Price risk on commodity inventory ⁽³⁾	3	(4)	(1)	—	(1)	(1)
Total	\$ (3,000)	\$ 2,792	\$ (208)	\$ (4,667)	\$ 4,199	\$ (468)

	2012			2012		
Interest rate risk on long-term debt ⁽¹⁾	\$ 1,410	\$ (1,644)	\$ (234)	\$ 409	\$ (880)	\$ (471)
Interest rate and foreign currency risk on long-term debt ⁽¹⁾	(894)	785	(109)	(739)	612	(127)
Interest rate risk on available-for-sale securities ⁽²⁾	(3,890)	3,769	(121)	(942)	968	26
Price risk on commodity inventory ⁽³⁾	(9)	9	—	14	(14)	—
Total	\$ (3,383)	\$ 2,919	\$ (464)	\$ (1,258)	\$ 686	\$ (572)

⁽¹⁾ Amounts are recorded in interest expense on long-term debt and in other income (loss).

⁽²⁾ Amounts are recorded in interest income on debt securities.

⁽³⁾ Amounts relating to commodity inventory are recorded in trading account profits.

Cash Flow and Net Investment Hedges

The table below summarizes certain information related to cash flow hedges and net investment hedges for the three and six months ended June 30, 2013 and 2012. During the next 12 months, net losses in accumulated OCI of \$936 million (\$589 million after-tax) on derivative instruments that qualify as cash flow hedges are expected to be reclassified into earnings. These net losses reclassified into earnings are expected to primarily reduce net interest income related to the respective hedged items. Amounts related to commodity price risk reclassified from accumulated OCI are recorded in trading account profits with the underlying hedged item. Amounts related to price risk on restricted stock awards reclassified from accumulated OCI are recorded in personnel expense.

Amounts related to foreign exchange risk recognized in accumulated OCI on derivatives exclude pre-tax losses of \$7 million related to long-term debt designated as a net investment hedge for the six months ended June 30, 2012; there were no losses related to these hedges for the three months ended June 30, 2012. There were no such hedges for the three and six months ended June 30, 2013.

Derivatives Designated as Cash Flow and Net Investment Hedges

	Three Months Ended June 30			Six Months Ended June 30		
	2013			2013		
	Gains (Losses) Recognized in Accumulated OCI on Derivatives	Gains (Losses) in Income Reclassified from Accumulated OCI	Hedge Ineffectiveness and Amounts Excluded from Effectiveness Testing (1)	Gains (Losses) Recognized in Accumulated OCI on Derivatives	Gains (Losses) in Income Reclassified from Accumulated OCI	Hedge Ineffectiveness and Amounts Excluded from Effectiveness Testing (1)
(Dollars in millions, amounts pre-tax)						
Cash flow hedges						
Interest rate risk on variable-rate portfolios	\$ (276)	\$ (255)	\$ (1)	\$ (290)	\$ (530)	\$ (2)
Price risk on restricted stock awards	110	69	—	165	109	—
Total	\$ (166)	\$ (186)	\$ (1)	\$ (125)	\$ (421)	\$ (2)
Net investment hedges						
Foreign exchange risk	\$ 804	\$ 3	\$ (37)	\$ 2,480	\$ (91)	\$ (72)
	2012			2012		
Cash flow hedges						
Interest rate risk on variable-rate portfolios	\$ (160)	\$ (224)	\$ —	\$ (53)	\$ (376)	\$ —
Commodity price risk on forecasted purchases and sales	—	2	—	—	(3)	—
Price risk on restricted stock awards	(214)	(24)	—	91	(61)	—
Total	\$ (374)	\$ (246)	\$ —	\$ 38	\$ (440)	\$ —
Net investment hedges						
Foreign exchange risk	\$ 1,157	\$ 4	\$ (160)	\$ 128	\$ (37)	\$ (167)

⁽¹⁾ Amounts related to derivatives designated as cash flow hedges represent hedge ineffectiveness and amounts related to net investment hedges represent amounts excluded from effectiveness testing.

Other Risk Management Derivatives

Other risk management derivatives are used by the Corporation to reduce certain risk exposures. These derivatives are not qualifying accounting hedges because either they did not qualify for or were not designated as accounting hedges. The table below presents gains (losses) on these derivatives for the three and six months ended June 30, 2013 and 2012. These gains (losses) are largely offset by the income or expense that is recorded on the hedged item.

Other Risk Management Derivatives

Gains (Losses) (Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Price risk on mortgage banking production income ^(1, 2)	\$ 468	\$ 801	\$ 890	\$ 1,390
Market-related risk on mortgage banking servicing income ⁽¹⁾	(845)	1,351	(981)	1,148
Credit risk on loans ⁽³⁾	(11)	20	(7)	(38)
Interest rate and foreign currency risk on ALM activities ⁽⁴⁾	1,113	(1,044)	508	(580)
Price risk on restricted stock awards ⁽⁵⁾	124	(223)	240	250
Other	(8)	(14)	(11)	(9)
Total	\$ 841	\$ 891	\$ 639	\$ 2,161

⁽¹⁾ Net gains on these derivatives are recorded in mortgage banking income.

⁽²⁾ Includes net gains on interest rate lock commitments related to the origination of mortgage loans that are held-for-sale, which are considered derivative instruments, of \$132 million and \$539 million for the three and six months ended June 30, 2013 compared to \$886 million and \$1.4 billion for the same periods in 2012.

⁽³⁾ Net gains (losses) on these derivatives are recorded in other income (loss).

⁽⁴⁾ The balance is primarily related to hedges of debt securities carried at fair value and hedges of foreign currency-denominated debt. Results from these items are recorded in other income (loss). The offsetting mark-to-market, while not included in the table above, is also recorded in other income (loss).

⁽⁵⁾ Gains (losses) on these derivatives are recorded in personnel expense.

Sales and Trading Revenue

The Corporation enters into trading derivatives to facilitate client transactions and to manage risk exposures arising from trading account assets and liabilities. It is the Corporation's policy to include these derivative instruments in its trading activities which include derivatives and non-derivative cash instruments. The resulting risk from these derivatives is managed on a portfolio basis as part of the Corporation's *Global Markets* business segment. The related sales and trading revenue generated within *Global Markets* is recorded in various income statement line items including trading account profits and net interest income as well as other revenue categories. However, the majority of income related to derivative instruments is recorded in trading account profits.

Sales and trading revenue includes changes in the fair value and realized gains and losses on the sales of trading and other assets, net interest income, and fees primarily from commissions on equity securities. Revenue is generated by the difference in the client price for an instrument and the price at which the trading desk can execute the trade in the dealer market. For equity securities, commissions related to purchases and sales are recorded in other income (loss). Changes in the fair value of these securities are included in trading account profits. For debt securities, revenue, with the exception of interest associated with the debt securities, is typically included in trading account profits. Unlike commissions for equity securities, the initial revenue related to broker/dealer services for debt securities is typically included in the pricing of the instrument rather than being charged through separate fee arrangements. Therefore, this revenue is recorded in trading account profits as part of the initial mark to fair value. For derivatives, all revenue is included in trading account profits. In transactions where the Corporation acts as agent, which include exchange-traded futures and options, fees are recorded in other income (loss).

Gains (losses) on certain instruments, primarily loans, that the *Global Markets* business segment shares with *Global Banking* are not considered trading instruments and are excluded from sales and trading revenue in their entirety.

Table of Contents

The table below, which includes both derivatives and non-derivative cash instruments, identifies the amounts in the respective income statement line items attributable to the Corporation's sales and trading revenue in *Global Markets*, categorized by primary risk, for the three and six months ended June 30, 2013 and 2012. The difference between total trading account profits in the table below and in the Consolidated Statement of Income represents trading activities in business segments other than *Global Markets*. This table includes debit valuation adjustment (DVA) gains (losses), net of hedges. *Global Markets* results in *Note 20 – Business Segment Information* are presented on a fully taxable-equivalent (FTE) basis. The table below is not presented on a FTE basis.

Sales and Trading Revenue

(Dollars in millions)	Three Months Ended June 30				Six Months Ended June 30			
	2013				2013			
	Trading Account Profits	Net Interest Income	Other ⁽¹⁾	Total	Trading Account Profits	Net Interest Income	Other ⁽¹⁾	Total
Interest rate risk	\$ 415	\$ 270	\$ 22	\$ 707	\$ 1,081	\$ 563	\$ 35	\$ 1,679
Foreign exchange risk	305	1	(7)	299	675	1	(15)	661
Equity risk	663	(21)	557	1,199	1,271	(6)	1,093	2,358
Credit risk	411	681	123	1,215	1,446	1,397	(246)	2,597
Other risk	54	(46)	19	27	265	(94)	30	201
Total sales and trading revenue	\$ 1,848	\$ 885	\$ 714	\$ 3,447	\$ 4,738	\$ 1,861	\$ 897	\$ 7,496

	2012				2012			
	Trading Account Profits	Net Interest Income	Other ⁽¹⁾	Total	Trading Account Profits	Net Interest Income	Other ⁽¹⁾	Total
Interest rate risk	\$ 394	\$ 214	\$ (7)	\$ 601	\$ 453	\$ 485	\$ (17)	\$ 921
Foreign exchange risk	234	2	(3)	233	466	4	(1)	469
Equity risk	418	(112)	456	762	793	(105)	985	1,673
Credit risk	557	537	361	1,455	1,699	1,080	732	3,511
Other risk	103	(49)	15	69	333	(124)	42	251
Total sales and trading revenue	\$ 1,706	\$ 592	\$ 822	\$ 3,120	\$ 3,744	\$ 1,340	\$ 1,741	\$ 6,825

⁽¹⁾ Represents amounts in investment and brokerage services and other income (loss) that are recorded in *Global Markets* and included in the definition of sales and trading revenue. Includes investment and brokerage services revenue of \$549 million and \$1.1 billion for the three and six months ended June 30, 2013 and \$448 million and \$962 million for the same periods in 2012.

Credit Derivatives

The Corporation enters into credit derivatives primarily to facilitate client transactions and to manage credit risk exposures. Credit derivatives derive value based on an underlying third-party referenced obligation or a portfolio of referenced obligations and generally require the Corporation, as the seller of credit protection, to make payments to a buyer upon the occurrence of a pre-defined credit event. Such credit events generally include bankruptcy of the referenced credit entity and failure to pay under the obligation, as well as acceleration of indebtedness and payment repudiation or moratorium. For credit derivatives based on a portfolio of referenced credits or credit indices, the Corporation may not be required to make payment until a specified amount of loss has occurred and/or may only be required to make payment up to a specified amount.

Table of Contents

Credit derivative instruments where the Corporation is the seller of credit protection and their expiration are summarized at June 30, 2013 and December 31, 2012 in the table below. These instruments are classified as investment and non-investment grade based on the credit quality of the underlying referenced obligation. The Corporation considers ratings of BBB- or higher as investment grade. Non-investment grade includes non-rated credit derivative instruments.

Credit Derivative Instruments

(Dollars in millions)	June 30, 2013					
	Carrying Value					Total
	Less than One Year	One to Three Years	Three to Five Years	Over Five Years		
Credit default swaps:						
Investment grade	\$ 28	\$ 973	\$ 5,666	\$ 2,459	\$ 9,126	
Non-investment grade	525	2,884	5,618	8,104	17,131	
Total	553	3,857	11,284	10,563	26,257	
Total return swaps/other:						
Investment grade	69	—	—	—	69	
Non-investment grade	223	43	19	12	297	
Total	292	43	19	12	366	
Total credit derivatives	\$ 845	\$ 3,900	\$ 11,303	\$ 10,575	\$ 26,623	
Credit-related notes: ⁽¹⁾						
Investment grade	\$ 32	\$ 279	\$ 221	\$ 4,350	\$ 4,882	
Non-investment grade	50	196	547	1,576	2,369	
Total credit-related notes	\$ 82	\$ 475	\$ 768	\$ 5,926	\$ 7,251	
Maximum Payout/Notional						
Credit default swaps:						
Investment grade	\$ 216,854	\$ 360,812	\$ 554,655	\$ 45,229	\$ 1,177,550	
Non-investment grade	64,529	98,795	116,762	33,365	313,451	
Total	281,383	459,607	671,417	78,594	1,491,001	
Total return swaps/other:						
Investment grade	23,646	—	—	—	23,646	
Non-investment grade	31,686	5,053	7,342	1,727	45,808	
Total	55,332	5,053	7,342	1,727	69,454	
Total credit derivatives	\$ 336,715	\$ 464,660	\$ 678,759	\$ 80,321	\$ 1,560,455	
December 31, 2012						
Carrying Value						
Credit default swaps:						
Investment grade	\$ 52	\$ 757	\$ 5,595	\$ 2,903	\$ 9,307	
Non-investment grade	923	4,403	7,030	10,959	23,315	
Total	975	5,160	12,625	13,862	32,622	
Total return swaps/other:						
Investment grade	39	—	—	—	39	
Non-investment grade	57	104	39	37	237	
Total	96	104	39	37	276	
Total credit derivatives	\$ 1,071	\$ 5,264	\$ 12,664	\$ 13,899	\$ 32,898	
Credit-related notes: ⁽¹⁾						
Investment grade	\$ 4	\$ 12	\$ 441	\$ 3,849	\$ 4,306	
Non-investment grade	116	161	314	1,425	2,016	
Total credit-related notes	\$ 120	\$ 173	\$ 755	\$ 5,274	\$ 6,322	
Maximum Payout/Notional						
Credit default swaps:						
Investment grade	\$ 260,177	\$ 349,125	\$ 500,038	\$ 90,453	\$ 1,199,793	
Non-investment grade	79,861	99,043	110,248	42,559	331,711	
Total	340,038	448,168	610,286	133,012	1,531,504	
Total return swaps/other:						
Investment grade	43,536	15	—	—	43,551	
Non-investment grade	5,566	11,028	7,631	1,035	25,260	
Total	49,102	11,043	7,631	1,035	68,811	
Total credit derivatives	\$ 389,140	\$ 459,211	\$ 617,917	\$ 134,047	\$ 1,600,315	

⁽¹⁾ For credit-related notes, maximum payout/notional is the same as carrying value.

The notional amount represents the maximum amount payable by the Corporation for most credit derivatives. However, the Corporation does not monitor its exposure to credit derivatives based solely on the notional amount because this measure does not take into consideration the probability of occurrence. As such, the notional amount is not a reliable indicator of the Corporation's exposure to these contracts. Instead, a risk framework is used to define risk tolerances and establish limits to help ensure that certain credit risk-related losses occur within acceptable, predefined limits.

The Corporation manages its market risk exposure to credit derivatives by entering into a variety of offsetting derivative contracts and security positions. For example, in certain instances, the Corporation may purchase credit protection with identical underlying referenced names to offset its exposure. The carrying value and notional amount of written credit derivatives for which the Corporation held purchased credit derivatives with identical underlying referenced names and terms was \$17.4 billion and \$1.1 trillion at June 30, 2013, and \$20.7 billion and \$1.1 trillion at December 31, 2012.

Credit-related notes in the table on page 158 include investments in securities issued by collateralized debt obligation (CDO), collateralized loan obligation (CLO) and credit-linked note vehicles. These instruments are primarily classified as trading securities. The carrying value of these instruments equals the Corporation's maximum exposure to loss. The Corporation is not obligated to make any payments to the entities under the terms of the securities owned. The Corporation discloses internal categorizations of investment grade and non-investment grade consistent with how risk is managed for these instruments.

Credit-related Contingent Features and Collateral

The Corporation executes the majority of its derivative contracts in the OTC market with large, international financial institutions, including broker/dealers and, to a lesser degree, with a variety of non-financial companies. Substantially all of the derivative transactions are executed on a daily margin basis. Therefore, events such as a credit rating downgrade (depending on the ultimate rating level) or a breach of credit covenants would typically require an increase in the amount of collateral required of the counterparty, where applicable, and/or allow the Corporation to take additional protective measures such as early termination of all trades. Further, as previously discussed on page 150, the Corporation enters into legally enforceable master netting agreements which reduce risk by permitting the closeout and netting of transactions with the same counterparty upon the occurrence of certain events.

A majority of the Corporation's derivative contracts contain credit risk-related contingent features, primarily in the form of ISDA master netting agreements and credit support documentation that enhance the creditworthiness of these instruments compared to other obligations of the respective counterparty with whom the Corporation has transacted. These contingent features may be for the benefit of the Corporation as well as its counterparties with respect to changes in the Corporation's creditworthiness and the mark-to-market exposure under the derivative transactions. At June 30, 2013 and December 31, 2012, the Corporation held cash and securities collateral of \$79.3 billion and \$85.6 billion, and posted cash and securities collateral of \$63.4 billion and \$74.1 billion in the normal course of business under derivative agreements.

In connection with certain OTC derivative contracts and other trading agreements, the Corporation can be required to provide additional collateral or to terminate transactions with certain counterparties in the event of a downgrade of the senior debt ratings of the Corporation or certain subsidiaries. The amount of additional collateral required depends on the contract and is usually a fixed incremental amount and/or the market value of the exposure.

At June 30, 2013, the amount of collateral, calculated based on the terms of the contracts, that the Corporation and certain subsidiaries could be required to post to counterparties but had not yet posted to counterparties was approximately \$2.1 billion, comprised of \$1.3 billion for BANA and \$0.8 billion for Merrill Lynch & Co., Inc. (Merrill Lynch) and certain of its subsidiaries.

Some counterparties are currently able to unilaterally terminate certain contracts, or the Corporation or certain subsidiaries may be required to take other action such as find a suitable replacement or obtain a guarantee. At June 30, 2013, the current liability recorded for these derivative contracts was \$393 million, against which the Corporation and certain subsidiaries had posted approximately \$345 million of collateral.

At June 30, 2013, if the rating agencies had downgraded their long-term senior debt ratings for the Corporation or certain subsidiaries by one incremental notch, the amount of additional collateral contractually required by derivative contracts and other trading agreements would have been approximately \$3.0 billion, comprised of \$2.6 billion for BANA and \$0.4 billion for Merrill Lynch and certain of its subsidiaries. If the rating agencies had downgraded their long-term senior debt ratings for these entities by a second incremental notch, approximately \$5.4 billion in additional incremental collateral, comprised of \$1.3 billion for BANA and \$4.1 billion for Merrill Lynch and certain of its subsidiaries, would have been required.

Also, if the rating agencies had downgraded their long-term senior debt ratings for the Corporation or certain subsidiaries by one incremental notch, the derivative liability that would be subject to unilateral termination by counterparties as of June 30, 2013 was \$2.7 billion, against which \$2.1 billion of collateral has been posted. If the rating agencies had downgraded their long-term senior debt ratings for the Corporation and certain subsidiaries by a second incremental notch, the derivative liability that would be subject to unilateral termination by counterparties as of June 30, 2013 was an incremental \$1.8 billion, against which \$1.2 billion of collateral has been posted.

Valuation Adjustments on Derivatives

The Corporation records credit risk valuation adjustments on derivatives in order to properly reflect the credit quality of the counterparties and its own credit quality. The Corporation calculates valuation adjustments on derivatives based on a modeled expected exposure that incorporates current market risk factors. The exposure also takes into consideration credit mitigants such as enforceable master netting agreements and collateral. CDS spread data is used to estimate the default probabilities and severities that are applied to the exposures. Where no observable credit default data is available for counterparties, the Corporation uses proxies and other market data to estimate default probabilities and severity.

Valuation adjustments on derivatives are affected by changes in market spreads, non-credit related market factors such as interest rate and currency changes that affect the expected exposure, and other factors like changes in collateral arrangements and partial payments. Credit spreads and non-credit factors can move independently. For example, for an interest rate swap, changes in interest rates may increase the expected exposure which would increase the counterparty credit valuation adjustment (CVA). Independently, counterparty credit spreads may tighten, which would result in an offsetting decrease to CVA.

The Corporation may enter into risk management activities to offset market driven exposures. The Corporation often hedges the counterparty spread risk in CVA with CDS and often hedges the other market risks in both CVA and DVA primarily with currency and interest rate swaps. Since the components of the valuation adjustments on derivatives move independently and the Corporation may not hedge all of the market driven exposures, the effect of a hedge may increase the gross valuation adjustments on derivatives or may result in a gross positive valuation adjustment on derivatives becoming a negative adjustment (or the reverse).

In early 2013, the Corporation refined its methodology for calculating CVA and DVA, on a prospective basis, to adjust the way it values mutual termination clauses in derivatives contracts and to more fully incorporate the potential for the counterparties to default prior to a change in their credit ratings. This change in estimates increased CVA by \$361 million and DVA by \$433 million resulting in a net positive earnings impact of \$72 million at the time of the change and is included in the results for the six months ended June 30, 2013. The net CVA and DVA excluding the impact of these refinements was a gain of \$128 million and a loss of \$15 million for the six months ended June 30, 2013.

The table below presents CVA and DVA gains (losses) for the Corporation on a gross and net of hedge basis, which are recorded in trading account profits.

Valuation Adjustments on Derivatives

(Dollars in millions)	Three Months Ended June 30						Six Months Ended June 30					
	2013			2012			2013			2012		
	Gross	Net		Gross	Net		Gross	Net		Gross	Net	
Derivative assets (CVA) ⁽¹⁾	\$ 143	\$ 62		\$ (313)	\$ 13		\$ 12	\$ (233)		\$ 200	\$ 162	
Derivative liabilities (DVA) ⁽²⁾	77	39		67	(158)		452	418		(1,293)	(1,617)	

⁽¹⁾ At June 30, 2013 and December 31, 2012, the cumulative CVA reduced the derivative assets balance by \$2.3 billion and \$2.4 billion.

⁽²⁾ At June 30, 2013 and December 31, 2012, the cumulative DVA reduced the derivative liabilities balance by \$1.3 billion and \$807 million.

NOTE 4 – Securities

The Corporation's debt securities carried at fair value include debt securities purchased for longer term investment purposes and are used as part of ALM and other strategic activities. Generally, debt securities carried at fair value are accounted for as available-for-sale (AFS) debt securities with unrealized gains and losses reported in accumulated OCI. For certain other debt securities purchased for ALM and other strategic purposes, the Corporation has elected to report those securities at fair value with unrealized gains and losses reported in other income (loss) in the Consolidated Statement of Income.

As a result of growth in the portfolio of debt securities carried at fair value with unrealized gains and losses recorded in other income (loss) and to better reflect how such portfolio is managed as part of the ALM activities, the Corporation changed the presentation of such securities in the first quarter of 2013 to combine into one line item on the Consolidated Balance Sheet, debt securities carried at fair value. Previously, the portfolio of debt securities carried at fair value with unrealized gains and losses recorded in other income (loss) was classified in other assets. The Corporation may hedge these debt securities with risk management derivatives with the unrealized gains and losses also reported in other income (loss). Certain debt securities are carried at fair value with unrealized gains and losses reported in other income (loss) to mitigate accounting asymmetry with the risk management derivatives and to achieve operational simplifications. Debt securities purchased for trading purposes are reported in *Note 2 – Trading Account Assets and Liabilities*. Prior-period amounts have been reclassified to conform to the current period presentation.

The following tables present the amortized cost, gross unrealized gains and losses, and fair value of AFS debt securities, other debt securities carried at fair value, held-to-maturity (HTM) debt securities and marketable equity securities at June 30, 2013 and December 31, 2012.

Debt Securities and Available-for-Sale Marketable Equity Securities

	June 30, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(Dollars in millions)				
Available-for-sale debt securities				
U.S. Treasury and agency securities	\$ 2,984	\$ 144	\$ (29)	\$ 3,099
Mortgage-backed securities:				
Agency	171,486	1,174	(3,476)	169,184
Agency-collateralized mortgage obligations	31,315	1,095	(409)	32,001
Non-agency residential ⁽¹⁾	7,813	343	(130)	8,026
Commercial	3,521	228	(1)	3,748
Non-U.S. securities	6,397	47	(22)	6,422
Corporate/Agency bonds	1,206	33	(8)	1,231
Other taxable securities, substantially all asset-backed securities	11,468	24	(10)	11,482
Total taxable securities	236,190	3,088	(4,085)	235,193
Tax-exempt securities	4,995	12	(46)	4,961
Total available-for-sale debt securities	241,185	3,100	(4,131)	240,154
Other debt securities carried at fair value	42,698	158	(1,529)	41,327
Total debt securities carried at fair value	283,883	3,258	(5,660)	281,481
Held-to-maturity debt securities, substantially all U.S. agency mortgage-backed securities	54,922	10	(2,076)	52,856
Total debt securities	\$ 338,805	\$ 3,268	\$ (7,736)	\$ 334,337
Available-for-sale marketable equity securities ⁽²⁾	\$ 754	\$ 649	\$ (1)	\$ 1,402

⁽¹⁾ At June 30, 2013, the underlying collateral type included approximately 91 percent prime, six percent Alt-A and three percent subprime.

⁽²⁾ Classified in other assets on the Consolidated Balance Sheet.

Debt Securities and Available-for-Sale Marketable Equity Securities

(Dollars in millions)	December 31, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury and agency securities	\$ 24,232	\$ 324	\$ (84)	\$ 24,472
Mortgage-backed securities:				
Agency	183,247	5,048	(146)	188,149
Agency-collateralized mortgage obligations	36,329	1,427	(218)	37,538
Non-agency residential ⁽¹⁾	9,231	391	(128)	9,494
Non-agency commercial	3,576	348	—	3,924
Non-U.S. securities	5,574	50	(6)	5,618
Corporate/Agency bonds	1,415	51	(16)	1,450
Other taxable securities, substantially all asset-backed securities	12,089	54	(15)	12,128
Total taxable securities	275,693	7,693	(613)	282,773
Tax-exempt securities	4,167	13	(47)	4,133
Total available-for-sale debt securities	279,860	7,706	(660)	286,906
Other debt securities carried at fair value	23,927	120	(103)	23,944
Total debt securities carried at fair value	303,787	7,826	(763)	310,850
Held-to-maturity debt securities, substantially all U.S. agency mortgage-backed securities	49,481	815	(26)	50,270
Total debt securities	\$ 353,268	\$ 8,641	\$ (789)	\$ 361,120
Available-for-sale marketable equity securities ⁽²⁾	\$ 780	\$ 732	\$ —	\$ 1,512

⁽¹⁾ At December 31, 2012, the underlying collateral type included approximately 91 percent prime, six percent Alt-A and three percent subprime.

⁽²⁾ Classified in other assets on the Consolidated Balance Sheet.

At June 30, 2013, the accumulated net unrealized losses on AFS debt securities included in accumulated OCI were \$643 million, net of the related income tax benefit of \$388 million. At June 30, 2013 and December 31, 2012, the Corporation had nonperforming AFS debt securities of \$95 million and \$91 million.

The table below presents the components of other debt securities carried at fair value where the changes in fair value are reported in other income (loss) at June 30, 2013 and December 31, 2012. In the three and six months ended June 30, 2013, the Corporation recorded mark-to-market net losses in other income (loss) of \$1.4 billion and \$1.6 billion on other debt securities carried at fair value, which excludes the benefit of certain hedges also reported in other income (loss). The prior-period amounts were insignificant.

Other Debt Securities Carried at Fair Value

(Dollars in millions)	June 30 2013	December 31 2012
U.S. Treasury and agency securities	\$ —	\$ 491
Mortgage-backed securities:		
Agency	26,121	13,073
Agency-collateralized mortgage obligations	1,006	929
Commercial	758	—
Non-U.S. securities ⁽¹⁾	13,442	9,451
Total	\$ 41,327	\$ 23,944

⁽¹⁾ These securities are used to satisfy certain international regulatory liquidity requirements.

Table of Contents

The Corporation recorded other-than-temporary impairment (OTTI) losses on AFS debt securities for the three and six months ended June 30, 2013 and 2012 as presented in the table below. A debt security is impaired when its fair value is less than its amortized cost. If the Corporation intends or will more-likely-than-not be required to sell the debt securities prior to recovery, the entire impairment loss is recorded in the Consolidated Statement of Income. For AFS debt securities the Corporation does not intend or will not more-likely-than-not be required to sell, an analysis is performed to determine if any of the impairment is due to credit or whether it is due to other factors (e.g., interest rate). Credit losses are considered unrecoverable and are recorded in the Consolidated Statement of Income with the remaining unrealized losses recorded in accumulated OCI. In certain instances, the credit loss on a debt security may exceed the total impairment, in which case, the portion of the credit loss that exceeds the total impairment is recorded as an unrealized gain in accumulated OCI.

Net Impairment Losses Recognized in Earnings

(Dollars in millions)	Three Months Ended June 30, 2013		
	Non-agency Residential MBS	Non-agency Commercial MBS	Total
Total OTTI losses (unrealized and realized)	\$ (5)	\$ —	\$ (5)
Unrealized OTTI losses recognized in accumulated OCI	1	—	1
Net impairment losses recognized in earnings	\$ (4)	\$ —	\$ (4)

(Dollars in millions)	Three Months Ended June 30, 2012		
	Non-agency Residential MBS	Non-agency Commercial MBS	Total
Total OTTI losses (unrealized and realized)	\$ (9)	\$ (4)	\$ (13)
Unrealized OTTI losses recognized in accumulated OCI	7	—	7
Net impairment losses recognized in earnings	\$ (2)	\$ (4)	\$ (6)

(Dollars in millions)	Six Months Ended June 30, 2013		
	Non-agency Residential MBS	Non-agency Commercial MBS	Total
Total OTTI losses (unrealized and realized)	\$ (14)	\$ —	\$ (14)
Unrealized OTTI losses recognized in accumulated OCI	1	—	1
Net impairment losses recognized in earnings	\$ (13)	\$ —	\$ (13)

(Dollars in millions)	Six Months Ended June 30, 2012		
	Non-agency Residential MBS	Non-agency Commercial MBS	Total
Total OTTI losses (unrealized and realized)	\$ (56)	\$ (6)	\$ (62)
Unrealized OTTI losses recognized in accumulated OCI	16	—	16
Net impairment losses recognized in earnings	\$ (40)	\$ (6)	\$ (46)

The Corporation's net impairment losses recognized in earnings consist of write-downs to fair value on AFS debt securities the Corporation has the intent to sell or will more-likely-than-not be required to sell and all credit losses. The table below presents a rollforward of the credit losses recognized in earnings for the three and six months ended June 30, 2013 and 2012 on AFS debt securities that the Corporation does not have the intent to sell or will not more-likely-than-not be required to sell.

Rollforward of Credit Losses Recognized

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Balance, beginning of period	\$ 244	\$ 266	\$ 243	\$ 310
Additions for credit losses recognized on AFS debt securities that had no previous impairment losses	—	4	5	6
Additions for credit losses recognized on AFS debt securities that had previously incurred impairment losses	4	2	8	40
Reductions for AFS debt securities matured, sold or intended to be sold	(43)	(26)	(51)	(110)
Balance, June 30	\$ 205	\$ 246	\$ 205	\$ 246

Table of Contents

The Corporation estimates the portion of a loss on a security that is attributable to credit using a discounted cash flow model and estimates the expected cash flows of the underlying collateral using internal credit, interest rate and prepayment risk models that incorporate management's best estimate of current key assumptions such as default rates, loss severity and prepayment rates. Assumptions used for the underlying loans that support the mortgage-backed securities (MBS) can vary widely from loan to loan and are influenced by such factors as loan interest rate, geographic location of the borrower, borrower characteristics and collateral type. Based on these assumptions, the Corporation then determines how the underlying collateral cash flows will be distributed to each MBS issued from the applicable special purpose entity. Expected principal and interest cash flows on an impaired AFS debt security are discounted using the effective yield of each individual impaired AFS debt security.

Significant assumptions used in estimating the expected cash flows for measuring credit losses on non-agency residential mortgage-backed securities (RMBS) were as follows at June 30, 2013.

Significant Assumptions

	Weighted-average	Range ⁽¹⁾	
		10th Percentile ⁽²⁾	90th Percentile ⁽²⁾
Annual prepayment speed	12.4%	1.4%	25.8%
Loss severity	43.1	16.9	55.0
Life default rate	44.8	1.2	99.8

⁽¹⁾ Represents the range of inputs/assumptions based upon the underlying collateral.

⁽²⁾ The value of a variable below which the indicated percentile of observations will fall.

Annual constant prepayment speed and loss severity rates are projected considering collateral characteristics such as loan-to-value (LTV), creditworthiness of borrowers as measured using FICO scores and geographic concentrations. The weighted-average severity by collateral type was 39.5 percent for prime, 44.1 percent for Alt-A and 50.8 percent for subprime at June 30, 2013. Additionally, default rates are projected by considering collateral characteristics including, but not limited to, LTV, FICO and geographic concentration. Weighted-average life default rates by collateral type were 31.3 percent for prime, 56.5 percent for Alt-A and 38.2 percent for subprime at June 30, 2013.

Table of Contents

The following tables present the fair value and the associated gross unrealized losses on AFS debt securities with gross unrealized losses at June 30, 2013 and December 31, 2012, and whether these securities have had gross unrealized losses for less than 12 months or for 12 months or longer.

Temporarily Impaired and Other-than-temporarily Impaired AFS Debt Securities

	June 30, 2013					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
(Dollars in millions)						
Temporarily impaired AFS debt securities						
U.S. Treasury and agency securities	\$ 851	\$ (29)	\$ —	\$ —	\$ 851	\$ (29)
Mortgage-backed securities:						
Agency	122,638	(3,433)	1,151	(43)	123,789	(3,476)
Agency-collateralized mortgage obligations	14,388	(341)	3,732	(68)	18,120	(409)
Non-agency residential	1,056	(21)	1,349	(106)	2,405	(127)
Commercial	30	(1)	—	—	30	(1)
Non-U.S. securities	526	(12)	44	(10)	570	(22)
Corporate/Agency bonds	74	(2)	283	(6)	357	(8)
Other taxable securities, substantially all asset-backed securities	1,408	(7)	1,116	(3)	2,524	(10)
Total taxable securities	140,971	(3,846)	7,675	(236)	148,646	(4,082)
Tax-exempt securities	1,900	(18)	1,124	(28)	3,024	(46)
Total temporarily impaired AFS debt securities	142,871	(3,864)	8,799	(264)	151,670	(4,128)
Other-than-temporarily impaired AFS debt securities ⁽¹⁾						
Non-agency residential mortgage-backed securities	42	(2)	4	(1)	46	(3)
Total temporarily impaired and other-than-temporarily impaired AFS debt securities ⁽²⁾	\$ 142,913	\$ (3,866)	\$ 8,803	\$ (265)	\$ 151,716	\$ (4,131)

⁽¹⁾ Includes other-than-temporarily impaired AFS debt securities on which an OTTI loss remains in accumulated OCI.

⁽²⁾ At June 30, 2013, the amortized cost of approximately 4,800 AFS debt securities exceeded their fair value by \$4.1 billion.

Temporarily Impaired and Other-than-temporarily Impaired AFS Debt Securities

	December 31, 2012					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
(Dollars in millions)						
Temporarily impaired AFS debt securities						
U.S. Treasury and agency securities	\$ —	\$ —	\$ 5,608	\$ (84)	\$ 5,608	\$ (84)
Mortgage-backed securities:						
Agency	15,593	(133)	735	(13)	16,328	(146)
Agency-collateralized mortgage obligations	5,135	(121)	4,994	(97)	10,129	(218)
Non-agency residential	592	(13)	1,555	(110)	2,147	(123)
Non-U.S. securities	1,715	(1)	563	(5)	2,278	(6)
Corporate/Agency bonds	—	—	277	(16)	277	(16)
Other taxable securities, substantially all asset-backed securities	1,678	(1)	1,436	(14)	3,114	(15)
Total taxable securities	24,713	(269)	15,168	(339)	39,881	(608)
Tax-exempt securities	1,609	(9)	1,072	(38)	2,681	(47)
Total temporarily impaired AFS debt securities	26,322	(278)	16,240	(377)	42,562	(655)
Other-than-temporarily impaired AFS debt securities ⁽¹⁾						
Non-agency residential mortgage-backed securities	14	(1)	74	(4)	88	(5)
Total temporarily impaired and other-than-temporarily impaired AFS debt securities ⁽²⁾	\$ 26,336	\$ (279)	\$ 16,314	\$ (381)	\$ 42,650	\$ (660)

⁽¹⁾ Includes other-than-temporarily impaired AFS debt securities on which an OTTI loss remains in accumulated OCI.

⁽²⁾ At December 31, 2012, the amortized cost of approximately 2,600 AFS debt securities exceeded their fair value by \$660 million.

The amortized cost and fair value of the Corporation's debt securities carried at fair value and HTM debt securities from Fannie Mae (FNMA), the Government National Mortgage Association (GNMA) and Freddie Mac (FHLMC), where the investment exceeded 10 percent of consolidated shareholders' equity at June 30, 2013 and December 31, 2012, are presented in the table below.

Selected Securities Exceeding 10 Percent of Shareholders' Equity

	June 30, 2013		December 31, 2012	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(Dollars in millions)				
Fannie Mae	\$ 138,517	\$ 135,163	\$ 121,522	\$ 123,933
Government National Mortgage Association	118,459	119,414	124,348	127,541
Freddie Mac	30,905	30,347	22,995	23,502

Table of Contents

The expected maturity distribution of the Corporation's MBS, the contractual maturity distribution of the Corporation's debt securities carried at fair value and HTM debt securities, and the yields on the Corporation's debt securities carried at fair value and HTM debt securities at June 30, 2013 are summarized in the table below. Actual maturities may differ from the contractual or expected maturities since borrowers may have the right to prepay obligations with or without prepayment penalties.

Maturities of Debt Securities Carried at Fair Value and Held-to-maturity Debt Securities

(Dollars in millions)	June 30, 2013									
	Due in One Year or Less		Due after One Year through Five Years		Due after Five Years through Ten Years		Due after Ten Years		Total	
	Amount	Yield ⁽¹⁾	Amount	Yield ⁽¹⁾	Amount	Yield ⁽¹⁾	Amount	Yield ⁽¹⁾	Amount	Yield ⁽¹⁾
Amortized cost of debt securities carried at fair value										
U.S. Treasury and agency securities	\$ 545	0.67 %	\$ 802	2.17 %	\$ 1,635	4.24 %	\$ 2	4.57 %	\$ 2,984	3.03 %
Mortgage-backed securities:										
Agency	3	5.25	22,073	3.04	97,949	3.09	79,036	2.87	199,061	3.00
Agency-collateralized mortgage obligations	125	0.81	9,068	1.24	21,946	3.41	1,040	2.78	32,179	2.77
Non-agency residential	561	3.43	4,231	4.34	2,547	4.00	474	5.27	7,813	4.22
Commercial	1,430	5.10	1,783	6.40	1,102	2.51	23	3.86	4,338	5.06
Non-U.S. securities	17,451	0.60	2,231	3.47	149	3.05	8	—	19,839	0.94
Corporate/Agency bonds	285	2.75	638	2.60	180	4.25	103	1.09	1,206	2.73
Other taxable securities, substantially all asset-backed securities	2,578	0.65	5,662	1.31	2,445	1.82	783	0.96	11,468	1.25
Total taxable securities	22,978	0.99	46,488	2.74	127,953	3.15	81,469	2.86	278,888	2.82
Tax-exempt securities	51	2.96	1,963	1.42	1,344	2.15	1,637	1.07	4,995	1.62
Total amortized cost of debt securities carried at fair value	\$ 23,029	0.99	\$ 48,451	2.69	\$ 129,297	3.14	\$ 83,106	2.83	\$ 283,883	2.80
Amortized cost of HTM debt securities⁽²⁾	\$ 6	5.00	\$ 73	2.26	\$ 53,778	2.54	\$ 1,065	2.57	\$ 54,922	2.54
Debt securities carried at fair value										
U.S. Treasury and agency securities	\$ 547		\$ 821		\$ 1,729		\$ 2		\$ 3,099	
Mortgage-backed securities:										
Agency	3		22,113		96,834		76,355		195,305	
Agency-collateralized mortgage obligations	124		8,997		22,846		1,040		33,007	
Non-agency residential	580		4,326		2,582		538		8,026	
Commercial	1,475		1,965		1,043		23		4,506	
Non-U.S. securities	17,436		2,265		155		8		19,864	
Corporate/Agency bonds	288		653		189		101		1,231	
Other taxable securities, substantially all asset-backed securities	2,577		5,662		2,459		784		11,482	
Total taxable securities	23,030		46,802		127,837		78,851		276,520	
Tax-exempt securities	51		1,959		1,330		1,621		4,961	
Total debt securities carried at fair value	\$ 23,081		\$ 48,761		\$ 129,167		\$ 80,472		\$ 281,481	
Fair value of HTM debt securities⁽²⁾	\$ 6		\$ 73		\$ 51,759		\$ 1,018		\$ 52,856	

⁽¹⁾ Average yield is computed using the effective yield of each security at the end of the period, weighted based on the amortized cost of each security. The effective yield considers the contractual coupon, amortization of premiums and accretion of discounts, and excludes the effect of related hedging derivatives.

⁽²⁾ Substantially all U.S. agency MBS.

Table of Contents

The gross realized gains and losses on sales of AFS debt securities for the three and six months ended June 30, 2013 and 2012 are presented in the table below.

Gains and Losses on Sales of AFS Debt Securities

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Gross gains	\$ 474	\$ 423	\$ 543	\$ 1,596
Gross losses	(17)	(23)	(18)	(444)
Net gains on sales of AFS debt securities	\$ 457	\$ 400	\$ 525	\$ 1,152
Income tax expense attributable to realized net gains on sales of AFS debt securities	\$ 169	\$ 148	\$ 194	\$ 426

Certain Corporate and Strategic Investments

At June 30, 2013 and December 31, 2012, the Corporation owned 2.0 billion shares representing approximately one percent of China Construction Bank Corporation (CCB). Sales restrictions on these shares continue until August 2013. Because the sales restrictions on these shares will expire within one year, these securities are classified as AFS marketable equity securities and carried at fair value with the after-tax unrealized gain included in accumulated OCI. The fair value of the investment at June 30, 2013 and December 31, 2012 was \$1.3 billion and \$1.4 billion, and the cost basis was \$716 million. There is a strategic assistance agreement between the Corporation and CCB, which includes cooperation in specific business areas.

The Corporation's 49 percent investment in a merchant services joint venture had a carrying value of \$3.2 billion and \$3.3 billion at June 30, 2013 and December 31, 2012. For additional information, see *Note 11 – Commitments and Contingencies*.

NOTE 5 – Outstanding Loans and Leases

The following tables present total outstanding loans and leases and an aging analysis for the Corporation's Home Loans, Credit Card and Other Consumer, and Commercial portfolio segments, by class of financing receivables, at June 30, 2013 and December 31, 2012.

(Dollars in millions)	June 30, 2013							
	30-59 Days Past Due ⁽¹⁾	60-89 Days Past Due ⁽¹⁾	90 Days or More Past Due ⁽²⁾	Total Past Due 30 Days or More	Total Current or Less Than 30 Days Past Due ⁽³⁾	Purchased Credit - impaired ⁽⁴⁾	Loans Accounted for Under the Fair Value Option	Total Outstandings
Home loans								
Core portfolio								
Residential mortgage ⁽⁵⁾	\$ 2,133	\$ 658	\$ 7,404	\$ 10,195	\$ 162,062			\$ 172,257
Home equity	238	122	619	979	56,428			57,407
Legacy Assets & Servicing portfolio								
Residential mortgage ⁽⁶⁾	2,974	1,408	22,410	26,792	33,686	\$ 21,224		81,702
Home equity	454	254	1,292	2,000	33,173	7,431		42,604
Credit card and other consumer								
U.S. credit card	603	430	1,167	2,200	88,323			90,523
Non-U.S. credit card	70	59	158	287	10,053			10,340
Direct/Indirect consumer ⁽⁷⁾	417	191	488	1,096	82,262			83,358
Other consumer ⁽⁸⁾	44	18	2	64	1,739			1,803
Total consumer loans	6,933	3,140	33,540	43,613	467,726	28,655		539,994
Consumer loans accounted for under the fair value option ⁽⁹⁾							\$ 1,052	1,052
Total consumer	6,933	3,140	33,540	43,613	467,726	28,655	1,052	541,046
Commercial								
U.S. commercial	248	176	463	887	206,056			206,943
Commercial real estate ⁽¹⁰⁾	108	90	511	709	41,417			42,126
Commercial lease financing	92	114	28	234	23,678			23,912
Non-U.S. commercial	16	—	—	16	86,694			86,710
U.S. small business commercial	91	61	152	304	12,120			12,424
Total commercial loans	555	441	1,154	2,150	369,965			372,115
Commercial loans accounted for under the fair value option ⁽⁹⁾							8,409	8,409
Total commercial	555	441	1,154	2,150	369,965		8,409	380,524
Total loans and leases	\$ 7,488	\$ 3,581	\$ 34,694	\$ 45,763	\$ 837,691	\$ 28,655	\$ 9,461	\$ 921,570
Percentage of outstandings	0.81 %	0.39 %	3.76 %	4.96 %	90.90 %	3.11 %	1.03 %	

⁽¹⁾ Home loans 30-59 days past due includes fully-insured loans of \$2.5 billion and nonperforming loans of \$761 million. Home loans 60-89 days past due includes fully-insured loans of \$1.0 billion and nonperforming loans of \$516 million.

⁽²⁾ Home loans includes fully-insured loans of \$20.6 billion.

⁽³⁾ Home loans includes \$6.3 billion and direct/indirect consumer includes \$46 million of nonperforming loans.

⁽⁴⁾ PCI loan amounts are shown gross of the valuation allowance.

⁽⁵⁾ Total outstandings includes non-U.S. residential mortgage loans of \$83 million.

⁽⁶⁾ Total outstandings includes pay option loans of \$5.8 billion. The Corporation no longer originates this product.

⁽⁷⁾ Total outstandings includes dealer financial services loans of \$36.8 billion, consumer lending loans of \$3.6 billion, U.S. securities-based lending loans of \$30.0 billion, non-U.S. consumer loans of \$7.5 billion, student loans of \$4.4 billion and other consumer loans of \$1.1 billion.

⁽⁸⁾ Total outstandings includes consumer finance loans of \$1.3 billion, consumer leases of \$351 million, other non-U.S. consumer loans of \$5 million and consumer overdrafts of \$149 million.

⁽⁹⁾ Consumer loans accounted for under the fair value option were residential mortgage loans of \$1.1 billion. Commercial loans accounted for under the fair value option were U.S. commercial loans of \$2.0 billion and non-U.S. commercial loans of \$6.4 billion. For additional information, see *Note 16 – Fair Value Measurements* and *Note 17 – Fair Value Option*.

⁽¹⁰⁾ Total outstandings includes U.S. commercial real estate loans of \$40.3 billion and non-U.S. commercial real estate loans of \$1.8 billion.

Table of Contents

December 31, 2012								
(Dollars in millions)	30-59 Days Past Due ⁽¹⁾	60-89 Days Past Due ⁽¹⁾	90 Days or More Past Due ⁽²⁾	Total Past Due 30 Days or More	Total Current or Less Than 30 Days Past Due ⁽³⁾	Purchased Credit - impaired ⁽⁴⁾	Loans Accounted for Under the Fair Value Option	Total Outstandings
Home loans								
Core portfolio								
Residential mortgage ⁽⁵⁾	\$ 2,274	\$ 806	\$ 6,227	\$ 9,307	\$ 160,809			\$ 170,116
Home equity	273	146	591	1,010	59,841			60,851
Legacy Assets & Servicing portfolio								
Residential mortgage ⁽⁶⁾	2,938	1,714	26,728	31,380	33,982	\$ 17,451		82,813
Home equity	608	357	1,444	2,409	36,213	8,667		47,289
Credit card and other consumer								
U.S. credit card	729	582	1,437	2,748	92,087			94,835
Non-U.S. credit card	106	85	212	403	11,294			11,697
Direct/Indirect consumer ⁽⁷⁾	569	239	573	1,381	81,824			83,205
Other consumer ⁽⁸⁾	48	19	4	71	1,557			1,628
Total consumer loans	7,545	3,948	37,216	48,709	477,607	26,118		552,434
Consumer loans accounted for under the fair value option ⁽⁹⁾							\$ 1,005	1,005
Total consumer	7,545	3,948	37,216	48,709	477,607	26,118	1,005	553,439
Commercial								
U.S. commercial	323	133	639	1,095	196,031			197,126
Commercial real estate ⁽¹⁰⁾	79	144	983	1,206	37,431			38,637
Commercial lease financing	84	79	30	193	23,650			23,843
Non-U.S. commercial	2	—	—	2	74,182			74,184
U.S. small business commercial	101	75	168	344	12,249			12,593
Total commercial loans	589	431	1,820	2,840	343,543			346,383
Commercial loans accounted for under the fair value option ⁽⁹⁾							7,997	7,997
Total commercial	589	431	1,820	2,840	343,543		7,997	354,380
Total loans and leases	\$ 8,134	\$ 4,379	\$ 39,036	\$ 51,549	\$ 821,150	\$ 26,118	\$ 9,002	\$ 907,819
Percentage of outstandings	0.90%	0.48%	4.30%	5.68%	90.45%	2.88%	0.99%	

⁽¹⁾ Home loans 30-59 days past due includes fully-insured loans of \$2.3 billion and nonperforming loans of \$702 million. Home loans 60-89 days past due includes fully-insured loans of \$1.3 billion and nonperforming loans of \$558 million.

⁽²⁾ Home loans includes fully-insured loans of \$22.2 billion.

⁽³⁾ Home loans includes \$5.5 billion and direct/indirect consumer includes \$63 million of nonperforming loans.

⁽⁴⁾ PCI loan amounts are shown gross of the valuation allowance.

⁽⁵⁾ Total outstandings includes non-U.S. residential mortgage loans of \$93 million.

⁽⁶⁾ Total outstandings includes pay option loans of \$6.7 billion. The Corporation no longer originates this product.

⁽⁷⁾ Total outstandings includes dealer financial services loans of \$35.9 billion, consumer lending loans of \$4.7 billion, U.S. securities-based lending loans of \$28.3 billion, non-U.S. consumer loans of \$8.3 billion, student loans of \$4.8 billion and other consumer loans of \$1.2 billion.

⁽⁸⁾ Total outstandings includes consumer finance loans of \$1.4 billion, consumer leases of \$34 million, other non-U.S. consumer loans of \$5 million and consumer overdrafts of \$177 million.

⁽⁹⁾ Consumer loans accounted for under the fair value option were residential mortgage loans of \$1.0 billion. Commercial loans accounted for under the fair value option were U.S. commercial loans of \$2.3 billion and non-U.S. commercial loans of \$5.7 billion. For additional information, see Note 16 – Fair Value Measurements and Note 17 – Fair Value Option.

⁽¹⁰⁾ Total outstandings includes U.S. commercial real estate loans of \$37.2 billion and non-U.S. commercial real estate loans of \$1.5 billion.

The Corporation mitigates a portion of its credit risk on the residential mortgage portfolio through the use of synthetic securitization vehicles. These vehicles issue long-term notes to investors, the proceeds of which are held as cash collateral. The Corporation pays a premium to the vehicles to purchase mezzanine loss protection on a portfolio of residential mortgage loans owned by the Corporation. Cash held in the vehicles is used to reimburse the Corporation in the event that losses on the mortgage portfolio exceed 10 basis points (bps) of the original pool balance, up to the remaining amount of purchased loss protection of \$420 million and \$500 million at June 30, 2013 and December 31, 2012. The vehicles from which the Corporation purchases credit protection are VIEs. The Corporation does not have a variable interest in these vehicles, and accordingly, these vehicles are not consolidated by the Corporation. Amounts due from the vehicles are recorded in other income (loss) in the Consolidated Statement of Income when the Corporation recognizes a reimbursable loss, as described above. Amounts are collected when reimbursable losses are realized through the sale of the underlying collateral. At June 30, 2013 and December 31, 2012, the Corporation had a receivable of \$230 million and \$305 million from these vehicles for reimbursement of losses, and principal of \$14.8 billion and \$17.6 billion of residential mortgage loans was referenced under these agreements. The Corporation records an allowance for credit losses on these loans without regard to the existence of the purchased loss protection as the protection does not represent a guarantee of individual loans.

In addition, the Corporation has entered into long-term credit protection agreements with FNMA and FHLMC on loans totaling \$25.5 billion and \$24.3 billion at June 30, 2013 and December 31, 2012, providing full protection on residential mortgage loans that become severely delinquent. All of these loans are individually insured and therefore the Corporation does not record an allowance for credit losses related to these loans. For additional information, see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees*.

Nonperforming Loans and Leases

In accordance with bank regulatory interagency guidance, the Corporation classifies 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. At June 30, 2013 and December 31, 2012, \$1.3 billion and \$1.5 billion of such loans were included in nonperforming loans.

In accordance with regulatory guidance, the Corporation classifies consumer real estate loans that have been discharged in Chapter 7 bankruptcy and not reaffirmed by the borrower as troubled debt restructurings (TDRs), irrespective of payment history or delinquency status, even if the repayment terms for the loan have not been otherwise modified. The Corporation continues to have a lien on the underlying collateral. At June 30, 2013, nonperforming loans discharged in Chapter 7 bankruptcy with no change in repayment terms at the time of discharge were \$2.0 billion of which \$1.0 billion were current on their contractual payments while \$930 million were 90 days or more past due. Of the contractually current nonperforming loans, more than 70 percent were discharged in Chapter 7 bankruptcy more than 12 months ago, and nearly 45 percent were discharged 24 months or more ago. As subsequent cash payments are received, the interest component of the payments is generally recorded as interest income on a cash basis and the principal component is recorded as a reduction in the carrying value of the loan.

Table of Contents

The table below presents the Corporation's nonperforming loans and leases including nonperforming TDRs, and loans accruing past due 90 days or more at June 30, 2013 and December 31, 2012. Nonperforming loans held-for-sale (LHFS) are excluded from nonperforming loans and leases as they are recorded at either fair value or the lower of cost or fair value. See *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K for further information on the criteria for classification as nonperforming.

Credit Quality

	Nonperforming Loans and Leases ⁽¹⁾		Accruing Past Due 90 Days or More	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012
(Dollars in millions)				
Home loans				
Core portfolio				
Residential mortgage ⁽²⁾	\$ 3,404	\$ 3,193	\$ 5,273	\$ 3,984
Home equity	1,355	1,265	—	—
Legacy Assets & Servicing portfolio				
Residential mortgage ⁽²⁾	10,912	11,862	15,331	18,173
Home equity	2,796	3,017	—	—
Credit card and other consumer				
U.S. credit card	n/a	n/a	1,167	1,437
Non-U.S. credit card	n/a	n/a	158	212
Direct/Indirect consumer	72	92	462	545
Other consumer	1	2	2	2
Total consumer	18,540	19,431	22,393	24,353
Commercial				
U.S. commercial	1,279	1,484	50	65
Commercial real estate	627	1,513	25	29
Commercial lease financing	10	44	22	15
Non-U.S. commercial	80	68	1	—
U.S. small business commercial	107	115	100	120
Total commercial	2,103	3,224	198	229
Total loans and leases	\$ 20,643	\$ 22,655	\$ 22,591	\$ 24,582

⁽¹⁾ Nonperforming loan balances do not include nonaccruing TDRs removed from the PCI loan portfolio prior to January 1, 2010 of \$485 million and \$521 million at June 30, 2013 and December 31, 2012.

⁽²⁾ Residential mortgage loans in the Core and Legacy Assets & Servicing portfolios accruing past due 90 days or more are fully-insured loans. At June 30, 2013 and December 31, 2012, residential mortgage included \$16.0 billion and \$17.8 billion of loans on which interest has been curtailed by the FHA, and therefore are no longer accruing interest, although principal is still insured, and \$4.6 billion and \$4.4 billion of loans on which interest is still accruing.

n/a = not applicable

Credit Quality Indicators

The Corporation monitors credit quality within its Home Loans, Credit Card and Other Consumer, and Commercial portfolio segments based on primary credit quality indicators. For more information on the portfolio segments, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K. Within the Home Loans portfolio segment, the primary credit quality indicators are refreshed LTV and refreshed FICO score. Refreshed LTV measures the carrying value of the loan as a percentage of the value of property securing the loan, refreshed quarterly. Home equity loans are evaluated using combined loan-to-value (CLTV) which measures the carrying value of the combined loans that have liens against the property and the available line of credit as a percentage of the appraised value of the property securing the loan, refreshed quarterly. FICO score measures the creditworthiness of the borrower based on the financial obligations of the borrower and the borrower's credit history. At a minimum, FICO scores are refreshed quarterly, and in many cases, more frequently. FICO scores are also a primary credit quality indicator for the Credit Card and Other Consumer portfolio segment and the business card portfolio within U.S. small business commercial. Within the Commercial portfolio segment, loans are evaluated using the internal classifications of pass rated or reservable criticized as the primary credit quality indicators. The term reservable criticized refers to those commercial loans that are internally classified or listed by the Corporation as Special Mention, Substandard or Doubtful, which are asset categories defined by regulatory authorities. These assets have an elevated level of risk and may have a high probability of default or total loss. Pass rated refers to all loans not considered reservable criticized. In addition to these primary credit quality indicators, the Corporation uses other credit quality indicators for certain types of loans.

Table of Contents

The following tables present certain credit quality indicators for the Corporation's Home Loans, Credit Card and Other Consumer, and Commercial portfolio segments, by class of financing receivables, at June 30, 2013 and December 31, 2012.

Home Loans – Credit Quality Indicators ⁽¹⁾

(Dollars in millions)	June 30, 2013					
	Core Portfolio Residential Mortgage ⁽²⁾	Legacy Assets & Servicing Residential Mortgage ⁽²⁾	Residential Mortgage PCI ⁽³⁾	Core Portfolio Home Equity ⁽²⁾	Legacy Assets & Servicing Home Equity ⁽²⁾	Home Equity PCI
Refreshed LTV ⁽⁴⁾						
Less than or equal to 90 percent	\$ 87,720	\$ 22,436	\$ 11,690	\$ 44,322	\$ 15,605	\$ 2,029
Greater than 90 percent but less than or equal to 100 percent	7,965	4,739	3,143	5,162	4,349	728
Greater than 100 percent	8,321	12,293	6,391	7,923	15,219	4,674
Fully-insured loans ⁽⁵⁾	68,251	21,010	—	—	—	—
Total home loans	\$ 172,257	\$ 60,478	\$ 21,224	\$ 57,407	\$ 35,173	\$ 7,431
Refreshed FICO score						
Less than 620	\$ 6,037	\$ 12,752	\$ 11,796	\$ 2,432	\$ 4,640	\$ 1,354
Greater than or equal to 620 and less than 680	8,186	6,302	3,450	4,316	5,453	1,318
Greater than or equal to 680 and less than 740	24,662	8,388	3,105	12,050	9,717	2,121
Greater than or equal to 740	65,121	12,026	2,873	38,609	15,363	2,638
Fully-insured loans ⁽⁵⁾	68,251	21,010	—	—	—	—
Total home loans	\$ 172,257	\$ 60,478	\$ 21,224	\$ 57,407	\$ 35,173	\$ 7,431

⁽¹⁾ Excludes loans accounted for under the fair value option of \$1.1 billion.

⁽²⁾ Excludes PCI loans.

⁽³⁾ Includes \$5.3 billion of pay option loans. The Corporation no longer originates this product.

⁽⁴⁾ Refreshed LTV percentages for PCI loans are calculated using the carrying value net of the related valuation allowance.

⁽⁵⁾ Credit quality indicators are not reported for fully-insured loans as principal repayment is insured.

Credit Card and Other Consumer – Credit Quality Indicators

(Dollars in millions)	June 30, 2013			
	U.S. Credit Card	Non-U.S. Credit Card	Direct/Indirect Consumer	Other Consumer ⁽¹⁾
Refreshed FICO score				
Less than 620	\$ 5,159	\$ —	\$ 1,437	\$ 604
Greater than or equal to 620 and less than 680	13,103	—	3,138	283
Greater than or equal to 680 and less than 740	35,932	—	9,601	214
Greater than or equal to 740	36,329	—	25,602	197
Other internal credit metrics ^(2, 3, 4)	—	10,340	43,580	505
Total credit card and other consumer	\$ 90,523	\$ 10,340	\$ 83,358	\$ 1,803

⁽¹⁾ 72 percent of the other consumer portfolio is associated with portfolios from certain consumer finance businesses that the Corporation previously exited.

⁽²⁾ Other internal credit metrics may include delinquency status, geography or other factors.

⁽³⁾ Direct/indirect consumer includes \$37.4 billion of securities-based lending which is overcollateralized and therefore has minimal credit risk and \$4.4 billion of loans the Corporation no longer originates.

⁽⁴⁾ Non-U.S. credit card represents the U.K. credit card portfolio which is evaluated using internal credit metrics, including delinquency status. At June 30, 2013, 97 percent of this portfolio was current or less than 30 days past due and 2 percent was 89 days past due and two percent was 90 days or more past due.

Commercial – Credit Quality Indicators ⁽¹⁾

(Dollars in millions)	June 30, 2013				
	U.S. Commercial	Commercial Real Estate	Commercial Lease Financing	Non-U.S. Commercial	U.S. Small Business Commercial ⁽²⁾
Risk ratings					
Pass rated	\$ 199,336	\$ 39,875	\$ 22,780	\$ 85,017	\$ 1,399
Reservable criticized	7,607	2,251	1,132	1,693	474
Refreshed FICO score ⁽³⁾					
Less than 620					243
Greater than or equal to 620 and less than 680					542
Greater than or equal to 680 and less than 740					1,572
Greater than or equal to 740					2,762
Other internal credit metrics ^(3, 4)					5,432
Total commercial	\$ 206,943	\$ 42,126	\$ 23,912	\$ 86,710	\$ 12,424

⁽¹⁾ Excludes loans accounted for under the fair value option of \$8.4 billion.

⁽²⁾ U.S. small business commercial includes \$311 million of criticized business card and small business loans which are evaluated using refreshed FICO scores or internal credit metrics, including delinquency status, rather than risk ratings. At June 30, 2013, 99 percent of the balances where internal credit metrics are used were current or less than 30 days past due.

⁽³⁾ Refreshed FICO score and other internal credit metrics are applicable only to the U.S. small business commercial portfolio.

⁽⁴⁾ Other internal credit metrics may include delinquency status, application scores, geography or other factors.

Table of Contents

Home Loans – Credit Quality Indicators ⁽¹⁾

(Dollars in millions)	December 31, 2012					
	Core Portfolio Residential Mortgage ⁽²⁾	Legacy Assets & Servicing Residential Mortgage ⁽²⁾	Residential Mortgage PCI ⁽³⁾	Core Portfolio Home Equity ⁽²⁾	Legacy Assets & Servicing Home Equity ⁽²⁾	Home Equity PCI
Refreshed LTV ⁽⁴⁾						
Less than or equal to 90 percent	\$ 80,585	\$ 20,613	\$ 8,581	\$ 44,971	\$ 15,922	\$ 2,074
Greater than 90 percent but less than or equal to 100 percent	8,891	5,097	2,368	5,825	4,507	805
Greater than 100 percent	12,984	16,454	6,502	10,055	18,193	5,788
Fully-insured loans ⁽⁵⁾	67,656	23,198	—	—	—	—
Total home loans	\$ 170,116	\$ 65,362	\$ 17,451	\$ 60,851	\$ 38,622	\$ 8,667
Refreshed FICO score						
Less than 620	\$ 6,366	\$ 14,320	\$ 8,647	\$ 2,586	\$ 5,411	\$ 1,989
Greater than or equal to 620 and less than 680	8,561	6,157	2,712	4,500	5,921	1,529
Greater than or equal to 680 and less than 740	25,141	8,611	2,976	12,625	10,395	2,299
Greater than or equal to 740	62,392	13,076	3,116	41,140	16,895	2,850
Fully-insured loans ⁽⁵⁾	67,656	23,198	—	—	—	—
Total home loans	\$ 170,116	\$ 65,362	\$ 17,451	\$ 60,851	\$ 38,622	\$ 8,667

⁽¹⁾ Excludes loans accounted for under the fair value option of \$1.0 billion.

⁽²⁾ Excludes PCI loans.

⁽³⁾ Includes \$6.1 billion of pay option loans. The Corporation no longer originates this product.

⁽⁴⁾ Refreshed LTV percentages for PCI loans are calculated using the carrying value net of the related valuation allowance.

⁽⁵⁾ Credit quality indicators are not reported for fully-insured loans as principal repayment is insured.

Credit Card and Other Consumer – Credit Quality Indicators

(Dollars in millions)	December 31, 2012			
	U.S. Credit Card	Non-U.S. Credit Card	Direct/Indirect Consumer	Other Consumer ⁽¹⁾
Refreshed FICO score				
Less than 620	\$ 6,188	\$ —	\$ 1,896	\$ 668
Greater than or equal to 620 and less than 680	13,947	—	3,367	301
Greater than or equal to 680 and less than 740	37,167	—	9,592	232
Greater than or equal to 740	37,533	—	25,164	212
Other internal credit metrics ^(2, 3, 4)	—	11,697	43,186	215
Total credit card and other consumer	\$ 94,835	\$ 11,697	\$ 83,205	\$ 1,628

⁽¹⁾ 87 percent of the other consumer portfolio is associated with portfolios from certain consumer finance businesses that the Corporation previously exited.

⁽²⁾ Other internal credit metrics may include delinquency status, geography or other factors.

⁽³⁾ Direct/indirect consumer includes \$36.5 billion of securities-based lending which is overcollateralized and therefore has minimal credit risk and \$4.8 billion of loans the Corporation no longer originates.

⁽⁴⁾ Non-U.S. credit card represents the U.K. credit card portfolio which is evaluated using internal credit metrics, including delinquency status. At December 31, 2012, 97 percent of this portfolio was current or less than 30 days past due, one percent was 30-89 days past due and two percent was 90 days or more past due.

Commercial – Credit Quality Indicators ⁽¹⁾

(Dollars in millions)	December 31, 2012				
	U.S. Commercial	Commercial Real Estate	Commercial Lease Financing	Non-U.S. Commercial	U.S. Small Business Commercial ⁽²⁾
Risk ratings					
Pass rated	\$ 189,602	\$ 34,968	\$ 22,874	\$ 72,688	\$ 1,690
Reservable criticized	7,524	3,669	969	1,496	573
Refreshed FICO score ⁽³⁾					
Less than 620					400
Greater than or equal to 620 and less than 680					580
Greater than or equal to 680 and less than 740					1,553
Greater than or equal to 740					2,496
Other internal credit metrics ^(3, 4)					5,301
Total commercial	\$ 197,126	\$ 38,637	\$ 23,843	\$ 74,184	\$ 12,593

⁽¹⁾ Excludes loans accounted for under the fair value option of \$8.0 billion.

⁽²⁾ U.S. small business commercial includes \$366 million of criticized business card and small business loans which are evaluated using refreshed FICO scores or internal credit metrics, including delinquency status, rather than risk ratings. At December 31, 2012, 98 percent of the balances where internal credit metrics are used were current or less than 30 days past due.

⁽³⁾ Refreshed FICO score and other internal credit metrics are applicable only to the U.S. small business commercial portfolio.

⁽⁴⁾ Other internal credit metrics may include delinquency status, application scores, geography or other factors.

Impaired Loans and Troubled Debt Restructurings

A loan is considered impaired when, based on current information, it is probable that the Corporation will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming commercial loans and all consumer and commercial TDRs. For additional information, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K. Impaired loans exclude nonperforming consumer loans and nonperforming commercial leases unless they are classified as TDRs. Loans accounted for under the fair value option are also excluded. Purchased credit-impaired (PCI) loans are excluded and reported separately on page 189.

Home Loans

Impaired home loans within the Home Loans portfolio segment consist entirely of TDRs. Excluding PCI loans, most modifications of home loans meet the definition of TDRs when a binding offer is extended to a borrower. Modifications of home loans are done in accordance with the government's Making Home Affordable Program (modifications under government programs) or the Corporation's proprietary programs (modifications under proprietary programs). These modifications are considered to be TDRs if concessions have been granted to borrowers experiencing financial difficulties. Concessions may include reductions in interest rates, capitalization of past due amounts, principal and/or interest forbearance, payment extensions, principal and/or interest forgiveness, or combinations thereof. During 2012, the Corporation implemented a borrower assistance program that provides forgiveness of principal balances in connection with the settlement agreement among the Corporation and certain of its affiliates and subsidiaries, together with the U.S. Department of Justice (DOJ), the U.S. Department of Housing and Urban Development (HUD) and other federal agencies, and 49 state Attorneys General concerning the terms of a global settlement resolving investigations into certain origination, servicing and foreclosure practices (National Mortgage Settlement). In addition, the Corporation also provides interest rate modifications to qualified borrowers pursuant to the National Mortgage Settlement and these interest rate modifications are not considered to be TDRs.

Prior to permanently modifying a loan, the Corporation may enter into trial modifications with certain borrowers under both government and proprietary programs, including the borrower assistance program pursuant to the National Mortgage Settlement. Trial modifications generally represent a three- to four-month period during which the borrower makes monthly payments under the anticipated modified payment terms. Upon successful completion of the trial period, the Corporation and the borrower enter into a permanent modification. Binding trial modifications are classified as TDRs when the trial offer is made and continue to be classified as TDRs regardless of whether the borrower enters into a permanent modification.

In accordance with regulatory guidance addressing certain home loans that have been discharged in Chapter 7 bankruptcy, \$4.0 billion of home loans that have been discharged in Chapter 7 bankruptcy with no change in repayment terms at the time of discharge were included in TDRs at June 30, 2013, of which \$2.0 billion were classified as nonperforming and \$2.0 billion were loans fully-insured by the Federal Housing Administration (FHA). Of the \$4.0 billion of home loan TDRs, approximately 14 percent, 36 percent and 50 percent had been discharged in Chapter 7 bankruptcy in the six months ended June 30, 2013, in the year ended December 31, 2012 and in years prior to 2012, respectively. For more information on the regulatory guidance on loans discharged in Chapter 7 bankruptcy, see *Nonperforming Loans and Leases* in this Note.

In accordance with applicable accounting guidance, a home loan, excluding PCI loans which are reported separately, is not classified as impaired unless it is a TDR. Once such a loan has been designated as a TDR, it is then individually assessed for impairment. Home loan TDRs are measured primarily based on the net present value of the estimated cash flows discounted at the loan's original effective interest rate, as discussed in the paragraph below. If the carrying value of a TDR exceeds this amount, a specific allowance is recorded as a component of the allowance for loan and lease losses. Alternatively, home loan TDRs that are considered to be dependent solely on the collateral for repayment (e.g., due to the lack of income verification or as a result of being discharged in Chapter 7 bankruptcy) are measured based on the estimated fair value of the collateral and a charge-off is recorded if the carrying value exceeds the fair value of the collateral. Home loans that reached 180 days past due prior to modification had been charged off to their net realizable value before they were modified as TDRs in accordance with established policy. Therefore, modifications of home loans that are 180 or more days past due as TDRs do not have an impact on the allowance for loan and lease losses nor are additional charge-offs required at the time of modification. Subsequent declines in the fair value of the collateral after a loan has reached 180 days past due are recorded as charge-offs. Fully-insured loans are protected against principal loss, and therefore, the Corporation does not record an allowance for loan and lease losses on the outstanding principal balance, even after they have been modified in a TDR.

Table of Contents

The net present value of the estimated cash flows is based on model-driven estimates of projected payments, prepayments, defaults and loss-given-default (LGD). Using statistical modeling methodologies, the Corporation estimates the probability that a loan will default prior to maturity based on the attributes of each loan. The factors that are most relevant to the probability of default are the refreshed LTV, or in the case of a subordinated lien, refreshed CLTV, borrower credit score, months since origination (i.e., vintage) and geography. Each of these factors is further broken down by present collection status (whether the loan is current, delinquent, in default or in bankruptcy). Severity (or LGD) is estimated based on the refreshed LTV for first mortgages or CLTV for subordinated liens. The estimates are based on the Corporation's historical experience as adjusted to reflect an assessment of environmental factors that may not be reflected in the historical data, such as changes in real estate values, local and national economies, underwriting standards and the regulatory environment. The probability of default models also incorporate recent experience with modification programs including redefaults subsequent to modification, a loan's default history prior to modification and the change in borrower payments post-modification.

At June 30, 2013 and December 31, 2012, remaining commitments to lend additional funds to debtors whose terms have been modified in a home loan TDR were immaterial. Home loan foreclosed properties totaled \$508 million and \$650 million at June 30, 2013 and December 31, 2012.

The table below presents impaired loans in the Corporation's Home Loans portfolio segment at June 30, 2013 and December 31, 2012, and for the three and six months ended June 30, 2013 and 2012, and includes primarily loans managed by Legacy Assets & Servicing. Certain impaired home loans do not have a related allowance as the current valuation of these impaired loans exceeded the carrying value.

Impaired Loans – Home Loans

	June 30, 2013			December 31, 2012		
	Unpaid Principal Balance	Carrying Value	Related Allowance	Unpaid Principal Balance	Carrying Value	Related Allowance
(Dollars in millions)						
With no recorded allowance						
Residential mortgage	\$ 22,352	\$ 16,803	n/a	\$ 20,226	\$ 14,967	n/a
Home equity	2,958	1,244	n/a	2,624	1,103	n/a
With an allowance recorded						
Residential mortgage	\$ 15,697	\$ 14,829	\$ 1,367	\$ 14,223	\$ 13,158	\$ 1,252
Home equity	1,107	917	352	1,256	1,022	448
Total						
Residential mortgage	\$ 38,049	\$ 31,632	\$ 1,367	\$ 34,449	\$ 28,125	\$ 1,252
Home equity	4,065	2,161	352	3,880	2,125	448

	Three Months Ended June 30				Six Months Ended June 30			
	2013		2012		2013		2012	
	Average Carrying Value	Interest Income Recognized ⁽¹⁾	Average Carrying Value	Interest Income Recognized ⁽¹⁾	Average Carrying Value	Interest Income Recognized ⁽¹⁾	Average Carrying Value	Interest Income Recognized ⁽¹⁾
With no recorded allowance								
Residential mortgage	\$ 16,812	\$ 140	\$ 8,893	\$ 76	\$ 16,353	\$ 284	\$ 8,798	\$ 151
Home equity	1,204	19	485	10	1,169	36	496	19
With an allowance recorded								
Residential mortgage	\$ 14,735	\$ 124	\$ 11,474	\$ 108	\$ 14,317	\$ 278	\$ 11,324	\$ 208
Home equity	936	11	1,205	13	962	22	1,230	22
Total								
Residential mortgage	\$ 31,547	\$ 264	\$ 20,367	\$ 184	\$ 30,670	\$ 562	\$ 20,122	\$ 359
Home equity	2,140	30	1,690	23	2,131	58	1,726	41

⁽¹⁾ Interest income recognized includes interest accrued and collected on the outstanding balances of accruing impaired loans as well as interest cash collections on nonaccruing impaired loans for which the principal is considered collectible.

n/a = not applicable

Table of Contents

The table below presents the June 30, 2013 and 2012 unpaid principal balance, carrying value, and average pre- and post-modification interest rates of home loans that were modified in TDRs during the three and six months ended June 30, 2013 and 2012, and net charge-offs that were recorded during the period in which the modification occurred. The following Home Loans portfolio segment tables include loans that were initially classified as TDRs during the period and also loans that had previously been classified as TDRs and were modified again during the period. These TDRs are managed by Legacy Assets & Servicing.

Home Loans – TDRs Entered into During the Three Months Ended June 30, 2013 and 2012⁽¹⁾

(Dollars in millions)	June 30, 2013				Three Months Ended June 30, 2013	
	Unpaid Principal Balance	Carrying Value	Pre-Modification Interest Rate	Post-Modification Interest Rate	Net Charge-offs	
Residential mortgage	\$ 3,988	\$ 3,518	5.29 %	4.56 %	\$	11
Home equity	268	169	6.23	5.20		50
Total	\$ 4,256	\$ 3,687	5.35	4.60	\$	61

(Dollars in millions)	June 30, 2012				Three Months Ended June 30, 2012	
	Unpaid Principal Balance	Carrying Value	Pre-Modification Interest Rate	Post-Modification Interest Rate	Net Charge-offs	
Residential mortgage	\$ 1,762	\$ 1,420	5.70 %	4.79 %	\$	76
Home equity	139	82	4.33	3.57		29
Total	\$ 1,901	\$ 1,502	5.60	4.71	\$	105

Home Loans – TDRs Entered into During the Six Months Ended June 30, 2013 and 2012⁽¹⁾

(Dollars in millions)	June 30, 2013				Six Months Ended June 30, 2013	
	Unpaid Principal Balance	Carrying Value	Pre-Modification Interest Rate	Post-Modification Interest Rate	Net Charge-offs	
Residential mortgage	\$ 8,843	\$ 7,798	5.38 %	4.55 %	\$	50
Home equity	519	306	5.83	4.59		114
Total	\$ 9,362	\$ 8,104	5.41	4.55	\$	164

(Dollars in millions)	June 30, 2012				Six Months Ended June 30, 2012	
	Unpaid Principal Balance	Carrying Value	Pre-Modification Interest Rate	Post-Modification Interest Rate	Net Charge-offs	
Residential mortgage	\$ 3,343	\$ 2,776	5.66 %	4.70 %	\$	146
Home equity	333	169	4.85	3.60		93
Total	\$ 3,676	\$ 2,945	5.59	4.61	\$	239

⁽¹⁾ TDRs entered into during the three and six months ended June 30, 2013 include residential mortgage modifications with principal forgiveness of \$125 million and \$344 million. TDRs entered into during both the three and six months ended June 30, 2012 include residential mortgage modifications with principal forgiveness of \$189 million.

Table of Contents

The following tables present the June 30, 2013 and 2012 carrying value for home loans that were modified in a TDR during the three and six months ended June 30, 2013 and 2012 by type of modification.

Home Loans – Modification Programs

	TDRs Entered into During the Three Months Ended June 30, 2013		
	Residential Mortgage	Home Equity	Total Carrying Value
(Dollars in millions)			
Modifications under government programs			
Contractual interest rate reduction	\$ 187	\$ 14	\$ 201
Principal and/or interest forbearance	2	6	8
Other modifications ⁽¹⁾	9	—	9
Total modifications under government programs	198	20	218
Modifications under proprietary programs			
Contractual interest rate reduction	896	4	900
Capitalization of past due amounts	26	—	26
Principal and/or interest forbearance	100	3	103
Other modifications ⁽¹⁾	104	—	104
Total modifications under proprietary programs	1,126	7	1,133
Trial modifications	1,811	36	1,847
Loans discharged in Chapter 7 bankruptcy ⁽²⁾	383	106	489
Total modifications	\$ 3,518	\$ 169	\$ 3,687

	TDRs Entered into During the Three Months Ended June 30, 2012		
	Residential Mortgage	Home Equity	Total Carrying Value
Modifications under government programs			
Contractual interest rate reduction	\$ 15	\$ 19	\$ 34
Principal and/or interest forbearance	1	7	8
Other modifications ⁽¹⁾	2	—	2
Total modifications under government programs	18	26	44
Modifications under proprietary programs			
Contractual interest rate reduction	500	3	503
Capitalization of past due amounts	22	—	22
Principal and/or interest forbearance	103	2	105
Other modifications ⁽¹⁾	28	6	34
Total modifications under proprietary programs	653	11	664
Trial modifications	749	45	794
Total modifications	\$ 1,420	\$ 82	\$ 1,502

⁽¹⁾ Includes other modifications such as term or payment extensions and repayment plans.

⁽²⁾ Includes loans discharged in Chapter 7 bankruptcy with no change in repayment terms that are classified as TDRs in accordance with regulatory guidance issued in the third quarter of 2012. For the three months ended June 30, 2013, home loans of \$262 million, or 54 percent of loans discharged in Chapter 7 bankruptcy were current or less than 60 days past due.

Home Loans – Modification Programs

(Dollars in millions)	TDRs Entered into During the Six Months Ended June 30, 2013		
	Residential Mortgage	Home Equity	Total Carrying Value
Modifications under government programs			
Contractual interest rate reduction	\$ 779	\$ 25	\$ 804
Principal and/or interest forbearance	16	13	29
Other modifications ⁽¹⁾	47	—	47
Total modifications under government programs	842	38	880
Modifications under proprietary programs			
Contractual interest rate reduction	2,299	31	2,330
Capitalization of past due amounts	57	—	57
Principal and/or interest forbearance	264	8	272
Other modifications ⁽¹⁾	127	6	133
Total modifications under proprietary programs	2,747	45	2,792
Trial modifications	3,301	49	3,350
Loans discharged in Chapter 7 bankruptcy ⁽²⁾	908	174	1,082
Total modifications	\$ 7,798	\$ 306	\$ 8,104

(Dollars in millions)	TDRs Entered into During the Six Months Ended June 30, 2012		
	Residential Mortgage	Home Equity	Total Carrying Value
Modifications under government programs			
Contractual interest rate reduction	\$ 82	\$ 52	\$ 134
Principal and/or interest forbearance	13	17	30
Other modifications ⁽¹⁾	19	1	20
Total modifications under government programs	114	70	184
Modifications under proprietary programs			
Contractual interest rate reduction	929	12	941
Capitalization of past due amounts	40	—	40
Principal and/or interest forbearance	202	6	208
Other modifications ⁽¹⁾	77	9	86
Total modifications under proprietary programs	1,248	27	1,275
Trial modifications	1,414	72	1,486
Total modifications	\$ 2,776	\$ 169	\$ 2,945

⁽¹⁾ Includes other modifications such as term or payment extensions and repayment plans.

⁽²⁾ Includes loans discharged in Chapter 7 bankruptcy with no change in repayment terms that are classified as TDRs in accordance with regulatory guidance issued in the third quarter of 2012. For the six months ended June 30, 2013, home loans of \$569 million, or 53 percent of loans discharged in Chapter 7 bankruptcy were current or less than 60 days past due.

Table of Contents

The table below presents the carrying value of loans that entered into payment default during the three and six months ended June 30, 2013 and 2012 and that were modified in a TDR during the 12 months preceding payment default. A payment default for home loan TDRs is recognized when a borrower has missed three monthly payments (not necessarily consecutively) since modification. Payment default on a trial modification where the borrower has not yet met the terms of the agreement are included in the table below if the borrower is 90 days or more past due three months after the offer to modify is made.

Home Loans – TDRs Entering Payment Default That Were Modified During the Preceding 12 Months

(Dollars in millions)	Three Months Ended June 30, 2013		
	Residential Mortgage	Home Equity	Total Carrying Value
Modifications under government programs	\$ 68	\$ —	\$ 68
Modifications under proprietary programs	264	1	265
Loans discharged in Chapter 7 bankruptcy ⁽¹⁾	163	5	168
Trial modifications	1,385	1	1,386
Total modifications	\$ 1,880	\$ 7	\$ 1,887

Three Months Ended June 30, 2012			
Modifications under government programs	\$ 68	\$ 2	\$ 70
Modifications under proprietary programs	243	5	248
Trial modifications	181	6	187
Total modifications	\$ 492	\$ 13	\$ 505

Six Months Ended June 30, 2013			
Modifications under government programs	\$ 158	\$ 2	\$ 160
Modifications under proprietary programs	546	4	550
Loans discharged in Chapter 7 bankruptcy ⁽¹⁾	604	24	628
Trial modifications	1,937	5	1,942
Total modifications	\$ 3,245	\$ 35	\$ 3,280

Six Months Ended June 30, 2012			
Modifications under government programs	\$ 143	\$ 4	\$ 147
Modifications under proprietary programs	620	9	629
Trial modifications	291	9	300
Total modifications	\$ 1,054	\$ 22	\$ 1,076

⁽¹⁾ Includes loans discharged in Chapter 7 bankruptcy with no change in repayment terms that are classified as TDRs in accordance with regulatory guidance issued in the third quarter of 2012.

Credit Card and Other Consumer

Impaired loans within the Credit Card and Other Consumer portfolio segment consist entirely of loans that have been modified in TDRs (the renegotiated credit card and other consumer TDR portfolio collectively referred to as the renegotiated TDR portfolio). The Corporation seeks to assist customers that are experiencing financial difficulty by modifying loans while ensuring compliance with federal laws and guidelines. Credit card and other consumer loan modifications generally involve reducing the interest rate on the account and placing the customer on a fixed payment plan not exceeding 60 months, all of which are considered TDRs. In addition, non-U.S. credit card modifications may involve reducing the interest rate on the account without placing the customer on a fixed payment plan, and are also considered TDRs. In all cases, the customer's available line of credit is canceled. The Corporation makes loan modifications directly with borrowers for debt held only by the Corporation (internal programs). Additionally, the Corporation makes loan modifications for borrowers working with third-party renegotiation agencies that provide solutions to customers' entire unsecured debt structures (external programs).

In 2012, regulatory guidance was issued addressing certain consumer real estate loans that have been discharged in Chapter 7 bankruptcy. The Corporation applies this guidance to other secured consumer loans that have been discharged in Chapter 7 bankruptcy, and such loans are classified as TDRs, written down to collateral value and placed on nonaccrual status no later than the time of discharge. For more information on the regulatory guidance on loans discharged in Chapter 7 bankruptcy, see Nonperforming Loans and Leases in this Note.

All credit card and substantially all other consumer loans that have been modified in TDRs remain on accrual status until the loan is either paid in full or charged off, which occurs no later than the end of the month in which the loan becomes 180 days past due or generally at 120 days past due for a loan that was placed on a fixed payment plan after July 1, 2012.

The allowance for impaired credit card and substantially all other consumer loans is based on the present value of projected cash flows, which incorporates the Corporation's historical payment default and loss experience on modified loans, discounted using the portfolio's average contractual interest rate, excluding promotionally priced loans, in effect prior to restructuring. Prior to modification, credit card and other consumer loans are included in homogeneous pools which are collectively evaluated for impairment. For these portfolios, loss forecast models are utilized that consider a variety of factors including, but not limited to, historical loss experience, delinquency status, economic trends and credit scores.

Table of Contents

The table below provides information on the Corporation's renegotiated TDR portfolio in the Credit Card and Other Consumer portfolio segment as of June 30, 2013 and December 31, 2012, and for the three and six months ended June 30, 2013 and 2012.

Impaired Loans – Credit Card and Other Consumer – Renegotiated TDRs

(Dollars in millions)	June 30, 2013			December 31, 2012		
	Unpaid Principal Balance	Carrying Value ⁽¹⁾	Related Allowance	Unpaid Principal Balance	Carrying Value ⁽¹⁾	Related Allowance
With an allowance recorded						
U.S. credit card	\$ 2,010	\$ 2,021	\$ 446	\$ 2,856	\$ 2,871	\$ 719
Non-U.S. credit card	254	259	170	311	316	198
Direct/Indirect consumer	435	436	134	633	636	210
Other consumer	28	28	11	30	30	12
Without an allowance recorded						
Direct/Indirect consumer	88	42	—	105	58	—
Other consumer	35	35	—	35	35	—
Total						
U.S. credit card	\$ 2,010	\$ 2,021	\$ 446	\$ 2,856	\$ 2,871	\$ 719
Non-U.S. credit card	254	259	170	311	316	198
Direct/Indirect consumer	523	478	134	738	694	210
Other consumer	63	63	11	65	65	12

	Three Months Ended June 30				Six Months Ended June 30			
	2013		2012		2013		2012	
	Average Carrying Value	Interest Income Recognized ⁽²⁾	Average Carrying Value	Interest Income Recognized ⁽²⁾	Average Carrying Value	Interest Income Recognized ⁽²⁾	Average Carrying Value	Interest Income Recognized ⁽²⁾
With an allowance recorded								
U.S. credit card	\$ 2,287	\$ 36	\$ 4,400	\$ 69	\$ 2,505	\$ 78	\$ 4,710	\$ 146
Non-U.S. credit card	273	2	508	3	284	4	540	5
Direct/Indirect consumer	493	7	1,000	13	545	15	1,073	29
Other consumer	28	—	32	—	29	1	32	1
Without an allowance recorded								
Direct/Indirect consumer	44	—	—	—	48	—	—	—
Other consumer	35	1	40	1	35	1	40	1
Total								
U.S. credit card	\$ 2,287	\$ 36	\$ 4,400	\$ 69	\$ 2,505	\$ 78	\$ 4,710	\$ 146
Non-U.S. credit card	273	2	508	3	284	4	540	5
Direct/Indirect consumer	537	7	1,000	13	593	15	1,073	29
Other consumer	63	1	72	1	64	2	72	2

⁽¹⁾ Includes accrued interest and fees.

⁽²⁾ Interest income recognized includes interest accrued and collected on the outstanding balances of accruing impaired loans as well as interest cash collections on nonaccruing impaired loans for which the principal is considered collectible.

The table below provides information on the Corporation's primary modification programs for the renegotiated TDR portfolio as of June 30, 2013 and December 31, 2012.

Credit Card and Other Consumer – Renegotiated TDRs by Program Type

(Dollars in millions)	Internal Programs		External Programs		Other		Total		Percent of Balances Current or Less Than 30 Days Past Due	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012	June 30 2013	December 31 2012	June 30 2013	December 31 2012	June 30 2013	December 31 2012
U.S. credit card	\$ 1,243	\$ 1,887	\$ 756	\$ 953	\$ 22	\$ 31	\$ 2,021	\$ 2,871	83.04%	81.48%
Non-U.S. credit card	83	99	31	38	145	179	259	316	46.65	43.71
Direct/Indirect consumer	269	405	159	225	50	64	478	694	84.41	83.11
Other consumer	63	65	—	—	—	—	63	65	73.03	72.73
Total renegotiated TDRs	\$ 1,658	\$ 2,456	\$ 946	\$ 1,216	\$ 217	\$ 274	\$ 2,821	\$ 3,946	79.71	78.58

Table of Contents

At June 30, 2013 and December 31, 2012, the Corporation had a renegotiated TDR portfolio of \$2.8 billion and \$3.9 billion of which \$2.2 billion was current or less than 30 days past due under the modified terms at June 30, 2013.

The table below provides information on the Corporation's renegotiated TDR portfolio including the unpaid principal balance, carrying value and average pre- and post-modification interest rates of loans that were modified in TDRs during the three and six months ended June 30, 2013 and 2012, and net charge-offs that were recorded during the period in which the modification occurred.

Credit Card and Other Consumer – Renegotiated TDRs Entered into During the Three Months June 30, 2013 and 2012

(Dollars in millions)	June 30, 2013				Three Months Ended June 30, 2013	
	Unpaid Principal Balance	Carrying Value ⁽¹⁾	Pre-Modification Interest Rate	Post-Modification Interest Rate	Net Charge-offs	
U.S. credit card	\$ 75	\$ 76	16.86 %	6.07 %	\$ 2	
Non-U.S. credit card	68	71	26.17	0.67	3	
Direct/Indirect consumer	17	12	8.92	5.18	—	
Other consumer	2	2	9.53	4.51	—	
Total	\$ 162	\$ 161	20.26	3.61	\$ 5	

(Dollars in millions)	June 30, 2012				Three Months Ended June 30, 2012	
	Unpaid Principal Balance	Carrying Value ⁽¹⁾	Pre-Modification Interest Rate	Post-Modification Interest Rate	Net Charge-offs	
U.S. credit card	\$ 123	\$ 127	17.61 %	6.30 %	\$ 1	
Non-U.S. credit card	92	97	26.27	0.78	4	
Direct/Indirect consumer	18	18	15.24	3.96	—	
Other consumer	3	3	10.11	6.84	—	
Total	\$ 236	\$ 245	20.77	3.95	\$ 5	

Credit Card and Other Consumer – Renegotiated TDRs Entered into During the Six Months Ended June 30, 2013 and 2012

(Dollars in millions)	June 30, 2013				Six Months Ended June 30, 2013	
	Unpaid Principal Balance	Carrying Value ⁽¹⁾	Pre-Modification Interest Rate	Post-Modification Interest Rate	Net Charge-offs	
U.S. credit card	\$ 151	\$ 153	16.91 %	6.13 %	\$ 7	
Non-U.S. credit card	123	129	26.16	0.71	25	
Direct/Indirect consumer	31	22	9.54	5.25	—	
Other consumer	3	3	9.48	5.26	—	
Total	\$ 308	\$ 307	20.11	3.73	\$ 32	

(Dollars in millions)	June 30, 2012				Six Months Ended June 30, 2012	
	Unpaid Principal Balance	Carrying Value ⁽¹⁾	Pre-Modification Interest Rate	Post-Modification Interest Rate	Net Charge-offs	
U.S. credit card	\$ 264	\$ 268	17.94 %	6.34 %	\$ 8	
Non-U.S. credit card	172	181	26.17	0.88	39	
Direct/Indirect consumer	41	41	15.37	4.17	1	
Other consumer	6	6	10.05	6.77	—	
Total	\$ 483	\$ 496	20.61	4.24	\$ 48	

⁽¹⁾ Includes accrued interest and fees.

Table of Contents

The table below provides information on the Corporation's primary modification programs for the renegotiated TDR portfolio for loans that were modified in TDRs during the three and six months ended June 30, 2013 and 2012

Credit Card and Other Consumer – Renegotiated TDRs Entered into During the Period by Program Type

(Dollars in millions)	Three Months Ended June 30, 2013			
	Internal Programs	External Programs	Other	Total
U.S. credit card	\$ 39	\$ 37	\$ —	\$ 76
Non-U.S. credit card	38	33	—	71
Direct/Indirect consumer	3	3	6	12
Other consumer	2	—	—	2
Total renegotiated TDRs	\$ 82	\$ 73	\$ 6	\$ 161

Three Months Ended June 30, 2012				
U.S. credit card	\$ 57	\$ 70	\$ —	\$ 127
Non-U.S. credit card	51	46	—	97
Direct/Indirect consumer	9	9	—	18
Other consumer	3	—	—	3
Total renegotiated TDRs	\$ 120	\$ 125	\$ —	\$ 245

Six Months Ended June 30, 2013				
U.S. credit card	\$ 80	\$ 73	\$ —	\$ 153
Non-U.S. credit card	69	60	—	129
Direct/Indirect consumer	7	5	10	22
Other consumer	3	—	—	3
Total renegotiated TDRs	\$ 159	\$ 138	\$ 10	\$ 307

Six Months Ended June 30, 2012				
U.S. credit card	\$ 127	\$ 141	\$ —	\$ 268
Non-U.S. credit card	95	86	—	181
Direct/Indirect consumer	21	20	—	41
Other consumer	6	—	—	6
Total renegotiated TDRs	\$ 249	\$ 247	\$ —	\$ 496

Credit card and other consumer loans are deemed to be in payment default during the quarter in which a borrower misses the second of two consecutive payments. Payment defaults are one of the factors considered when projecting future cash flows in the calculation of the allowance for loan and lease losses for impaired credit card and other consumer loans. Based on historical experience, the Corporation estimates that 25 percent of new U.S. credit card TDRs, 67 percent of new non-U.S. credit card TDRs and 21 percent of new direct/indirect consumer TDRs may be in payment default within 12 months after modification. Loans that entered into payment default during the three and six months ended June 30, 2013 that had been modified in a TDR during the preceding 12 months were \$14 million and \$38 million for U.S. credit card, \$59 million and \$121 million for non-U.S. credit card and \$1 million and \$3 million for direct/indirect consumer. During the three and six months ended June 30, 2012, loans that entered into payment default that had been modified in a TDR during the preceding 12 months were \$51 million and \$133 million for U.S. credit card, \$77 million and \$159 million for non-U.S. credit card and \$8 million and \$24 million for direct/indirect consumer.

Commercial Loans

Impaired commercial loans, which include nonperforming loans and TDRs (both performing and nonperforming), are primarily measured based on the present value of payments expected to be received, discounted at the loan's original effective interest rate. Commercial impaired loans may also be measured based on observable market prices or, for loans that are solely dependent on the collateral for repayment, the estimated fair value of collateral less costs to sell. If the carrying value of a loan exceeds this amount, a specific allowance is recorded as a component of the allowance for loan and lease losses.

Modifications of loans to commercial borrowers that are experiencing financial difficulty are designed to reduce the Corporation's loss exposure while providing the borrower with an opportunity to work through financial difficulties, often to avoid foreclosure or bankruptcy. Each modification is unique and reflects the individual circumstances of the borrower. Modifications that result in a TDR may include extensions of maturity at a concessionary (below market) rate of interest, payment forbearances or other actions designed to benefit the customer while mitigating the Corporation's risk exposure. Reductions in interest rates are rare. Instead, the interest rates are typically increased, although the increased rate may not represent a market rate of interest. Infrequently, concessions may also include principal forgiveness in connection with foreclosure, short sale or other settlement agreements leading to termination or sale of the loan.

At the time of restructuring, the loans are remeasured to reflect the impact, if any, on projected cash flows resulting from the modified terms. If there was no forgiveness of principal and the interest rate was not decreased, the modification may have little or no impact on the allowance established for the loan. If a portion of the loan is deemed to be uncollectible, a charge-off may be recorded at the time of restructuring. Alternatively, a charge-off may have already been recorded in a previous period such that no charge-off is required at the time of modification. For more information on modifications for the U.S. small business commercial portfolio, see Credit Card and Other Consumer in this Note.

At June 30, 2013 and December 31, 2012, remaining commitments to lend additional funds to debtors whose terms have been modified in a commercial loan TDR were immaterial. Commercial foreclosed properties totaled \$129 million and \$250 million at June 30, 2013 and December 31, 2012.

Table of Contents

The table below presents impaired loans in the Corporation's Commercial loan portfolio segment at June 30, 2013 and December 31, 2012, and for the three and six months ended June 30, 2013 and 2012. Certain impaired commercial loans do not have a related allowance as the valuation of these impaired loans exceeded the carrying value, which is net of previously recorded charge-offs.

Impaired Loans – Commercial

(Dollars in millions)	June 30, 2013			December 31, 2012		
	Unpaid Principal Balance	Carrying Value	Related Allowance	Unpaid Principal Balance	Carrying Value	Related Allowance
With no recorded allowance						
U.S. commercial	\$ 1,007	\$ 954	n/a	\$ 1,220	\$ 1,109	n/a
Commercial real estate	599	546	n/a	1,003	902	n/a
Non-U.S. commercial	90	90	n/a	240	120	n/a
With an allowance recorded						
U.S. commercial	\$ 1,426	\$ 1,057	\$ 152	\$ 1,782	\$ 1,138	\$ 159
Commercial real estate	1,079	660	82	2,287	1,262	201
Non-U.S. commercial	296	72	36	280	33	18
U.S. small business commercial ⁽¹⁾	253	243	58	361	317	97
Total						
U.S. commercial	\$ 2,433	\$ 2,011	\$ 152	\$ 3,002	\$ 2,247	\$ 159
Commercial real estate	1,678	1,206	82	3,290	2,164	201
Non-U.S. commercial	386	162	36	520	153	18
U.S. small business commercial ⁽¹⁾	253	243	58	361	317	97

	Three Months Ended June 30				Six Months Ended June 30			
	2013		2012		2013		2012	
	Average Carrying Value	Interest Income Recognized ⁽²⁾	Average Carrying Value	Interest Income Recognized ⁽²⁾	Average Carrying Value	Interest Income Recognized ⁽²⁾	Average Carrying Value	Interest Income Recognized ⁽²⁾
With no recorded allowance								
U.S. commercial	\$ 979	\$ 6	\$ 1,086	\$ 9	\$ 1,018	\$ 12	\$ 1,061	\$ 17
Commercial real estate	653	3	1,691	4	742	7	1,832	8
Non-U.S. commercial	113	1	137	—	121	3	125	—
With an allowance recorded								
U.S. commercial	\$ 1,110	\$ 7	\$ 1,805	\$ 7	\$ 1,113	\$ 15	\$ 1,854	\$ 18
Commercial real estate	842	4	1,789	4	989	9	2,027	10
Non-U.S. commercial	70	1	54	1	47	2	58	1
U.S. small business commercial ⁽¹⁾	253	2	437	3	270	4	455	7
Total								
U.S. commercial	\$ 2,089	\$ 13	\$ 2,891	\$ 16	\$ 2,131	\$ 27	\$ 2,915	\$ 35
Commercial real estate	1,495	7	3,480	8	1,731	16	3,859	18
Non-U.S. commercial	183	2	191	1	168	5	183	1
U.S. small business commercial ⁽¹⁾	253	2	437	3	270	4	455	7

⁽¹⁾ Includes U.S. small business commercial renegotiated TDR loans and related allowance.

⁽²⁾ Interest income recognized includes interest accrued and collected on the outstanding balances of accruing impaired loans as well as interest cash collections on nonaccruing impaired loans for which the principal is considered collectible.

n/a = not applicable

Table of Contents

The table below presents the June 30, 2013 and 2012 unpaid principal balance and carrying value of commercial loans that were modified as TDRs during the three and six months ended June 30, 2013 and 2012, and net charge-offs that were recorded during the period in which the modification occurred. The table below includes loans that were initially classified as TDRs during the period and, beginning in the first quarter of 2013, also loans that had previously been classified as TDRs and were modified again during the period.

Commercial – TDRs Entered into During the Three Months Ended June 30, 2013 and 2012

(Dollars in millions)	June 30, 2013		Three Months Ended June 30, 2013	
	Unpaid Principal Balance	Carrying Value	Net Charge-offs	
U.S. commercial	\$ 487	\$ 460	\$	5
Commercial real estate	210	193		1
Non-U.S. commercial	74	73		—
U.S. small business commercial ⁽¹⁾	3	3		—
Total	\$ 774	\$ 729	\$	6

(Dollars in millions)	June 30, 2012		Three Months Ended June 30, 2012	
	Unpaid Principal Balance	Carrying Value	Net Charge-offs	
U.S. commercial	\$ 220	\$ 162	\$	13
Commercial real estate	226	210		—
Non-U.S. commercial	66	66		—
U.S. small business commercial ⁽¹⁾	7	8		—
Total	\$ 519	\$ 446	\$	13

Commercial – TDRs Entered into During the Six Months Ended June 30, 2013 and 2012

(Dollars in millions)	June 30, 2013		Six Months Ended June 30, 2013	
	Unpaid Principal Balance	Carrying Value	Net Charge-offs	
U.S. commercial	\$ 840	\$ 813	\$	2
Commercial real estate	438	381		3
Non-U.S. commercial	74	73		—
U.S. small business commercial ⁽¹⁾	5	6		1
Total	\$ 1,357	\$ 1,273	\$	6

(Dollars in millions)	June 30, 2012		Six Months Ended June 30, 2012	
	Unpaid Principal Balance	Carrying Value	Net Charge-offs	
U.S. commercial	\$ 558	\$ 496	\$	15
Commercial real estate	486	401		4
Non-U.S. commercial	66	66		—
U.S. small business commercial ⁽¹⁾	16	17		1
Total	\$ 1,126	\$ 980	\$	20

⁽¹⁾ U.S. small business commercial TDRs are comprised of renegotiated small business card loans.

A commercial TDR is generally deemed to be in payment default when the loan is 90 days or more past due, including delinquencies that were not resolved as part of the modification. U.S. small business commercial TDRs are deemed to be in payment default during the quarter in which a borrower misses the second of two consecutive payments. Payment defaults are one of the factors considered when projecting future cash flows, along with observable market prices or fair value of collateral when measuring the allowance for loan losses. TDRs that were in payment default at June 30, 2013 and 2012 had a carrying value of \$104 million and \$170 million for U.S. commercial, \$288 million and \$335 million for commercial real estate and \$1 million and \$12 million for U.S. small business commercial.

Purchased Credit-impaired Loans

PCI loans are acquired loans with evidence of credit quality deterioration since origination for which it is probable at purchase date that the Corporation will be unable to collect all contractually required payments. The table below provides details on PCI loans acquired during the six months ended June 30, 2013.

Purchased Loans at Acquisition Date

(Dollars in millions)

Contractually required payments including interest	\$	8,274
Less: Nonaccretable difference		2,159
Cash flows expected to be collected ⁽¹⁾		6,115
Less: Accretable yield		1,125
Fair value of loans acquired	\$	4,990

⁽¹⁾ Represents undiscounted expected principal and interest cash flows at acquisition.

The table below shows activity for the accretable yield on PCI loans, which primarily includes the Countrywide Financial Corporation (Countrywide) portfolio and loans repurchased in connection with the FNMA Settlement. For more information on the FNMA Settlement, see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees*. The amount of accretable yield is affected by changes in credit outlooks, including metrics such as default rates and loss severities, prepayments speeds, which can change the amount and period of time over which interest payments are expected to be received, and the interest rates on variable rate loans. The reclassifications from nonaccretable difference during the three and six months ended June 30, 2013 were due to increases in expected cash flows driven by improved home prices and lower expected defaults, along with a decrease in prepayment speeds as a result of rising interest rates. Changes in the prepayment assumption affect the expected remaining life of the portfolio which results in a change to the amount of future interest cash flows.

Rollforward of Accretable Yield

(Dollars in millions)	Three Months Ended June 30, 2013		Six Months Ended June 30, 2013	
Accretable yield, beginning of period	\$	6,029	\$	4,644
Accretion		(300)		(598)
Loans purchased		—		1,125
Disposals/transfers		(35)		(138)
Reclassifications from nonaccretable difference		1,081		1,742
Accretable yield, June 30, 2013	\$	6,775	\$	6,775

See *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K for further information on PCI loans and *Note 6 – Allowance for Credit Losses* herein for the carrying value and valuation allowance for PCI loans.

Loans Held-for-sale

The Corporation had LHFS of \$14.5 billion and \$19.4 billion at June 30, 2013 and December 31, 2012. Proceeds, including cash and securities, from sales, securitizations and paydowns of LHFS were \$46.4 billion and \$24.6 billion for the six months ended June 30, 2013 and 2012. Amounts used for originations and purchases of LHFS were \$40.1 billion and \$22.9 billion for the six months ended June 30, 2013 and 2012.

NOTE 6 – Allowance for Credit Losses

The table below summarizes the changes in the allowance for credit losses by portfolio segment for the three and six months ended June 30, 2013 and 2012.

(Dollars in millions)	Three Months Ended June 30, 2013			
	Home Loans	Credit Card and Other Consumer	Commercial	Total
Allowance for loan and lease losses, April 1	\$ 13,438	\$ 5,874	\$ 3,129	\$ 22,441
Loans and leases charged off	(936)	(1,489)	(325)	(2,750)
Recoveries of loans and leases previously charged off	179	331	129	639
Net charge-offs	(757)	(1,158)	(196)	(2,111)
Write-offs of PCI loans	(313)	—	—	(313)
Provision for loan and lease losses	27	957	236	1,220
Other ⁽¹⁾	1	(2)	(1)	(2)
Allowance for loan and lease losses, June 30	12,396	5,671	3,168	21,235
Reserve for unfunded lending commitments, April 1	—	—	486	486
Provision for unfunded lending commitments	—	—	(9)	(9)
Other ⁽²⁾	—	—	(3)	(3)
Reserve for unfunded lending commitments, June 30	—	—	474	474
Allowance for credit losses, June 30	\$ 12,396	\$ 5,671	\$ 3,642	\$ 21,709

(Dollars in millions)	Three Months Ended June 30, 2012			
	Home Loans	Credit Card and Other Consumer	Commercial	Total
Allowance for loan and lease losses, April 1	\$ 20,973	\$ 7,664	\$ 3,574	\$ 32,211
Loans and leases charged off	(1,769)	(2,020)	(622)	(4,411)
Recoveries of loans and leases previously charged off	127	411	247	785
Net charge-offs	(1,642)	(1,609)	(375)	(3,626)
Provision for loan and lease losses	679	1,054	107	1,840
Other ⁽¹⁾	(46)	(85)	(6)	(137)
Allowance for loan and lease losses, June 30	19,964	7,024	3,300	30,288
Reserve for unfunded lending commitments, April 1	—	—	651	651
Provision for unfunded lending commitments	—	—	(67)	(67)
Other ⁽²⁾	—	—	(10)	(10)
Reserve for unfunded lending commitments, June 30	—	—	574	574
Allowance for credit losses, June 30	\$ 19,964	\$ 7,024	\$ 3,874	\$ 30,862

(Dollars in millions)	Six Months Ended June 30, 2013			
	Home Loans	Credit Card and Other Consumer	Commercial	Total
Allowance for loan and lease losses, January 1	\$ 14,933	\$ 6,140	\$ 3,106	\$ 24,179
Loans and leases charged off	(2,129)	(3,042)	(641)	(5,812)
Recoveries of loans and leases previously charged off	305	649	230	1,184
Net charge-offs	(1,824)	(2,393)	(411)	(4,628)
Write-offs of PCI loans	(1,152)	—	—	(1,152)
Provision for loan and lease losses	511	1,964	476	2,951
Other ⁽¹⁾	(72)	(40)	(3)	(115)
Allowance for loan and lease losses, June 30	12,396	5,671	3,168	21,235
Reserve for unfunded lending commitments, January 1	—	—	513	513
Provision for unfunded lending commitments	—	—	(27)	(27)
Other ⁽²⁾	—	—	(12)	(12)
Reserve for unfunded lending commitments, June 30	—	—	474	474
Allowance for credit losses, June 30	\$ 12,396	\$ 5,671	\$ 3,642	\$ 21,709

(Dollars in millions)	Six Months Ended June 30, 2012			
	Home Loans	Credit Card and Other Consumer	Commercial	Total
Allowance for loan and lease losses, January 1	\$ 21,079	\$ 8,569	\$ 4,135	\$ 33,783
Loans and leases charged off	(3,776)	(4,262)	(1,153)	(9,191)
Recoveries of loans and leases previously charged off	263	837	409	1,509
Net charge-offs	(3,513)	(3,425)	(744)	(7,682)
Provision for loan and lease losses	2,444	1,933	(80)	4,297
Other ⁽¹⁾	(46)	(53)	(11)	(110)
Allowance for loan and lease losses, June 30	19,964	7,024	3,300	30,288
Reserve for unfunded lending commitments, January 1	—	—	714	714
Provision for unfunded lending commitments	—	—	(106)	(106)
Other ⁽²⁾	—	—	(34)	(34)
Reserve for unfunded lending commitments, June 30	—	—	574	574
Allowance for credit losses, June 30	\$ 19,964	\$ 7,024	\$ 3,874	\$ 30,862

(1) Primarily represents the net impact of portfolio sales, consolidations and deconsolidations, and foreign currency translation adjustments.

(2) Primarily represents accretion of the Merrill Lynch purchase accounting adjustment.

Table of Contents

During the three and six months ended June 30, 2013, for the PCI loan portfolios, the Corporation recorded a benefit of \$252 million and \$459 million in the provision for credit losses with a corresponding decrease in the valuation allowance included as part of the allowance for loan and lease losses. This compared to \$6 million and \$493 million in provision for credit losses for the same periods in 2012. Write-offs in the PCI loan portfolios totaled \$313 million and \$1.2 billion with a corresponding decrease in the PCI valuation allowance during the three and six months ended June 30, 2013; there were no write-offs in the PCI loan portfolios in the prior-year periods. Write-offs during the six months ended June 30, 2013 included certain home equity PCI loans that were ineligible for the National Mortgage Settlement, but had similar characteristics as the eligible loans and the expectation of future cash proceeds was considered remote. The valuation allowance associated with the PCI loan portfolios was \$3.9 billion and \$5.5 billion at June 30, 2013 and December 31, 2012.

The table below presents the allowance and the carrying value of outstanding loans and leases by portfolio segment at June 30, 2013 and December 31, 2012.

Allowance and Carrying Value by Portfolio Segment

(Dollars in millions)	June 30, 2013			
	Home Loans	Credit Card and Other Consumer	Commercial	Total
Impaired loans and troubled debt restructurings ⁽¹⁾				
Allowance for loan and lease losses ⁽²⁾	\$ 1,719	\$ 761	\$ 328	\$ 2,808
Carrying value ⁽³⁾	33,793	2,821	3,622	40,236
Allowance as a percentage of carrying value	5.09%	26.98%	9.06%	6.98%
Loans collectively evaluated for impairment				
Allowance for loan and lease losses	\$ 6,752	\$ 4,910	\$ 2,840	\$ 14,502
Carrying value ^(3,4)	291,522	183,203	368,493	843,218
Allowance as a percentage of carrying value ⁽⁴⁾	2.32%	2.68%	0.77%	1.72%
Purchased credit-impaired loans				
Valuation allowance	\$ 3,925	n/a	n/a	\$ 3,925
Carrying value gross of valuation allowance	28,655	n/a	n/a	28,655
Valuation allowance as a percentage of carrying value	13.70%	n/a	n/a	13.70%
Total				
Allowance for loan and lease losses	\$ 12,396	\$ 5,671	\$ 3,168	\$ 21,235
Carrying value ^(3,4)	353,970	186,024	372,115	912,109
Allowance as a percentage of carrying value ⁽⁴⁾	3.50%	3.05%	0.85%	2.33%

(Dollars in millions)	December 31, 2012			
	Home Loans	Credit Card and Other Consumer	Commercial	Total
Impaired loans and troubled debt restructurings ⁽¹⁾				
Allowance for loan and lease losses ⁽²⁾	\$ 1,700	\$ 1,139	\$ 475	\$ 3,314
Carrying value ⁽³⁾	30,250	3,946	4,881	39,077
Allowance as a percentage of carrying value	5.62%	28.86%	9.73%	8.48%
Loans collectively evaluated for impairment				
Allowance for loan and lease losses	\$ 7,697	\$ 5,001	\$ 2,631	\$ 15,329
Carrying value ^(3,4)	304,701	187,419	341,502	833,622
Allowance as a percentage of carrying value ⁽⁴⁾	2.53%	2.67%	0.77%	1.84%
Purchased credit-impaired loans				
Valuation allowance	\$ 5,536	n/a	n/a	\$ 5,536
Carrying value gross of valuation allowance	26,118	n/a	n/a	26,118
Valuation allowance as a percentage of carrying value	21.20%	n/a	n/a	21.20%
Total				
Allowance for loan and lease losses	\$ 14,933	\$ 6,140	\$ 3,106	\$ 24,179
Carrying value ^(3,4)	361,069	191,365	346,383	898,817
Allowance as a percentage of carrying value ⁽⁴⁾	4.14%	3.21%	0.90%	2.69%

(1) Impaired loans include nonperforming commercial loans and all TDRs, including both commercial and consumer TDRs. Impaired loans exclude nonperforming consumer loans unless they are TDRs, and all consumer and commercial loans accounted for under the fair value option.

(2) Commercial impaired allowance for loan and lease losses include \$58 million and \$97 million related to U.S. small business commercial at June 30, 2013 and December 31, 2012.

(3) Amounts are presented gross of the allowance for loan and lease losses.

(4) Outstanding loan and lease balances and ratios do not include loans accounted for under the fair value option of \$9.5 billion and \$9.0 billion at June 30, 2013 and December 31, 2012.

n/a = not applicable

NOTE 7 – Securitizations and Other Variable Interest Entities

The Corporation utilizes VIEs in the ordinary course of business to support its own and its customers' financing and investing needs. The Corporation routinely securitizes loans and debt securities using VIEs as a source of funding for the Corporation and as a means of transferring the economic risk of the loans or debt securities to third parties. The assets are transferred into a trust or other securitization vehicle such that the assets are legally isolated from the creditors of the Corporation and are not available to satisfy its obligations. These assets can only be used to settle obligations of the trust or other securitization vehicle. The Corporation also administers, structures or invests in other VIEs including CDOs, investment vehicles and other entities. For more information on the Corporation's utilization of VIEs, see *Note 1 – Summary of Significant Accounting Principles* and *Note 7 – Securitizations and Other Variable Interest Entities* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

The tables within this Note present the assets and liabilities of consolidated and unconsolidated VIEs at June 30, 2013 and December 31, 2012, in situations where the Corporation has continuing involvement with transferred assets or if the Corporation otherwise has a variable interest in the VIE. The tables also present the Corporation's maximum loss exposure at June 30, 2013 and December 31, 2012 resulting from its involvement with consolidated VIEs and unconsolidated VIEs in which the Corporation holds a variable interest. The Corporation's maximum loss exposure is based on the unlikely event that all of the assets in the VIEs become worthless and incorporates not only potential losses associated with assets recorded on the Consolidated Balance Sheet but also potential losses associated with off-balance sheet commitments such as unfunded liquidity commitments and other contractual arrangements. The Corporation's maximum loss exposure does not include losses previously recognized through write-downs of assets.

The Corporation invests in asset-backed securities (ABS) issued by third-party VIEs with which it has no other form of involvement. These securities are included in *Note 2 – Trading Account Assets and Liabilities* and *Note 4 – Securities*. In addition, the Corporation uses VIEs such as trust preferred securities trusts in connection with its funding activities. For additional information, see *Note 12 – Long-term Debt* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K. The Corporation also uses VIEs in the form of synthetic securitization vehicles to mitigate a portion of the credit risk on its residential mortgage loan portfolio, as described in *Note 5 – Outstanding Loans and Leases*. The Corporation uses VIEs, such as cash funds managed within *Global Wealth & Investment Management (GWIM)*, to provide investment opportunities for clients. These VIEs, which are not consolidated by the Corporation, are not included in the tables within this Note.

Except as described below and in *Note 7 – Securitizations and Other Variable Interest Entities* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K, the Corporation did not provide financial support to consolidated or unconsolidated VIEs during the three and six months ended June 30, 2013 or the year ended December 31, 2012 that it was not previously contractually required to provide, nor does it intend to do so.

Mortgage-related Securitizations

First-lien Mortgages

As part of its mortgage banking activities, the Corporation securitizes a portion of the first-lien residential mortgage loans it originates or purchases from third parties, generally in the form of MBS guaranteed by government-sponsored enterprises, FNMA and FHLMC (collectively the GSEs), or GNMA in the case of FHA-insured and U.S. Department of Veterans Affairs (VA)-guaranteed mortgage loans. Securitization usually occurs in conjunction with or shortly after loan closing or purchase. In addition, the Corporation may, from time to time, securitize commercial mortgages it originates or purchases from other entities. The Corporation typically services the loans it securitizes. Further, the Corporation may retain beneficial interests in the securitization trusts including senior and subordinate securities and equity tranches issued by the trusts. Except as described below and in *Note 8 – Representations and Warranties Obligations and Corporate Guarantees*, the Corporation does not provide guarantees or recourse to the securitization trusts other than standard representations and warranties.

Table of Contents

The table below summarizes select information related to first-lien mortgage securitizations for the three and six months ended June 30, 2013 and 2012.

First-lien Mortgage Securitizations

(Dollars in millions)	Three Months Ended June 30			
	Residential Mortgage - Agency		Commercial Mortgage	
	2013	2012	2013	2012
Cash proceeds from new securitizations ⁽¹⁾	\$ 15,363	\$ 8,889	\$ 208	\$ —
Gain (loss) on securitizations ⁽²⁾	27	(45)	—	—

(Dollars in millions)	Six Months Ended June 30			
	Residential Mortgage - Agency		Commercial Mortgage	
	2013	2012	2013	2012
Cash proceeds from new securitizations ⁽¹⁾	\$ 27,376	\$ 15,227	\$ 208	\$ 325
Gain (loss) on securitizations ⁽²⁾	56	(62)	—	—

⁽¹⁾ The Corporation sells residential mortgage loans to GSEs in the normal course of business and receives MBS in exchange which may then be sold into the market to third-party investors for cash proceeds.

⁽²⁾ Substantially all of the first-lien residential mortgage loans securitized are initially classified as LHFS and accounted for under the fair value option. As such, gains are recognized on these LHFS prior to securitization. The Corporation recognized \$661 million and \$1.3 billion of gains, net of hedges, on loans securitized during the three and six months ended June 30, 2013 compared to \$395 million and \$714 million for the same periods in 2012.

In addition to cash proceeds as reported in the table above, the Corporation received securities with an initial fair value of \$1.5 billion and \$2.5 billion in connection with first-lien mortgage securitizations for the three and six months ended June 30, 2013 compared to \$1.1 billion and \$2.2 billion for the same periods in 2012. All of these securities were initially classified as Level 2 assets within the fair value hierarchy. During three and six months ended June 30, 2013 and 2012, there were no changes to the initial classification.

The Corporation recognizes consumer MSR from the sale or securitization of first-lien mortgage loans. Servicing fee and ancillary fee income on consumer mortgage loans serviced, including securitizations where the Corporation has continuing involvement, were \$768 million and \$1.7 billion during the three and six months ended June 30, 2013 compared to \$1.2 billion and \$2.5 billion for the same periods in 2012. Servicing advances on consumer mortgage loans, including securitizations where the Corporation has continuing involvement, were \$19.9 billion and \$23.2 billion at June 30, 2013 and December 31, 2012. The Corporation may have the option to repurchase delinquent loans out of securitization trusts, which reduces the amount of servicing advances it is required to make. During the three and six months ended June 30, 2013, \$3.1 billion and \$6.2 billion of loans were repurchased from first-lien securitization trusts as a result of loan delinquencies or in order to perform modifications compared to \$2.5 billion and \$2.7 billion for the same periods in 2012. The majority of these loans repurchased were FHA-insured mortgages collateralizing GNMA securities. For more information on MSRs, see *Note 19 – Mortgage Servicing Rights*.

Table of Contents

The table below summarizes select information related to first-lien mortgage securitization trusts in which the Corporation held a variable interest at June 30, 2013 and December 31, 2012.

First-lien Mortgage VIEs

	Residential Mortgage									
	Agency		Non-agency							
			Prime		Subprime		Alt-A		Commercial Mortgage	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012	June 30 2013	December 31 2012	June 30 2013	December 31 2012	June 30 2013	December 31 2012
(Dollars in millions)										
Unconsolidated VIEs										
Maximum loss exposure⁽¹⁾	\$ 24,560	\$ 28,591	\$ 1,774	\$ 2,038	\$ 416	\$ 410	\$ 460	\$ 367	\$ 814	\$ 702
On-balance sheet assets										
Senior securities held ⁽²⁾ :										
Trading account assets	\$ 1,368	\$ 619	\$ —	\$ 16	\$ 14	\$ 14	\$ 2	\$ —	\$ 5	\$ 12
Debt securities carried at fair value	22,598	26,421	1,190	1,388	223	210	128	128	565	581
Subordinate securities held ⁽²⁾ :										
Trading account assets	—	—	—	—	12	3	—	—	17	13
Debt securities carried at fair value	—	—	20	21	8	9	—	—	—	—
Residual interests held	—	—	14	18	—	9	—	—	191	40
All other assets ⁽³⁾	594	1,551	80	64	1	1	330	239	—	—
Total retained positions	\$ 24,560	\$ 28,591	\$ 1,304	\$ 1,507	\$ 258	\$ 246	\$ 460	\$ 367	\$ 778	\$ 646
Principal balance outstanding ⁽⁴⁾	\$ 540,197	\$ 797,315	\$ 38,685	\$ 45,819	\$ 47,884	\$ 53,822	\$ 62,326	\$ 71,990	\$ 31,600	\$ 56,733

Consolidated VIEs

Maximum loss exposure⁽¹⁾	\$ 43,562	\$ 46,959	\$ 102	\$ 104	\$ 371	\$ 390	\$ —	\$ —	\$ —	\$ —
On-balance sheet assets										
Loans and leases	\$ 42,673	\$ 45,991	\$ 258	\$ 283	\$ 794	\$ 722	\$ —	\$ —	\$ —	\$ —
Allowance for loan and lease losses	(3)	(4)	—	—	—	—	—	—	—	—
Loans held-for-sale	—	—	—	—	752	914	—	—	—	—
All other assets	892	972	2	10	14	91	—	—	—	—
Total assets	\$ 43,562	\$ 46,959	\$ 260	\$ 293	\$ 1,560	\$ 1,727	\$ —	\$ —	\$ —	\$ —
On-balance sheet liabilities										
Short-term borrowings	\$ —	\$ —	\$ —	\$ —	\$ 758	\$ 741	\$ —	\$ —	\$ —	\$ —
Long-term debt	—	—	181	212	798	941	—	—	—	—
Total liabilities	\$ —	\$ —	\$ 181	\$ 212	\$ 1,556	\$ 1,682	\$ —	\$ —	\$ —	\$ —

⁽¹⁾ Maximum loss exposure excludes the liability for representations and warranties obligations and corporate guarantees and also excludes servicing advances and MSRs. For additional information, see Note 8 – Representations and Warranties Obligations and Corporate Guarantees and Note 19 – Mortgage Servicing Rights.

⁽²⁾ As a holder of these securities, the Corporation receives scheduled principal and interest payments. During the three and six months ended June 30, 2013 and 2012 there were no OTTI losses recorded on those securities classified as AFS debt securities.

⁽³⁾ Not included in the table above are all other assets of \$4.2 billion and \$12.1 billion, representing the unpaid principal balance of mortgage loans eligible for repurchase from unconsolidated residential mortgage securitization vehicles, principally guaranteed by GNMA, and all other liabilities of \$4.2 billion and \$12.1 billion, representing the principal amount that would be payable to the securitization vehicles if the Corporation were to exercise the repurchase option, at June 30, 2013 and December 31, 2012.

⁽⁴⁾ Principal balance outstanding includes loans the Corporation transferred with which the Corporation has continuing involvement, which may include servicing the loans.

Home Equity Loans

The Corporation retains interests in home equity securitization trusts to which it transferred home equity loans. These retained interests include senior and subordinate securities and residual interests. In addition, the Corporation may be obligated to provide subordinate funding to the trusts during a rapid amortization event. The Corporation also services the loans in the trusts. Except as described below and in *Note 8 – Representations and Warranties Obligations and Corporate Guarantees*, the Corporation does not provide guarantees or recourse to the securitization trusts other than standard representations and warranties. There were no securitizations of home equity loans during the three and six months ended June 30, 2013 and 2012, and all of the home equity trusts have entered the rapid amortization phase.

The table below summarizes select information related to home equity loan securitization trusts in which the Corporation held a variable interest at June 30, 2013 and December 31, 2012.

Home Equity Loan VIEs

(Dollars in millions)	June 30, 2013			December 31, 2012		
	Consolidated VIEs	Unconsolidated VIEs	Total	Consolidated VIEs	Unconsolidated VIEs	Total
Maximum loss exposure ⁽¹⁾	\$ 1,371	\$ 6,716	\$ 8,087	\$ 2,004	\$ 6,707	\$ 8,711
On-balance sheet assets						
Trading account assets	\$ —	\$ 6	\$ 6	\$ —	\$ 8	\$ 8
Debt securities carried at fair value	—	18	18	—	14	14
Loans and leases	1,481	—	1,481	2,197	—	2,197
Allowance for loan and lease losses	(110)	—	(110)	(193)	—	(193)
Total	\$ 1,371	\$ 24	\$ 1,395	\$ 2,004	\$ 22	\$ 2,026
On-balance sheet liabilities						
Long-term debt	\$ 1,572	\$ —	\$ 1,572	\$ 2,331	\$ —	\$ 2,331
All other liabilities	87	—	87	92	—	92
Total	\$ 1,659	\$ —	\$ 1,659	\$ 2,423	\$ —	\$ 2,423
Principal balance outstanding	\$ 1,481	\$ 10,036	\$ 11,517	\$ 2,197	\$ 12,644	\$ 14,841

⁽¹⁾ For unconsolidated VIEs, the maximum loss exposure includes outstanding trust certificates issued by trusts in rapid amortization, net of recorded reserves, and excludes the liability for representations and warranties obligations and corporate guarantees.

Included in the table above are consolidated and unconsolidated home equity loan securitizations, all of which have entered a rapid amortization period and for which the Corporation is obligated to provide subordinated funding. During this period, cash payments from borrowers are accumulated to repay outstanding debt securities and the Corporation continues to make advances to borrowers when they draw on their lines of credit. For additional information, see *Note 7 – Securitizations and Other Variable Interest Entities* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K. At June 30, 2013 and December 31, 2012, home equity loan securitizations in rapid amortization for which the Corporation has a subordinated funding obligation, including both consolidated and unconsolidated trusts, had \$8.3 billion and \$9.0 billion of trust certificates outstanding. This amount is significantly greater than the amount the Corporation expects to fund. The charges that will ultimately be recorded as a result of the rapid amortization events depend on the undrawn available credit on the home equity lines, which totaled \$87 million and \$196 million at June 30, 2013 and December 31, 2012, as well as performance of the loans, the amount of subsequent draws and the timing of related cash flows. At June 30, 2013 and December 31, 2012, the reserve for losses on expected future draw obligations on the home equity loan securitizations in rapid amortization for which the Corporation has a subordinated funding obligation was \$17 million and \$51 million.

The Corporation has consumer MSR from the sale or securitization of home equity loans. The Corporation recorded \$13 million and \$26 million of servicing fee income related to home equity loan securitizations during the three and six months ended June 30, 2013 compared to \$14 million and \$31 million for the same periods in 2012. The Corporation repurchased \$77 million and \$116 million of loans from home equity securitization trusts in order to perform modifications during the three and six months ended June 30, 2013 compared to none for the same periods in 2012.

During the six months ended June 30, 2013, the Corporation transferred servicing for consolidated home equity securitization trusts with total assets of \$475 million and total liabilities of \$616 million to a third party. As the Corporation no longer services the underlying loans, these trusts were deconsolidated, resulting in a gain of \$141 million that was recorded in other income (loss) in the Consolidated Statement of Income.

Credit Card Securitizations

The Corporation securitizes originated and purchased credit card loans. The Corporation's continuing involvement with the securitization trusts includes servicing the receivables, retaining an undivided interest (seller's interest) in the receivables, and holding certain retained interests including senior and subordinate securities, discount receivables, subordinate interests in accrued interest and fees on the securitized receivables, and cash reserve accounts. The seller's interest in the trusts, which is pari passu to the investors' interest, and the discount receivables are classified in loans and leases.

The table below summarizes select information related to consolidated credit card securitization trusts in which the Corporation held a variable interest at June 30, 2013 and December 31, 2012.

Credit Card VIEs

(Dollars in millions)	June 30 2013	December 31 2012
Consolidated VIEs		
Maximum loss exposure	\$ 42,551	\$ 42,487
On-balance sheet assets		
Derivative assets	\$ 173	\$ 323
Loans and leases ⁽¹⁾	61,562	66,427
Allowance for loan and lease losses	(3,039)	(3,445)
All other assets ⁽²⁾	1,177	1,567
Total	\$ 59,873	\$ 64,872
On-balance sheet liabilities		
Long-term debt	\$ 17,214	\$ 22,291
All other liabilities	108	94
Total	\$ 17,322	\$ 22,385

⁽¹⁾ At June 30, 2013 and December 31, 2012, loans and leases included \$34.5 billion and \$33.5 billion of seller's interest and \$42 million and \$124 million of discount receivables.

⁽²⁾ At June 30, 2013 and December 31, 2012, all other assets included restricted cash and short-term investment accounts and unbilled accrued interest and fees.

The Corporation holds subordinate securities with a notional principal amount of \$9.3 billion and \$10.1 billion at June 30, 2013 and December 31, 2012, and a stated interest rate of zero percent issued by certain credit card securitization trusts. In addition, during 2010 and 2009, the Corporation elected to designate a specified percentage of new receivables transferred to the trusts as "discount receivables" such that principal collections thereon are added to finance charges which increases the yield in the trust. Through the designation of newly transferred receivables as discount receivables, the Corporation subordinated a portion of its seller's interest to the investors' interest. These actions were taken to address the decline in the excess spread of the U.S. and U.K. credit card securitization trusts at that time.

During 2012, the Corporation transferred \$553 million of credit card receivables to a third-party sponsored securitization vehicle. The Corporation no longer services the credit card receivables and does not consolidate the vehicle. At June 30, 2013 and December 31, 2012, the Corporation held a senior interest of \$286 million and \$309 million in these receivables, classified in loans and leases, that is not included in the table above.

Other Asset-backed Securitizations

Other asset-backed securitizations include resecuritization trusts, municipal bond trusts, and automobile and other securitization trusts. The table below summarizes select information related to other asset-backed securitizations in which the Corporation held a variable interest at June 30, 2013 and December 31, 2012.

Other Asset-backed VIEs

	Resecuritization Trusts		Municipal Bond Trusts		Automobile and Other Securitization Trusts	
	June 30 2013	December 31 2012	June 30 2013	December 31 2012	June 30 2013	December 31 2012
(Dollars in millions)						
Unconsolidated VIEs						
Maximum loss exposure	\$ 16,581	\$ 20,715	\$ 3,133	\$ 3,341	\$ 85	\$ 122
On-balance sheet assets						
Senior securities held ^(1,2) :						
Trading account assets	\$ 1,500	\$ 1,281	\$ 82	\$ 12	\$ —	\$ 37
Debt securities carried at fair value	15,008	19,343	540	540	75	74
Subordinate securities held ^(1,2) :						
Debt securities carried at fair value	67	75	—	—	—	—
Residual interests held ⁽³⁾	6	16	—	—	—	—
All other assets	—	—	—	—	10	11
Total retained positions	\$ 16,581	\$ 20,715	\$ 622	\$ 552	\$ 85	\$ 122
Total assets of VIEs ⁽⁴⁾	\$ 42,935	\$ 42,818	\$ 4,779	\$ 4,980	\$ 1,476	\$ 1,890
Consolidated VIEs						
Maximum loss exposure	\$ 371	\$ 126	\$ 1,934	\$ 2,505	\$ 382	\$ 1,255
On-balance sheet assets						
Trading account assets	\$ 616	\$ 220	\$ 1,934	\$ 2,505	\$ —	\$ —
Loans and leases	—	—	—	—	1,153	2,523
Allowance for loan and lease losses	—	—	—	—	(1)	(2)
All other assets	—	—	—	—	107	250
Total assets	\$ 616	\$ 220	\$ 1,934	\$ 2,505	\$ 1,259	\$ 2,771
On-balance sheet liabilities						
Short-term borrowings	\$ —	\$ —	\$ 582	\$ 2,859	\$ —	\$ —
Long-term debt	245	94	—	—	876	1,513
All other liabilities	—	—	—	—	84	82
Total liabilities	\$ 245	\$ 94	\$ 582	\$ 2,859	\$ 960	\$ 1,595

⁽¹⁾ As a holder of these securities, the Corporation receives scheduled principal and interest payments. During the three and six months ended June 30, 2013 and 2012, there were no OTTI losses recorded on those securities classified as AFS debt securities.

⁽²⁾ The retained senior and subordinate securities were valued using quoted market prices or observable market inputs (Level 2 of the fair value hierarchy).

⁽³⁾ The retained residual interests are carried at fair value which was derived using model valuations (Level 2 of the fair value hierarchy).

⁽⁴⁾ Total assets include loans the Corporation transferred with which the Corporation has continuing involvement, which may include servicing the loan.

Resecuritization Trusts

The Corporation transfers existing securities, typically MBS, into resecuritization vehicles at the request of customers seeking securities with specific characteristics. The Corporation may also resecuritize securities within its investment portfolio for purposes of improving liquidity and capital, and managing credit or interest rate risk. Generally, there are no significant ongoing activities performed in a resecuritization trust and no single investor has the unilateral ability to liquidate the trust.

The Corporation resecuritized \$4.7 billion and \$11.5 billion of securities during the three and six months ended June 30, 2013 compared to \$14.3 billion and \$24.3 billion for the same periods in 2012. All of the securities transferred into resecuritization vehicles during the three and six months ended June 30, 2013 and 2012 were classified as trading account assets. As such, changes in fair value were recorded in trading account profits prior to the resecuritization and no gain or loss on sale was recorded.

Municipal Bond Trusts

The Corporation administers municipal bond trusts that hold highly-rated, long-term, fixed-rate municipal bonds. The trusts obtain financing by issuing floating-rate trust certificates that reprice on a weekly or other basis to third-party investors. The Corporation may transfer assets into the trusts and may also serve as remarketing agent and/or liquidity provider for the trusts. The floating-rate investors have the right to tender the certificates at specified dates. Should the Corporation be unable to remarket the tendered certificates, it may be obligated to purchase them at par under standby liquidity facilities. The Corporation also provides credit enhancement to investors in certain municipal bond trusts whereby the Corporation guarantees the payment of interest and principal on floating-rate certificates issued by these trusts in the event of default by the issuer of the underlying municipal bond.

The Corporation's liquidity commitments to unconsolidated municipal bond trusts, including those for which the Corporation was transferor, totaled \$2.5 billion and \$2.8 billion at June 30, 2013 and December 31, 2012. The weighted-average remaining life of bonds held in the trusts at June 30, 2013 was 8.6 years. There were no material write-downs or downgrades of assets or issuers during the three and six months ended June 30, 2013 and 2012.

Automobile and Other Securitization Trusts

The Corporation transfers automobile and other loans into securitization trusts, typically to improve liquidity or manage credit risk. At June 30, 2013 and December 31, 2012, the Corporation serviced assets or otherwise had continuing involvement with automobile and other securitization trusts with outstanding balances of \$2.7 billion and \$4.7 billion, including trusts collateralized by automobile loans of \$1.6 billion and \$3.5 billion, student loans of \$805 million and \$897 million, and other loans of \$269 million and \$290 million.

Collateralized Debt Obligation Vehicles

CDO vehicles hold diversified pools of fixed-income securities, typically corporate debt or ABS, which they fund by issuing multiple tranches of debt and equity securities. Synthetic CDOs enter into a portfolio of CDS to synthetically create exposure to fixed-income securities. CLOs, which are a subset of CDOs, hold pools of loans, typically corporate loans or commercial mortgages. CDOs are typically managed by third-party portfolio managers. The Corporation transfers assets to these CDOs, holds securities issued by the CDOs and may be a derivative counterparty to the CDOs, including a CDS counterparty for synthetic CDOs. The Corporation has also entered into total return swaps with certain CDOs whereby the Corporation absorbs the economic returns generated by specified assets held by the CDO. The Corporation receives fees for structuring CDOs and providing liquidity support for super senior tranches of securities issued by certain CDOs. No third parties provide a significant amount of similar commitments to these CDOs.

The table below summarizes select information related to CDO vehicles in which the Corporation held a variable interest at June 30, 2013 and December 31, 2012.

CDO Vehicle VIEs

(Dollars in millions)	June 30, 2013			December 31, 2012		
	Consolidated	Unconsolidated	Total	Consolidated	Unconsolidated	Total
Maximum loss exposure	\$ 1,304	\$ 1,199	\$ 2,503	\$ 2,201	\$ 1,376	\$ 3,577
On-balance sheet assets						
Trading account assets	\$ 1,310	\$ 289	\$ 1,599	\$ 2,191	\$ 258	\$ 2,449
Derivative assets	—	190	190	10	301	311
All other assets	—	68	68	—	76	76
Total	\$ 1,310	\$ 547	\$ 1,857	\$ 2,201	\$ 635	\$ 2,836
On-balance sheet liabilities						
Long-term debt	\$ 1,548	—	\$ 1,548	\$ 2,806	\$ 2	\$ 2,808
All other liabilities	—	7	7	—	9	9
Total	\$ 1,548	\$ 7	\$ 1,555	\$ 2,806	\$ 11	\$ 2,817
Total assets of VIEs	\$ 1,310	\$ 24,926	\$ 26,236	\$ 2,201	\$ 26,985	\$ 29,186

The Corporation's maximum loss exposure of \$2.5 billion at June 30, 2013 included \$1.3 billion of exposure to CDO financing facilities, \$142 million of super senior CDO exposure and \$1.1 billion of other non-super senior exposure. This exposure is calculated on a gross basis and does not reflect any benefit from insurance purchased from third parties. The CDO financing facilities, which are consolidated, obtain funding from third parties for CDO positions which are principally classified in trading account assets. The CDO financing facilities' long-term debt at June 30, 2013 totaled \$1.5 billion, all of which has recourse to the general credit of the Corporation. For unconsolidated CDO vehicles in the table above, the Corporation's maximum loss exposure is significantly less than the total assets of the VIEs because the Corporation typically has exposure to only a portion of the total assets.

At June 30, 2013, the Corporation had \$1.5 billion of aggregate liquidity exposure to CDOs. This amount includes \$91 million of commitments to CDOs to provide funding for super senior exposures and \$1.4 billion notional amount of derivative contracts with unconsolidated VIEs, principally CDO vehicles, which hold non-super senior CDO debt securities or other debt securities on the Corporation's behalf. See *Note 11 – Commitments and Contingencies* for additional information. The Corporation's liquidity exposure to CDOs at June 30, 2013 is included in the table above to the extent that the Corporation sponsored the CDO vehicle or the liquidity exposure is more than insignificant compared to total assets of the CDO vehicle. Liquidity exposure included in the table is reported net of previously recorded losses.

Customer Vehicles

Customer vehicles include credit-linked, equity-linked and commodity-linked note vehicles, repackaging vehicles, and asset acquisition vehicles, which are typically created on behalf of customers who wish to obtain market or credit exposure to a specific company, commodity price or financial instrument. The Corporation may transfer assets to and invest in securities issued by these vehicles. The Corporation typically enters into credit, equity, interest rate, commodity or foreign currency derivatives to synthetically create or alter the investment profile of the issued securities. The Corporation also had liquidity commitments, including written put options and collateral value guarantees, with certain unconsolidated vehicles of \$725 million and \$742 million at June 30, 2013 and December 31, 2012.

The table below summarizes select information related to customer vehicles in which the Corporation held a variable interest at June 30, 2013 and December 31, 2012.

Customer Vehicle VIEs

(Dollars in millions)	June 30, 2013			December 31, 2012		
	Consolidated	Unconsolidated	Total	Consolidated	Unconsolidated	Total
Maximum loss exposure	\$ 3,568	\$ 1,165	\$ 4,733	\$ 2,994	\$ 1,401	\$ 4,395
On-balance sheet assets						
Trading account assets	\$ 2,546	\$ 50	\$ 2,596	\$ 2,882	\$ 98	\$ 2,980
Derivative assets	—	286	286	—	516	516
Loans and leases	831	—	831	523	—	523
Loans held-for-sale	1,047	—	1,047	950	—	950
All other assets	745	—	745	763	—	763
Total	\$ 5,169	\$ 336	\$ 5,505	\$ 5,118	\$ 614	\$ 5,732
On-balance sheet liabilities						
Short-term borrowings	\$ 81	\$ —	\$ 81	\$ 131	\$ —	\$ 131
Long-term debt	2,641	—	2,641	3,179	—	3,179
All other liabilities	56	403	459	29	389	418
Total	\$ 2,778	\$ 403	\$ 3,181	\$ 3,339	\$ 389	\$ 3,728
Total assets of VIEs	\$ 5,169	\$ 3,857	\$ 9,026	\$ 5,118	\$ 4,055	\$ 9,173

The Corporation's maximum loss exposure from customer vehicles includes the notional amount of credit or equity derivatives to which the Corporation is a counterparty, net of losses previously recorded, and the Corporation's investment, if any, in securities issued by the vehicles. The maximum loss exposure has not been reduced to reflect the benefit of offsetting swaps with the customers or collateral arrangements.

Other Variable Interest Entities

Other consolidated VIEs primarily include leveraged lease trusts and investment vehicles. Other unconsolidated VIEs primarily include real estate vehicles and investment vehicles.

The table below summarizes select information related to other VIEs in which the Corporation held a variable interest at June 30, 2013 and December 31, 2012.

Other VIEs

(Dollars in millions)	June 30, 2013			December 31, 2012		
	Consolidated	Unconsolidated	Total	Consolidated	Unconsolidated	Total
Maximum loss exposure	\$ 5,321	\$ 6,567	\$ 11,888	\$ 5,608	\$ 6,492	\$ 12,100
On-balance sheet assets						
Trading account assets	\$ 101	\$ —	\$ 101	\$ 108	\$ —	\$ 108
Derivative assets	—	406	406	—	460	460
Debt securities carried at fair value	—	—	—	—	39	39
Loans and leases	4,293	53	4,346	4,561	67	4,628
Allowance for loan and lease losses	(4)	—	(4)	(14)	—	(14)
Loans held-for-sale	77	81	158	105	157	262
All other assets	990	6,027	7,017	1,001	5,768	6,769
Total	\$ 5,457	\$ 6,567	\$ 12,024	\$ 5,761	\$ 6,491	\$ 12,252
On-balance sheet liabilities						
Long-term debt	\$ 871	\$ —	\$ 871	\$ 889	\$ —	\$ 889
All other liabilities	55	2,035	2,090	63	1,692	1,755
Total	\$ 926	\$ 2,035	\$ 2,961	\$ 952	\$ 1,692	\$ 2,644
Total assets of VIEs	\$ 5,457	\$ 8,481	\$ 13,938	\$ 5,761	\$ 8,660	\$ 14,421

Investment Vehicles

The Corporation sponsors, invests in or provides financing to a variety of investment vehicles that hold loans, real estate, debt securities or other financial instruments and are designed to provide the desired investment profile to investors or the Corporation. At June 30, 2013 and December 31, 2012, the Corporation's consolidated investment vehicles had total assets of \$1.2 billion and \$1.3 billion. The Corporation also held investments in unconsolidated vehicles with total assets of \$2.6 billion and \$3.0 billion at June 30, 2013 and December 31, 2012. The Corporation's maximum loss exposure associated with both consolidated and unconsolidated investment vehicles totaled \$1.8 billion and \$2.1 billion at June 30, 2013 and December 31, 2012 comprised primarily of on-balance sheet assets less non-recourse liabilities.

Leveraged Lease Trusts

The Corporation's net investment in consolidated leveraged lease trusts totaled \$4.2 billion and \$4.4 billion at June 30, 2013 and December 31, 2012. The trusts hold long-lived equipment such as rail cars, power generation and distribution equipment, and commercial aircraft. The Corporation structures the trusts and holds a significant residual interest. The net investment represents the Corporation's maximum loss exposure to the trusts in the unlikely event that the leveraged lease investments become worthless. Debt issued by the leveraged lease trusts is non-recourse to the Corporation. The Corporation has no liquidity exposure to these leveraged lease trusts.

Real Estate Vehicles

The Corporation held investments in unconsolidated real estate vehicles of \$5.7 billion and \$5.4 billion at June 30, 2013 and December 31, 2012, which primarily consisted of investments in unconsolidated limited partnerships that finance the construction and rehabilitation of affordable rental housing and commercial real estate. An unrelated third party is typically the general partner and has control over the significant activities of the partnership. The Corporation earns a return primarily through the receipt of tax credits allocated to the real estate projects. The Corporation's risk of loss is mitigated by policies requiring that the project qualify for the expected tax credits prior to making its investment. The Corporation may from time to time be asked to invest additional amounts to support a troubled project. Such additional investments have not been and are not expected to be significant.

Other Asset-backed Financing Arrangements

The Corporation transferred pools of securities to certain independent third parties and provided financing for up to 75 percent of the purchase price under asset-backed financing arrangements. At June 30, 2013 and December 31, 2012, the Corporation's maximum loss exposure under these financing arrangements was \$1.5 billion and \$2.5 billion, substantially all of which was classified in loans and leases. All principal and interest payments have been received when due in accordance with their contractual terms. These arrangements are not included in the Other VIEs table because the purchasers are not VIEs.

NOTE 8 – Representations and Warranties Obligations and Corporate Guarantees

Background

The Corporation securitizes first-lien residential mortgage loans generally in the form of MBS guaranteed by the GSEs or by GNMA in the case of FHA-insured, VA-guaranteed and Rural Housing Service-guaranteed mortgage loans. In addition, in prior years, legacy companies and certain subsidiaries sold pools of first-lien residential mortgage loans and home equity loans as private-label securitizations (in certain of these securitizations, monolines or financial guarantee providers insured all or some of the securities) or in the form of whole loans. In connection with these transactions, the Corporation or certain of its subsidiaries or legacy companies make or have made various representations and warranties. These representations and warranties, as set forth in the agreements, related to, among other things, the ownership of the loan, the validity of the lien securing the loan, the absence of delinquent taxes or liens against the property securing the loan, the process used to select the loan for inclusion in a transaction, the loan's compliance with any applicable loan criteria, including underwriting standards, and the loan's compliance with applicable federal, state and local laws. Breaches of these representations and warranties may result in the requirement to repurchase mortgage loans or to otherwise make whole or provide other remedies to the GSEs, HUD with respect to FHA-insured loans, VA, whole-loan investors, securitization trusts, monoline insurers or other financial guarantors (collectively, repurchases). In all such cases, the Corporation would be exposed to any credit loss on the repurchased mortgage loans after accounting for any mortgage insurance (MI) or mortgage guarantee payments that it may receive.

Subject to the requirements and limitations of the applicable sales and securitization agreements, these representations and warranties can be enforced by the GSEs, HUD, VA, the whole-loan investor, the securitization trustee or others as governed by the applicable agreement or, in certain first-lien and home equity securitizations where monoline insurers or other financial guarantee providers have insured all or some of the securities issued, by the monoline insurer or other financial guarantor, where the contract so provides. In the case of private-label securitizations, the applicable agreements may permit investors, which may include the GSEs, with contractually sufficient holdings to direct or influence action by the securitization trustee. In the case of loans sold to parties other than the GSEs or GNMA, the contractual liability to repurchase typically arises only if there is a breach of the representations and warranties that materially and adversely affects the interest of the investor, or investors, or of the monoline insurer or other financial guarantor (as applicable), in the loan. Contracts with the GSEs do not contain equivalent language, while GNMA generally limits repurchases to loans that are not insured or guaranteed as required. The Corporation believes that the longer a loan performs prior to default, the less likely it is that an alleged underwriting breach of representations and warranties would have a material impact on the loan's performance.

The Corporation's credit loss would be reduced by any recourse it may have to organizations (e.g., correspondents) that, in turn, had sold such loans to the Corporation based upon its agreements with these organizations. When a loan is originated by a correspondent or other third party, the Corporation typically has the right to seek a recovery of related repurchase losses from that originator. Many of the correspondent originators of loans in 2004 through 2008 are no longer in business, or are in a weakened financial condition, and the Corporation's ability to recover on valid claims is therefore impacted, or eliminated accordingly. In the event a loan is originated and underwritten by a correspondent who obtains FHA insurance, even if they are no longer in business, any breach of FHA guidelines is the direct obligation of the correspondent, not the Corporation. Generally the volume of unresolved repurchase claims from the FHA and VA for loans in GNMA-guaranteed securities is not significant because the requests are limited in number and are typically resolved quickly. At June 30, 2013, approximately 17 percent of the outstanding repurchase claims relate to loans purchased from correspondents or other parties compared to approximately 26 percent at December 31, 2012. During the three and six months ended June 30, 2013, the Corporation continued to recover repurchase losses from correspondents and other parties; however, the actual recovery rate may vary from period to period based upon the underlying mix of correspondents and other parties.

The estimate of the liability for representations and warranties exposures and the corresponding estimated range of possible loss is based upon currently available information, significant judgment, and a number of factors and assumptions, including those discussed in Liability for Representations and Warranties and Corporate Guarantees in this Note, that are subject to change. Changes to any one of these factors could significantly impact the estimate of the liability and could have a material adverse impact on the Corporation's results of operations for any particular period. Given that these factors vary by counterparty, the Corporation analyzes representations and warranties obligations based on the specific counterparty, or type of counterparty, with whom the sale was made. For additional information, see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

Settlement Actions

The Corporation has vigorously contested any request for repurchase when it concludes that a valid basis for repurchase does not exist and will continue to do so in the future. However, in an effort to resolve these legacy mortgage-related issues, the Corporation has reached bulk settlements, or agreements for bulk settlements, including settlement amounts which have been material, with counterparties in lieu of a loan-by-loan review process. The Corporation may reach other settlements in the future if opportunities arise on terms it believes to be advantageous. However, there can be no assurance that the Corporation will reach future settlements or, if it does, that the terms of past settlements can be relied upon to predict the terms of future settlements. For a summary of the larger bulk settlement actions beginning in the fourth quarter of 2010, including the settlement with Bank of New York Mellon (the BNY Mellon Settlement), as trustee (Trustee) for 525 Countrywide first-lien and five second-lien non-GSE securitization trusts (the Covered Trusts), the December 31, 2010 agreements with the GSEs to resolve repurchase claims (the GSE Agreements), the settlement with Assured Guaranty Ltd. and subsidiaries in 2011 (the Assured Guaranty Settlement), and the settlement with Syncora Guarantee Inc. and Syncora Holdings, Ltd. in 2012 see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K. The settlement with MBIA Inc. and certain of its affiliates (MBIA) is discussed below.

MBIA Settlement

On May 7, 2013, the Corporation entered into a comprehensive settlement with MBIA which resolved all outstanding litigation between the parties, as well as other claims between the parties, including outstanding and potential claims from MBIA related to alleged representations and warranties breaches and other claims involving certain first- and second-lien RMBS trusts for which MBIA provided financial guarantee insurance, certain of which claims were the subject of litigation (MBIA Settlement). At the time of the settlement, the mortgages (first- and second-lien) in RMBS trusts covered by the MBIA Settlement had an original principal balance of \$54.8 billion and an unpaid principal balance of \$19.1 billion.

Under the MBIA Settlement, all pending litigation between the parties was dismissed and each party received a global release of those claims. The Corporation made a settlement payment to MBIA of \$1.565 billion in cash and transferred to MBIA approximately \$95 million in fair market value of notes issued by MBIA and previously held by the Corporation. The Corporation was fully reserved at March 31, 2013 for the MBIA Settlement. In addition, MBIA issued to the Corporation warrants to purchase up to approximately 4.9 percent of MBIA's currently outstanding common stock, at an exercise price of \$9.59 per share, which may be exercised at any time prior to May 2018. In addition, the Corporation provided a senior secured \$500 million credit facility to an affiliate of MBIA.

The parties also terminated various CDS transactions entered into between the Corporation and a MBIA-affiliate, LaCrosse Financial Products, LLC, and guaranteed by MBIA, which constituted all of the outstanding CDS protection agreements purchased by the Corporation from MBIA on commercial mortgage-backed securities (CMBS). Collectively, those CDS transactions had a notional value of \$7.4 billion and a fair value of \$813 million as of March 31, 2013. The parties also terminated certain other trades in order to close out positions between the parties; the termination of these trades did not have a material impact on the Corporation's financial statements.

Fannie Mae Settlement

On January 6, 2013, the Corporation entered into an agreement with FNMA to resolve substantially all outstanding and potential repurchase and certain other claims relating to the origination, sale and delivery of residential mortgage loans originated from January 1, 2000 through December 31, 2008 and sold directly to FNMA by entities related to Countrywide and BANA.

This agreement covers loans with an aggregate original principal balance of approximately \$1.4 trillion and an aggregate outstanding principal balance of approximately \$300 billion. Unresolved repurchase claims submitted by FNMA for alleged breaches of selling representations and warranties with respect to these loans totaled \$12.2 billion of unpaid principal balance at December 31, 2012. This agreement extinguished substantially all of those unresolved repurchase claims, as well as any future representations and warranties repurchase claims associated with such loans, subject to certain exceptions which the Corporation does not expect to be material.

In January 2013, the Corporation made a cash payment to FNMA of \$3.6 billion and also repurchased for \$6.6 billion certain residential mortgage loans that had previously been sold to FNMA, which the Corporation has valued at less than the purchase price.

This agreement also clarified the parties' obligations with respect to MI including establishing timeframes for certain payments and other actions, setting parameters for potential bulk settlements and providing for cooperation in future dealings with mortgage insurers. For additional information, see Mortgage Insurance Rescission Notices in this Note.

In addition, pursuant to a separate agreement, the Corporation settled substantially all of FNMA's outstanding and future claims for compensatory fees arising out of past foreclosure delays.

Collectively, these agreements are referred to herein as the FNMA Settlement. The Corporation was fully reserved at December 31, 2012 for the settlement with FNMA.

Settlement with the Bank of New York Mellon, as Trustee

With regard to the BNY Mellon Settlement, the court approval hearing began on June 3, 2013 in the New York Supreme Court, New York County, and additional hearing days are currently scheduled in September 2013. Although the Corporation is not a party to the proceeding, certain of its rights and obligations under the settlement agreement are conditioned on final court approval of the settlement.

Unresolved Repurchase Claims

Unresolved representations and warranties repurchase claims represent the notional amount of repurchase claims made by counterparties, typically the outstanding principal balance or the unpaid principal balance at the time of default. In the case of first-lien mortgages, the claim amount is often significantly greater than the expected loss amount due to the benefit of collateral and, in some cases, MI or mortgage guarantee payments. Claims received from a counterparty remain outstanding until the underlying loan is repurchased, the claim is rescinded by the counterparty, or the claim is otherwise resolved. When a claim is denied and the Corporation does not receive a response from the counterparty, the claim remains in the unresolved repurchase claims balance until resolution.

The table below presents unresolved repurchase claims at June 30, 2013 and December 31, 2012. The unresolved repurchase claims include only claims where the Corporation believes that the counterparty has a basis to submit claims. For additional information, see Whole Loan Sales and Private-label Securitizations Experience in this Note and *Note 11 – Commitments and Contingencies* herein. These repurchase claims do not include any repurchase claims related to the BNY Mellon Settlement regarding the Covered Trusts.

Unresolved Repurchase Claims by Counterparty and Product Type^(1, 2)

(Dollars in millions)	June 30 2013	December 31 2012
By counterparty		
GSEs	\$ 1,120	\$ 13,530
Monolines	1,542	2,449
Private-label securitization trustees, whole-loan investors, including third-party securitization sponsors and other	13,986	12,299
Total unresolved repurchase claims by counterparty	\$ 16,648	\$ 28,278
By product type		
Prime loans	\$ 1,421	\$ 8,793
Alt-A	1,120	5,428
Home equity	1,598	2,394
Pay option	5,584	5,884
Subprime	5,317	3,687
Other	1,608	2,092
Total unresolved repurchase claims by product type	\$ 16,648	\$ 28,278

⁽¹⁾ Excludes certain MI rescission notices. However, at June 30, 2013 and December 31, 2012, included \$466 million and \$2.3 billion of repurchase requests received from the GSEs that have resulted solely from MI rescission notices. For additional information, see Mortgage Insurance Rescission Notices in this Note.

⁽²⁾ At June 30, 2013 and December 31, 2012, unresolved repurchase claims did not include repurchase demands of \$1.5 billion and \$1.6 billion where the Corporation believes the claimants have not satisfied the contractual thresholds as discussed on page 205.

The notional amount of unresolved GSE repurchase claims totaled \$1.1 billion at June 30, 2013 compared to \$13.5 billion at December 31, 2012. As a result of the FNMA Settlement, \$12.2 billion of GSE repurchase claims outstanding at December 31, 2012 were resolved in January 2013. For further discussion of the Corporation's experience with the GSEs, see Government-sponsored Enterprises Experience in this Note.

The notional amount of unresolved monoline repurchase claims totaled \$1.5 billion at June 30, 2013 compared to \$2.4 billion at December 31, 2012. The Corporation has had limited loan-level repurchase claims experience with the majority of the monoline insurers due to ongoing litigation. In the Corporation's experience, the monolines have been generally unwilling to withdraw repurchase claims, regardless of whether and what evidence was offered to refute a claim. Substantially all of the unresolved monoline claims pertain to second-lien loans and are currently the subject of litigation. As a result of the MBIA Settlement, \$945 million of monoline repurchase claims outstanding at December 31, 2012 were resolved in May 2013. For further discussion of the Corporation's practices regarding

litigation accruals and estimated range of possible loss for litigation and regulatory matters, which includes the status of its monoline litigation, see Estimated Range of Possible Loss in this Note.

The notional amount of unresolved repurchase claims from private-label securitization trustees, whole-loan investors, including third-party securitization sponsors and others totaled \$14.0 billion at June 30, 2013 compared to \$12.3 billion at December 31, 2012. The increase in the notional amount of unresolved repurchase claims is primarily due to continued submission of claims by private-label securitization trustees; the level of detail, support and analysis which impacts overall claim quality and, therefore, claims resolution; and the lack of an established process to resolve disputes related to these claims. The Corporation expects unresolved repurchase claims related to private-label securitizations to continue to increase as claims continue to be submitted by private-label securitization trustees and there is not an established process for the ultimate resolution of claims on which there is a disagreement. For further discussion of the Corporation's experience with whole loans and private-label securitizations, see Whole Loan Sales and Private-label Securitizations Experience in this Note.

During the three months ended June 30, 2013, the Corporation received \$1.3 billion in new repurchase claims, including \$529 million submitted by the GSEs for both Countrywide and legacy Bank of America originations not covered by the bulk settlements with the GSEs, \$666 million submitted by private-label securitization trustees, \$134 million submitted by whole-loan investors and \$2 million submitted by monoline insurers. During the three months ended June 30, 2013, \$1.7 billion in claims were resolved, including \$945 million resolved through the MBIA Settlement. Of the remaining claims that were resolved, \$436 million were resolved through rescissions and \$364 million were resolved through mortgage repurchases and make-whole payments, primarily with the GSEs.

During the six months ended June 30, 2013, the Corporation received \$3.1 billion in new repurchase claims, including \$927 million submitted by the GSEs for both Countrywide and legacy Bank of America originations not covered by the bulk settlements with the GSEs, \$1.9 billion submitted by private-label securitization trustees, \$268 million submitted by whole-loan investors and \$44 million submitted by monoline insurers. During the six months ended June 30, 2013, \$14.7 billion in claims were resolved, primarily with the GSEs, including \$12.2 billion in GSE claims resolved through the FNMA Settlement and \$945 million resolved through the MBIA Settlement. Of the remaining claims that were resolved, \$845 million were resolved through rescissions and \$675 million were resolved through mortgage repurchases and make-whole payments, primarily with the GSEs.

In addition to, and not included in, the total unresolved repurchase claims of \$16.6 billion at June 30, 2013, the Corporation has received repurchase demands from private-label securitization investors and a master servicer where it believes the claimants have not satisfied the contractual thresholds to direct the securitization trustee to take action and/or that these demands are otherwise procedurally or substantively invalid. The total amounts outstanding of such demands were \$1.5 billion and \$1.6 billion at June 30, 2013 and December 31, 2012, comprised of \$1.3 billion of demands received during 2012 and approximately \$300 million of demands related to trusts covered by the BNY Mellon Settlement. The Corporation does not believe that the \$1.5 billion of demands outstanding at June 30, 2013 represents valid repurchase claims and, therefore, it is not possible to predict the resolution with respect to such demands.

Mortgage Insurance Rescission Notices

In addition to repurchase claims, the Corporation receives notices from mortgage insurance companies of claim denials, cancellations or coverage rescission (collectively, MI rescission notices). Although the number of such notices received has remained elevated, they have decreased over the last several quarters as the resolution of open notices exceeded new notices. At June 30, 2013, the Corporation had approximately 106,000 open MI rescission notices compared to 110,000 at December 31, 2012. Open MI rescission notices at June 30, 2013 included 45,000 pertaining principally to first-lien mortgages serviced for others, 10,000 pertaining to loans held-for-investment and 51,000 pertaining to ongoing litigation for second-lien mortgages. Approximately 25,000 of the open MI rescission notices pertaining to first-lien mortgages serviced for others are related to loans sold to FNMA. As of June 30, 2013, 38 percent of the MI rescission notices received have been resolved.

Although the FNMA Settlement did not resolve underlying MI rescission notices, the FNMA Settlement resolved significant representations and warranties exposures, including unresolved and potential repurchase claims from FNMA resulting solely from MI rescission notices relating to loans covered by the FNMA Settlement. The Corporation's pipeline of unresolved repurchase claims from the GSEs resulting solely from MI rescission notices was \$466 million at June 30, 2013 compared to \$2.3 billion at December 31, 2012. The FNMA Settlement resolved approximately \$1.9 billion of such unresolved repurchase claims which were outstanding at December 31, 2012. Many of these claims represent repurchase claims on loans for which the Corporation received a MI rescission notice that is included in the 25,000 open MI rescission notices referenced in the paragraph above. In addition, the FNMA Settlement clarified the parties' obligations with respect to MI rescission notices including establishing timeframes for certain payments and other actions, setting parameters for potential bulk settlements and providing for cooperation in future dealings with mortgage insurers. As a result, the Corporation is required to pay the amount of certain MI coverage to FNMA as a result of MI claims rescissions in advance of collection from the mortgage insurance companies and has remitted the amounts required under the agreement related to the 25,000 open MI rescissions notices. In certain cases, it may not ultimately collect all such amounts from the mortgage insurance companies.

Table of Contents

For additional information, see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

Cash Settlements

The table below presents first-lien and home equity loan repurchases and indemnification payments for the three and six months ended June 30, 2013 and 2012. During the three and six months ended June 30, 2013, the Corporation paid \$250 million and \$758 million to resolve \$284 million and \$848 million of repurchase claims through repurchase or reimbursement to the investor or securitization trust for losses they incurred, resulting in a loss on the related loans at the time of repurchase or reimbursement of \$171 million and \$409 million. During the three and six months ended June 30, 2012, the Corporation paid \$591 million and \$1.0 billion to resolve \$723 million and \$1.3 billion of repurchase claims through repurchase or reimbursement to the investor or securitization trust for losses they incurred, resulting in a loss on the related loans at the time of repurchase or reimbursement of \$145 million and \$409 million. The amounts shown in the table below exclude \$1.6 billion and \$1.7 billion in payments to settle monoline claims for the three and six months ended June 30, 2013 compared to \$56 million and \$131 million for the same periods in 2012. Additionally, the amounts in the table below exclude a cash payment of \$3.6 billion made in January 2013 to FNMA and the repurchase for \$6.6 billion of certain residential mortgage loans which the Corporation valued at less than the purchase price, both of which were part of the FNMA Settlement.

For additional information, see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

Loan Repurchases and Indemnification Payments

	Three Months Ended June 30					
	2013			2012		
	Unpaid Principal Balance	Cash Paid for Repurchases	Loss	Unpaid Principal Balance	Cash Paid for Repurchases	Loss
(Dollars in millions)						
First-lien						
Repurchases	\$ 112	\$ 120	\$ 41	\$ 500	\$ 520	\$ 86
Indemnification payments	156	114	114	197	48	48
Total first-lien	268	234	155	697	568	134
Home equity						
Repurchases	—	—	—	12	12	—
Indemnification payments	16	16	16	14	11	11
Total home equity	16	16	16	26	23	11
Total first-lien and home equity	\$ 284	\$ 250	\$ 171	\$ 723	\$ 591	\$ 145

	Six Months Ended June 30					
	2013			2012		
	Unpaid Principal Balance	Cash Paid for Repurchases	Loss	Unpaid Principal Balance	Cash Paid for Repurchases	Loss
First-lien						
Repurchases	\$ 533	\$ 557	\$ 97	\$ 750	\$ 804	\$ 215
Indemnification payments	291	176	176	464	172	172
Total first-lien	824	733	273	1,214	976	387
Home equity						
Repurchases	—	—	—	16	16	—
Indemnification payments	24	25	25	25	22	22
Total home equity	24	25	25	41	38	22
Total first-lien and home equity	\$ 848	\$ 758	\$ 298	\$ 1,255	\$ 1,014	\$ 409

Liability for Representations and Warranties and Corporate Guarantees

The liability for representations and warranties and corporate guarantees is included in accrued expenses and other liabilities on the Consolidated Balance Sheet and the related provision is included in mortgage banking income in the Consolidated Statement of Income. The liability for representations and warranties is established when those obligations are both probable and reasonably estimable.

The Corporation's estimated liability at June 30, 2013 for obligations under representations and warranties given to the GSEs and the corresponding estimated range of possible loss considers, and is necessarily dependent on, and limited by, a number of factors, including the Corporation's experience related to actual defaults, projected future defaults, historical loss experience, estimated home prices and other economic conditions. The methodology also considers such factors as the number of payments made by the borrower prior to default as well as certain other assumptions and judgmental factors. See Estimated Range of Possible Loss below for a discussion of the representations and warranties liability and the corresponding estimated range of possible loss.

The Corporation's estimate of the non-GSE representations and warranties liability and the corresponding estimated range of possible loss considers, among other things, repurchase experience based on the BNY Mellon Settlement, adjusted to reflect differences between the Covered Trusts and the remainder of the population of private-label securitizations, and assumes that the conditions to the BNY Mellon Settlement will be met. Since the non-GSE securitization trusts that were included in the BNY Mellon Settlement differ from those that were not included in the BNY Mellon Settlement, the Corporation adjusted the repurchase experience implied in the settlement in order to determine the estimated non-GSE representations and warranties liability and the corresponding estimated range of possible loss. The judgmental adjustments made include consideration of the differences in the mix of products in the subject securitizations, loan originator, likelihood of claims expected, the differences in the number of payments that the borrower has made prior to default and the sponsor of the securitizations. Where relevant, the Corporation also takes into account more recent experience, such as increased claim activity, its experience with various counterparties and other facts and circumstances, such as bulk settlements, as the Corporation believes appropriate.

Additional factors that impact the non-GSE representations and warranties liability and the portion of the estimated range of possible loss corresponding to non-GSE representations and warranties exposures include: (1) contractual material adverse effect requirements; (2) the representations and warranties provided; and (3) the requirement to meet certain presentation thresholds. For more information on these factors, see *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

The table below presents a rollforward of the liability for representations and warranties and corporate guarantees.

Representations and Warranties and Corporate Guarantees

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Liability for representations and warranties and corporate guarantees, beginning of period	\$ 14,076	\$ 15,746	\$ 19,021	\$ 15,858
Additions for new sales	12	6	22	11
Net reductions	(265)	(204)	(5,470)	(603)
Provision	197	395	447	677
Liability for representations and warranties and corporate guarantees, June 30	\$ 14,020	\$ 15,943	\$ 14,020	\$ 15,943

Estimated Range of Possible Loss

The representations and warranties liability represents the Corporation's best estimate of probable incurred losses as of June 30, 2013. However, it is reasonably possible that future representations and warranties losses may occur in excess of the amounts recorded for these exposures. In addition, the Corporation has not recorded any representations and warranties liability for certain potential private-label securitization and whole-loan exposures where it has little to no claim activity. The Corporation currently estimates that the range of possible loss for representations and warranties exposures could be up to \$4 billion over accruals at June 30, 2013. The estimated range of possible loss reflects principally non-GSE exposures. The estimated range of possible loss related to these representations and warranties exposures does not represent a probable loss, and is based on currently available information, significant judgment and a number of assumptions that are subject to change. The Corporation's estimated range of possible loss related to representations and warranties exposures does not include possible losses related to monoline insurers.

Future provisions and/or ranges of possible loss for representations and warranties may be significantly impacted if actual experiences are different from the Corporation's assumptions in its predictive models, including, without limitation, ultimate resolution of the BNY Mellon Settlement, estimated repurchase rates, estimated MI rescission rates, economic conditions, estimated home prices, consumer and counterparty behavior, and a variety of other judgmental factors. Adverse developments with respect to one or more of the assumptions underlying the liability for representations and warranties and the corresponding estimated range of possible loss could result in significant increases to future provisions and/or the estimated range of possible loss. For example, an appellate court, in the context of claims brought by a monoline insurer, disagreed with the Corporation's interpretation that a loan must be in default in order to satisfy the underlying agreements' requirement that a breach have a material and adverse effect. If that decision is extended to non-monoline contexts, it could significantly impact the Corporation's provision and/or the estimated range of possible loss. Additionally, if court rulings related to monoline litigation, including one related to the Corporation, that have allowed sampling of loan files instead of requiring a loan-by-loan review to determine if a representations and warranties breach has occurred, are followed generally by the courts in future monoline litigation, private-label securitization counterparties may view litigation as a more attractive alternative compared to a loan-by-loan review. Finally, although the Corporation believes that the representations and warranties typically given in non-GSE transactions are less rigorous and actionable than those given in GSE transactions, the Corporation does not have significant experience resolving loan-level claims in non-GSE transactions to measure the impact of these differences on the probability that a loan will be required to be repurchased. For additional information, see *Note 13 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

The liability for representations and warranties exposures and the corresponding estimated range of possible loss do not consider any losses related to litigation matters, including litigation brought by monoline insurers, nor do they include any separate foreclosure costs and related costs, assessments and compensatory fees or any other possible losses related to potential claims for breaches of performance of servicing obligations, except as such losses are included as potential costs of the BNY Mellon Settlement, potential securities law or fraud claims or potential indemnity or other claims against the Corporation, including claims related to loans insured by the FHA. The Corporation is not able to reasonably estimate the amount of any possible loss with respect to any such servicing, securities law, fraud or other claims against the Corporation, except to the extent reflected in the estimated range of possible loss for litigation and regulatory matters disclosed in *Note 11 – Commitments and Contingencies*; however, such loss could be material.

Government-sponsored Enterprises Experience

The Corporation and its subsidiaries have an established history of working with the GSEs on repurchase claims. Generally, the Corporation first becomes aware that a GSE is evaluating a particular loan for repurchase when the Corporation receives a request from a GSE to review the underlying loan file (file request). Upon completing its review, the GSE may submit a repurchase claim to the Corporation. As soon as practicable after receiving a repurchase claim from a GSE, the Corporation evaluates the claim and takes appropriate action. Claim disputes are generally handled through loan-level negotiations with the GSEs and the Corporation seeks to resolve the repurchase claim within 90 to 120 days of the receipt of the claim although claims remain open beyond this timeframe. Disputes include reasonableness of stated income, occupancy, undisclosed liabilities, and the validity of MI claim rescissions in the vintages with the highest default rates.

At June 30, 2013, for loans originated prior to 2009, the notional amount of unresolved repurchase claims submitted by the GSEs was \$945 million. The Corporation has performed an initial review with respect to \$724 million of these claims and does not believe a valid basis for repurchase has been established by the claimant and is still in the process of reviewing the remaining \$221 million of these claims.

At June 30, 2013, for loans originated after 2008, the notional amount of unresolved repurchase claims submitted by the GSEs was \$175 million. The Corporation has performed an initial review with respect to \$145 million of these claims and does not believe a valid basis for repurchase has been established by the claimant and is still in the process of reviewing the remaining \$30 million of these claims.

Monoline Insurers Experience

The Corporation has had limited representations and warranties repurchase claims experience with the monoline insurers due to ongoing litigation against Countrywide and/or Bank of America. During the three and six months ended June 30, 2013, there was minimal repurchase claim activity with the monolines.

The MBIA Settlement resolved outstanding and potential claims between the parties to the settlement involving 31 first- and 17 second-lien RMBS trusts for which MBIA provided financial guarantee insurance, including \$945 million of monoline repurchase claims outstanding at December 31, 2012. In addition, this settlement covered loans with an unpaid principal balance of \$2.6 billion for which the Corporation had received file requests but for which no repurchase claims had been received as of December 31, 2012. The first- and

second-lien mortgages in the covered RMBS trusts had an original principal balance of \$29.3 billion and \$25.5 billion, and an unpaid principal balance of \$9.8 billion and \$9.3 billion at the time of the settlement.

For more information related to the monolines, see *Note 11 – Commitments and Contingencies* herein and *Note 8 – Representations and Warranties Obligations and Corporate Guarantees* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K

Whole Loan Sales and Private-label Securitizations Experience

The majority of the repurchase claims that the Corporation has received and resolved outside of those from the GSEs and monolines are from third-party whole-loan investors. The Corporation provided representations and warranties and the whole-loan investors may retain those rights even when the loans were aggregated with other collateral into private-label securitizations sponsored by the whole-loan investors. The Corporation reviews properly presented repurchase claims for these whole loans on a loan-by-loan basis. If, after the Corporation's review, it does not believe a claim is valid, it will deny the claim and generally indicate a reason for the denial. When the whole-loan investor agrees with the Corporation's denial of the claim, the whole-loan investor may rescind the claim. When there is disagreement as to the resolution of the claim, meaningful dialogue and negotiation between the parties are generally necessary to reach a resolution on an individual claim. Generally, a whole-loan investor is engaged in the repurchase process and the Corporation and the whole-loan investor reach resolution, either through loan-by-loan negotiation or at times, through a bulk settlement. As of June 30, 2013, 15 percent of the whole-loan claims that the Corporation initially denied have subsequently been resolved through repurchase or make-whole payments and 44 percent have been resolved through rescission or repayment in full by the borrower. Although the timeline for resolution varies, once an actionable breach is identified on a given loan, settlement is generally reached as to that loan within 60 to 90 days. When a claim has been denied and the Corporation does not have communication with the counterparty for six months, the Corporation views these claims as inactive; however, they remain in the outstanding claims balance until resolution.

In private-label securitizations, certain presentation thresholds need to be met in order for investors to direct a trustee to assert repurchase claims. Continued high levels of new private-label claims are primarily related to repurchase requests received from trustees and third-party sponsors for private-label securitization transactions not included in the BNY Mellon Settlement, including claims related to first-lien third-party sponsored securitizations that include monoline insurance. Over time, there has been an increase in requests for loan files from certain private-label securitization trustees, as well as requests for tolling agreements to toll the applicable statutes of limitation relating to representations and warranties repurchase claims, and the Corporation believes it is likely that these requests will lead to an increase in repurchase claims from private-label securitization trustees with standing to bring such claims. In addition, private-label securitization trustees may have obtained loan files through other means, including litigation and administrative subpoenas. The representations and warranties, as governed by the private-label securitization agreements, generally require that counterparties have the ability to both assert a claim and actually prove that a loan has an actionable defect under the applicable contracts. While the Corporation believes the agreements for private-label securitizations generally contain less rigorous representations and warranties and place higher burdens on claimants seeking repurchases than the express provisions of comparable agreements with the GSEs, without regard to any variations that may have arisen as a result of dealings with the GSEs, the agreements generally include a representation that underwriting practices were prudent and customary. In the case of private-label securitization trustees and third-party sponsors, there is currently no established process in place for the parties to reach a conclusion on an individual loan if there is a disagreement on the resolution of the claim. For more information on repurchase demands, see *Unresolved Repurchase Claims* in this Note.

At June 30, 2013, for loans originated between 2004 and 2008, the notional amount of unresolved repurchase claims submitted by private-label securitization trustees and whole-loan investors was \$13.9 billion. The Corporation has performed an initial review with respect to \$13.4 billion of these claims and does not believe a valid basis for repurchase has been established by the claimant and is still in the process of reviewing the remaining \$545 million of these claims.

NOTE 9 – Goodwill and Intangible Assets**Goodwill**

The table below presents goodwill balances by business segment at June 30, 2013 and December 31, 2012. The reporting units utilized for goodwill impairment tests are the operating segments or one level below. For additional information, see *Note 9 – Goodwill and Intangible Assets* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

Goodwill

(Dollars in millions)	June 30 2013	December 31 2012
Consumer & Business Banking	\$ 31,681	\$ 31,681
Global Banking	22,377	22,377
Global Markets	5,181	5,181
Global Wealth & Investment Management	9,698	9,698
All Other	993	1,039
Total goodwill	\$ 69,930	\$ 69,976

Effective January 1, 2013, on a prospective basis, the Corporation adjusted the amount of capital being allocated to the business segments. The adjustment reflects a refinement to the prior-year methodology (economic capital) which focused solely on internal risk-based economic capital models. The refined methodology (allocated capital) now also considers the effect of regulatory capital requirements in addition to internal risk-based economic capital models. For purposes of goodwill impairment testing, the Corporation utilizes allocated equity as a proxy for the carrying value of its reporting units. Allocated equity in the reporting units is comprised of allocated capital plus capital for the portion of goodwill and intangibles specifically assigned to the reporting unit. For more information regarding annual goodwill impairment testing, see *Note 9 – Goodwill and Intangible Assets* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

There was no goodwill in *Consumer Real Estate Services (CRES)* at June 30, 2013 and December 31, 2012.

During the three months ended June 30, 2013, the consumer Dealer Financial Services business, including \$1.7 billion of goodwill, was moved from *Global Banking* to *Consumer & Business Banking* in order to align this business more closely with the Corporation's consumer lending activity and better serve the needs of its customers. In 2012, the International Wealth Management businesses within *GWIM*, including \$230 million of goodwill, were moved to *All Other* in connection with the Corporation's agreement in 2012 to sell these businesses in a series of transactions. Certain of the sales transactions were completed during the six months ended June 30, 2013, and the remainder of the sales transactions are expected to close over the next 12 to 18 months. Prior periods were reclassified to conform to current period presentation.

Intangible Assets

The table below presents the gross carrying amount and accumulated amortization for intangible assets at June 30, 2013 and December 31, 2012.

Intangible Assets ⁽¹⁾

(Dollars in millions)	June 30, 2013		December 31, 2012	
	Gross Carrying Value	Accumulated Amortization	Gross Carrying Value	Accumulated Amortization
Purchased credit card relationships	\$ 6,084	\$ 4,601	\$ 6,184	\$ 4,494
Core deposit intangibles	3,592	2,959	3,592	2,858
Customer relationships	4,006	2,064	4,025	1,884
Affinity relationships	1,560	1,132	1,572	1,087
Other intangibles	2,045	427	2,139	505
Total intangible assets	\$ 17,287	\$ 11,183	\$ 17,512	\$ 10,828

⁽¹⁾ Excludes fully amortized intangible assets.

Table of Contents

At June 30, 2013 and December 31, 2012, none of the intangible assets were impaired. Amortization of intangibles expense was \$274 million and \$550 million for the three and six months ended June 30, 2013 compared to \$321 million and \$640 million for the same periods in 2012. The Corporation estimates aggregate amortization expense will be approximately \$270 million for each of the remaining quarters of 2013, and \$940 million, \$840 million, \$740 million, \$650 million and \$570 million for 2014 through 2018, respectively.

NOTE 10 – Federal Funds Sold or Purchased, Securities Financing Agreements and Short-term Borrowings

The table below presents federal funds sold or purchased, securities financing agreements which include securities borrowed or purchased under agreements to resell and securities loaned or sold under agreements to repurchase, and short-term borrowings.

(Dollars in millions)	Three Months Ended June 30				Six Months Ended June 30			
	Amount		Rate		Amount		Rate	
	2013	2012	2013	2012	2013	2012	2013	2012
Average during period								
Federal funds sold	\$ 13	\$ 215	0.65%	0.48%	\$ 8	\$ 161	0.64%	0.56%
Securities borrowed or purchased under agreements to resell	233,381	233,933	0.55	0.62	235,409	233,443	0.54	0.71
Total	\$ 233,394	\$ 234,148	0.55	0.62	\$ 235,417	\$ 233,604	0.54	0.71
Federal funds purchased	\$ 188	\$ 213	0.09%	0.05%	\$ 191	\$ 237	0.07%	0.05%
Securities loaned or sold under agreements to repurchase	270,602	279,283	0.85	1.07	285,590	267,713	0.78	1.08
Short-term borrowings	47,238	39,413	1.98	2.05	42,001	38,031	2.15	2.02
Total	\$ 318,028	\$ 318,909	1.02	1.19	\$ 327,782	\$ 305,981	0.96	1.20

Maximum month-end balance during period

Federal funds sold	\$ 5	\$ 500	\$ 550	\$ 500
Securities borrowed or purchased under agreements to resell	240,881	252,303	249,791	252,303
Federal funds purchased	\$ 195	\$ 206	\$ 1,271	\$ 331
Securities loaned or sold under agreements to repurchase	290,699	287,310	319,608	287,310
Short-term borrowings	46,470	39,019	46,470	39,254

	June 30, 2013		December 31, 2012	
	Amount	Rate	Amount	Rate
Period-end balance				
Federal funds sold	\$ —	—%	\$ 600	0.54%
Securities borrowed or purchased under agreements to resell	224,168	0.49	219,324	0.92
Total	\$ 224,168	0.49	\$ 219,924	0.92
Federal funds purchased	\$ 167	0.15%	\$ 1,151	0.17%
Securities loaned or sold under agreements to repurchase	232,442	0.82	292,108	1.11
Short-term borrowings	46,470	1.81	30,731	3.08
Total	\$ 279,079	0.97	\$ 323,990	1.29

Offsetting of Securities Financing Agreements

A significant majority of repurchase and resale activities are transacted under legally enforceable master repurchase agreements that give the Corporation, in the event of default by the counterparty, the right to liquidate securities held and to offset receivables and payables with the same counterparty. The Corporation offsets repurchase and resale transactions with the same counterparty on the Consolidated Balance Sheet where it has such a legally enforceable master netting agreement and the transactions have the same maturity date.

Substantially all securities borrowing and lending activities are transacted under legally enforceable master securities lending agreements that give the Corporation, in the event of default by the counterparty, the right to liquidate securities held and to offset receivables and payables with the same counterparty. In certain instances, the Corporation offsets securities borrowing and lending transactions with the same counterparty on the Consolidated Balance Sheet where it has such a legally enforceable master netting agreement and the transactions have the same maturity date.

The table below presents securities financing agreements included on the Consolidated Balance Sheet in federal funds sold and securities borrowed or purchased under agreements to resell, and in federal funds purchased and securities loaned or sold under agreements to repurchase at June 30, 2013 and December 31, 2012. Balances are presented on a gross basis, prior to the application of counterparty netting. Gross assets and liabilities are adjusted on an aggregate basis to take into consideration the effects of legally enforceable master netting agreements. For information on the offsetting of derivatives, see *Note 3 – Derivatives*.

The "other" amount in the table below relates to transactions where the Corporation acts as the lender in a securities lending agreement and receives securities that can be pledged or sold as collateral. In these transactions, the Corporation recognizes an asset at fair value, representing the securities received, and a liability for the same amount, representing the obligation to return those securities. The "other" amount is included on the Consolidated Balance Sheet in other assets and in accrued expenses and other liabilities.

The column titled "Financial Instruments" in the table below includes securities collateral received or pledged under repurchase or securities lending agreements where there is a legally enforceable master netting agreement. These amounts are not offset on the Consolidated Balance Sheet, but are shown as a reduction to the net balance sheet amount in the table to derive a net asset or liability. Securities collateral received or pledged where the legal enforceability of the master netting agreements is not certain is not included.

Gross assets and liabilities include activity where uncertainty exists as to the enforceability of certain master netting agreements under bankruptcy laws in some countries or industries, and accordingly, these are reported on a gross basis.

Securities Financing Agreements

(Dollars in millions)	June 30, 2013				
	Gross Assets/Liabilities	Amounts Offset	Net Balance Sheet Amount	Financial Instruments	Net Asset/Liability
Securities borrowed or purchased under agreements to resell	\$ 327,011	\$ (102,843)	\$ 224,168	\$ (174,121)	\$ 50,047
December 31, 2012					
Securities borrowed or purchased under agreements to resell	\$ 366,238	\$ (146,914)	\$ 219,324	\$ (173,593)	\$ 45,731
June 30, 2013					
Securities loaned or sold under agreements to repurchase	\$ 335,285	\$ (102,843)	\$ 232,442	\$ (163,759)	\$ 68,683
Other	12,582	—	12,582	(12,575)	7
Total	\$ 347,867	\$ (102,843)	\$ 245,024	\$ (176,334)	\$ 68,690
December 31, 2012					
Securities loaned or sold under agreements to repurchase	\$ 439,022	\$ (146,914)	\$ 292,108	\$ (217,817)	\$ 74,291
Other	12,306	—	12,306	(12,302)	4
Total	\$ 451,328	\$ (146,914)	\$ 304,414	\$ (230,119)	\$ 74,295

NOTE 11 – Commitments and Contingencies

In the normal course of business, the Corporation enters into a number of off-balance sheet commitments. These commitments expose the Corporation to varying degrees of credit and market risk and are subject to the same credit and market risk limitation reviews as those instruments recorded on the Consolidated Balance Sheet. For more information on commitments and contingencies, see *Note 13 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

Credit Extension Commitments

The Corporation enters into commitments to extend credit such as loan commitments, standby letters of credit and commercial letters of credit to meet the financing needs of its customers. The Credit Extension Commitments table includes the notional amount of unfunded legally binding lending commitments net of amounts distributed (e.g., syndicated) to other financial institutions of \$22.1 billion and \$23.9 billion at June 30, 2013 and December 31, 2012. At June 30, 2013, the carrying amount of these commitments, excluding commitments accounted for under the fair value option, was \$493 million, including deferred revenue of \$19 million and a reserve for unfunded lending commitments of \$474 million. At December 31, 2012, the comparable amounts were \$534 million, \$21 million and \$513 million, respectively. The carrying amount of these commitments is classified in accrued expenses and other liabilities on the Consolidated Balance Sheet.

The table below also includes the notional amount of commitments of \$15.9 billion and \$18.3 billion at June 30, 2013 and December 31, 2012 that are accounted for under the fair value option. However, the table below excludes cumulative net fair value adjustments of \$486 million and \$528 million on these commitments, which are classified in accrued expenses and other liabilities. For information regarding the Corporation's loan commitments accounted for under the fair value option, see *Note 17 – Fair Value Option*.

Credit Extension Commitments

June 30, 2013						
(Dollars in millions)	Expire in One Year or Less	Expire After One Year Through Three Years	Expire After Three Years Through Five Years	Expire After Five Years	Total	
Notional amount of credit extension commitments						
Loan commitments	\$ 92,984	\$ 93,336	\$ 132,788	\$ 21,120	\$	340,228
Home equity lines of credit	3,116	15,907	23,295	16,112		58,430
Standby letters of credit and financial guarantees ⁽¹⁾	23,126	10,239	2,457	4,005		39,827
Letters of credit	2,304	55	2	835		3,196
Legally binding commitments	121,530	119,537	158,542	42,072		441,681
Credit card lines ⁽²⁾	382,598	—	—	—		382,598
Total credit extension commitments	\$ 504,128	\$ 119,537	\$ 158,542	\$ 42,072	\$	824,279

December 31, 2012						
Notional amount of credit extension commitments						
Loan commitments	\$ 103,791	\$ 83,885	\$ 130,805	\$ 19,942	\$	338,423
Home equity lines of credit	2,134	13,584	23,344	21,856		60,918
Standby letters of credit and financial guarantees ⁽¹⁾	24,593	11,387	3,094	4,751		43,825
Letters of credit	2,003	70	10	546		2,629
Legally binding commitments	132,521	108,926	157,253	47,095		445,795
Credit card lines ⁽²⁾	397,862	—	—	—		397,862
Total credit extension commitments	\$ 530,383	\$ 108,926	\$ 157,253	\$ 47,095	\$	843,657

⁽¹⁾ The notional amounts of SBLCs and financial guarantees classified as investment grade and non-investment grade based on the credit quality of the underlying reference name within the instrument were \$29.8 billion and \$10.1 billion at June 30, 2013, and \$31.5 billion and \$11.6 billion at December 31, 2012. Amounts include consumer SBLCs of \$10 million and \$669 million at June 30, 2013 and December 31, 2012.

⁽²⁾ Includes business card unused lines of credit.

Legally binding commitments to extend credit generally have specified rates and maturities. Certain of these commitments have adverse change clauses that help to protect the Corporation against deterioration in the borrower's ability to pay.

Other Commitments

At June 30, 2013 and December 31, 2012, the Corporation had unfunded equity investment commitments of \$234 million and \$307 million.

At June 30, 2013 and December 31, 2012, the Corporation had commitments to purchase loans (e.g., residential mortgage and commercial real estate) of \$2.0 billion and \$1.3 billion, which upon settlement will be included in loans or LHFS.

At June 30, 2013 and December 31, 2012, the Corporation had commitments to enter into forward-dated resale and securities borrowing agreements of \$94.1 billion and \$67.3 billion, and commitments to enter into forward-dated repurchase and securities lending agreements of \$58.9 billion and \$42.3 billion. All of these commitments expire within the next 12 months.

The Corporation is a party to operating leases for certain of its premises and equipment. Commitments under these leases are approximately \$1.5 billion, \$2.7 billion, \$2.3 billion, \$2.0 billion and \$1.6 billion for the remainder of 2013 and the years through 2017, respectively, and \$6.9 billion in the aggregate for all years thereafter.

Other Guarantees

Bank-owned Life Insurance Book Value Protection

The Corporation sells products that offer book value protection to insurance carriers who offer group life insurance policies to corporations, primarily banks. The book value protection is provided on portfolios of intermediate investment-grade fixed-income securities and is intended to cover any shortfall in the event that policyholders surrender their policies and market value is below book value. These guarantees are recorded as derivatives and carried at fair value in the trading portfolio. At June 30, 2013 and December 31, 2012, the notional amount of these guarantees totaled \$13.3 billion and \$13.4 billion and the Corporation's maximum exposure related to these guarantees for both periods totaled \$3.0 billion with estimated maturity dates between 2030 and 2040. The net fair value including the fee receivable associated with these guarantees was \$45 million and \$52 million at June 30, 2013 and December 31, 2012 and reflects the probability of surrender as well as the multiple structural protection features in the contracts.

Employee Retirement Protection

The Corporation sells products that offer book value protection primarily to plan sponsors of the Employee Retirement Income Security Act of 1974 (ERISA) governed pension plans, such as 401(k) plans and 457 plans. The book value protection is provided on portfolios of intermediate/short-term investment-grade fixed-income securities and is intended to cover any shortfall in the event that plan participants continue to make qualified withdrawals after all securities have been liquidated and there is remaining book value. The Corporation retains the option to exit the contract at any time. If the Corporation exercises its option, the investment manager will either terminate the contract or convert the portfolio into a high-quality fixed-income portfolio, typically all government or government-backed agency securities, with the proceeds of the liquidated assets to assure the return of principal. To manage its exposure, the Corporation imposes restrictions and constraints on the timing of the withdrawals, the manner in which the portfolio is liquidated and the funds are accessed, and the investment parameters of the underlying portfolio. These constraints, combined with significant structural protections, are designed to provide adequate buffers and guard against payments even under extreme stress scenarios. These guarantees are recorded as derivatives and carried at fair value in the trading portfolio. At June 30, 2013 and December 31, 2012, the notional amount of these guarantees totaled \$10.2 billion and \$18.4 billion with estimated maturity dates up to 2015 if the exit option is exercised on all deals. The decline in notional amount in 2013 was primarily the result of plan sponsors surrendering the contracts or non-renewal of maturing contracts. As of June 30, 2013, the Corporation had not made a payment under these products.

Merchant Services

In accordance with credit and debit card association rules, the Corporation sponsors merchant processing servicers that process credit and debit card transactions on behalf of various merchants. In connection with these services, a liability may arise in the event of a billing dispute between the merchant and a cardholder that is ultimately resolved in the cardholder's favor. If the merchant defaults on its obligation to reimburse the cardholder, the cardholder, through its issuing bank, generally has until six months after the date of the transaction to present a chargeback to the merchant processor, which is primarily liable for any losses on covered transactions. However, if the merchant processor fails to meet its obligation to reimburse the cardholder for disputed transactions, then the Corporation, as the sponsor, could be held liable for the disputed amount. For the three and six months ended June 30, 2013, the sponsored entities processed and settled \$157.9 billion and \$306.2 billion of transactions and recorded losses of \$4 million and \$8 million. For the three and six months ended June 30, 2012, the sponsored entities processed and settled \$155.6 billion and \$288.8 billion of transactions and recorded losses of \$2 million and \$4 million. A significant portion of this activity was processed by a joint venture in which the Corporation holds a 49 percent

ownership. At June 30, 2013 and December 31, 2012, the sponsored merchant processing servicers held as collateral \$216 million and \$202 million of merchant escrow deposits which may be used to offset amounts due from the individual merchants.

The Corporation believes the maximum potential exposure for chargebacks would not exceed the total amount of merchant transactions processed through Visa, MasterCard and Discover for the last six months, which represents the claim period for the cardholder, plus any outstanding delayed-delivery transactions. As of June 30, 2013 and December 31, 2012, the maximum potential exposure for sponsored transactions totaled \$256.0 billion and \$263.9 billion. However, the Corporation believes that the maximum potential exposure is not representative of the actual potential loss exposure and does not expect to make material payments in connection with these guarantees.

Other Derivative Contracts

The Corporation funds selected assets, including securities issued by CDOs and CLOs, through derivative contracts, typically total return swaps, with third parties and VIEs that are not consolidated on the Consolidated Balance Sheet. At June 30, 2013 and December 31, 2012, the total notional amount of these derivative contracts was \$2.4 billion and \$2.9 billion with commercial banks and \$1.4 billion with VIEs for both periods. The underlying securities are senior securities and substantially all of the Corporation's exposures are insured. Accordingly, the Corporation's exposure to loss consists principally of counterparty risk to the insurers. In certain circumstances, generally as a result of ratings downgrades, the Corporation may be required to purchase the underlying assets, which would not result in additional gain or loss to the Corporation as such exposure is already reflected in the fair value of the derivative contracts.

Other Guarantees

The Corporation has entered into additional guarantee agreements and commitments, including lease-end obligation agreements, partial credit guarantees on certain leases, real estate joint venture guarantees, sold risk participation swaps, divested business commitments and sold put options that require gross settlement. The maximum potential future payment under these agreements was approximately \$3.6 billion and \$3.1 billion at June 30, 2013 and December 31, 2012. The estimated maturity dates of these obligations extend up to 2033. The Corporation has made no material payments under these guarantees.

In the normal course of business, the Corporation periodically guarantees the obligations of its affiliates in a variety of transactions including ISDA-related transactions and non-ISDA related transactions such as commodities trading, repurchase agreements, prime brokerage agreements and other transactions.

Payment Protection Insurance Claims Matter

In the U.K., the Corporation previously sold payment protection insurance (PPI) through its international card services business to credit card customers and consumer loan customers. PPI covers a consumer's loan or debt repayment if certain events occur such as loss of job or illness. In response to an elevated level of customer complaints across the industry, heightened media coverage and pressure from consumer advocacy groups, the U.K. Financial Services Authority investigated and raised concerns about the way some companies have handled complaints related to the sale of these insurance policies. In connection with this matter, the Corporation established a reserve for PPI. The reserve was \$312 million and \$510 million at June 30, 2013 and December 31, 2012. The Corporation recorded \$29 million of expense for both the three and six months ended June 30, 2013 compared to none and \$200 million for the same periods in 2012. It is reasonably possible that the Corporation will incur additional expense related to PPI claims; however, the amount of such additional expense cannot be reasonably estimated.

Litigation and Regulatory Matters

The following supplements the disclosure in *Note 13 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K and in *Note 11 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 (the prior commitments and contingencies disclosure).

In the ordinary course of business, the Corporation and its subsidiaries are routinely defendants in or parties to many pending and threatened legal actions and proceedings, including actions brought on behalf of various classes of claimants. These actions and proceedings are generally based on alleged violations of consumer protection, securities, environmental, banking, employment, contract and other laws. In some of these actions and proceedings, claims for substantial monetary damages are asserted against the Corporation and its subsidiaries.

In the ordinary course of business, the Corporation and its subsidiaries are also subject to regulatory examinations, information gathering requests, inquiries, investigations, and threatened legal actions and proceedings. Certain subsidiaries of the Corporation are registered broker/dealers or investment advisors and are subject to regulation by the SEC, the Financial Industry Regulatory Authority, the European Commission, the Prudential Regulatory Authority, the Financial Conduct Authority and other international, federal and state securities regulators. In connection with formal and informal inquiries by those agencies, such subsidiaries receive numerous requests, subpoenas and orders for documents, testimony and information in connection with various aspects of their regulated activities.

In view of the inherent difficulty of predicting the outcome of such litigation and regulatory matters, particularly where the claimants seek very large or indeterminate damages or where the matters present novel legal theories or involve a large number of parties, the Corporation generally cannot predict what the eventual outcome of the pending matters will be, what the timing of the ultimate resolution of these matters will be, or what the eventual loss, fines or penalties related to each pending matter may be.

In accordance with applicable accounting guidance, the Corporation establishes an accrued liability for litigation and regulatory matters when those matters present loss contingencies that are both probable and estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. When a loss contingency is not both probable and estimable, the Corporation does not establish an accrued liability. As a litigation or regulatory matter develops, the Corporation, in conjunction with any outside counsel handling the matter, evaluates on an ongoing basis whether such matter presents a loss contingency that is probable and estimable. If, at the time of evaluation, the loss contingency related to a litigation or regulatory matter is not both probable and estimable, the matter will continue to be monitored for further developments that would make such loss contingency both probable and estimable. Once the loss contingency related to a litigation or regulatory matter is deemed to be both probable and estimable, the Corporation will establish an accrued liability with respect to such loss contingency and record a corresponding amount of litigation-related expense. The Corporation continues to monitor the matter for further developments that could affect the amount of the accrued liability that has been previously established. Excluding expenses of internal or external legal service providers, litigation-related expense of \$471 million and \$2.7 billion was recognized for the three and six months ended June 30, 2013 compared to \$963 million and \$1.8 billion for the same periods in 2012.

For a limited number of the matters disclosed in this Note, and in the prior commitments and contingencies disclosure, for which a loss is probable or reasonably possible in future periods, whether in excess of a related accrued liability or where there is no accrued liability, the Corporation is able to estimate a range of possible loss. In determining whether it is possible to provide an estimate of loss or range of possible loss, the Corporation reviews and evaluates its material litigation and regulatory matters on an ongoing basis, in conjunction with any outside counsel handling the matter, in light of potentially relevant factual and legal developments. These may include information learned through the discovery process, rulings on dispositive motions, settlement discussions, and other rulings by courts, arbitrators or others. In cases in which the Corporation possesses sufficient appropriate information to develop an estimate of loss or range of possible loss, that estimate is aggregated and disclosed below. There may be other disclosed matters for which a loss is probable or reasonably possible but such an estimate may not be possible. For those matters where an estimate is possible, management currently estimates the aggregate range of possible loss is \$0 to \$2.8 billion in excess of the accrued liability (if any) related to those matters. This estimated range of possible loss is based upon currently available information and is subject to significant judgment and a variety of assumptions, and known and unknown uncertainties. The matters underlying the estimated range will change from time to time, and actual results may vary significantly from the current estimate. Those matters for which an estimate is not possible are not included within this estimated range. Therefore, this estimated range of possible loss represents what the Corporation believes to be an estimate of possible loss only for certain matters meeting these criteria. It does not represent the Corporation's maximum loss exposure. Information is provided below, or in the prior commitments and contingencies disclosure, regarding the nature of all of these contingencies and, where specified, the amount of the claim associated with these loss contingencies. Based on current knowledge, management does not believe that loss contingencies arising from pending matters, including the matters described herein, and in the prior commitments and contingencies disclosure, will have a material adverse effect on the consolidated financial position or liquidity of the Corporation. However, in light of the inherent uncertainties involved in these matters, some of which are beyond the Corporation's control, and the very large or indeterminate damages sought in some of these matters, an adverse outcome in one or more of these matters could be material to the Corporation's results of operations or cash flows for any particular reporting period.

Ambac Litigation

On April 16, 2012, Ambac Assurance Corp. and the Segregated Account of Ambac Assurance Corp. (together, Ambac) sued First Franklin Financial Corp., BANA, MLPF&S, Merrill Lynch Mortgage Lending, Inc., and Merrill Lynch Mortgage Investors, Inc. in New York Supreme Court, New York County. Plaintiffs' claims relate to guaranty insurance Ambac provided on a First Franklin securitization (Franklin Mortgage Loan Trust, Series 2007-FFC). The securitization was sponsored by a Merrill Lynch entity, and certain certificates in the securitization were insured by Ambac. The complaint alleges that defendants breached representations and warranties concerning the origination of the underlying mortgage loans and asserts claims for fraudulent inducement, breach of contract and indemnification. The complaint does not specify the amount of damages sought.

Defendants moved to dismiss the complaint on July 13, 2012. On July 19, 2013, the court denied defendants' motion to dismiss Ambac's contract and fraud causes of action. In addition, the court denied defendants' motion to dismiss Ambac's claims for attorneys' fees and punitive damages. The court also dismissed Ambac's indemnification cause of action.

Countrywide Bond Insurance Litigation

Ambac

On May 28, 2013, Ambac Assurance Corp. filed a second amended complaint that, with respect to the successor liability theories Ambac had previously asserted, alleged an additional claim that the Corporation is the alter ego of Countrywide and other Countrywide entities.

Credit Card Debt Cancellation and Identity Theft Protection Products

FIA has received inquiries from and has been in discussions with regulatory authorities to address concerns regarding the sale and marketing of certain optional credit card debt cancellation products. The Corporation may be subject to a regulatory enforcement action and required to pay restitution or provide other relief to customers, and/or pay penalties to one or more regulators.

In addition, BANA and FIA have been in discussions with regulatory authorities to address concerns that some customers may have paid for but did not receive certain benefits of optional identity theft protection services from third-party vendors of BANA and FIA, including whether appropriate oversight of such vendors existed. The Corporation has issued and will continue to issue refund checks to impacted customers and may be subject to a regulatory enforcement action requiring payment of additional restitution or other relief to customers, and/or payment of penalties to one or more regulators.

European Commission – Credit Default Swaps Antitrust Investigation

On July 1, 2013, the European Commission (Commission) announced that it had addressed a Statement of Objections (SO) to the Corporation, BANA and Banc of America Securities LLC (together, the Bank of America Entities); a number of other financial institutions; Markit Group Limited; and the International Swaps and Derivatives Association (together, the Parties). The SO sets forth the Commission's preliminary conclusion that the Parties infringed European Union competition law by participating in alleged collusion to prevent exchange trading of credit default swaps and futures. According to the SO, the conduct of the Bank of America Entities took place between August 2007 and April 2009. As part of the Commission's procedures, the Parties will be given the opportunity to review the evidence in the investigative file, respond to the Commission's preliminary conclusions and request a hearing before the Commission. If the Commission is satisfied that its preliminary conclusions are proved, the Commission has stated that it intends to impose a fine and require appropriate remedial measures. However, given the early stage of this matter, it is not possible to estimate the amount of any fine or what remedial measures may be required.

Fontainebleau Las Vegas Litigation

On July 26, 2013, the U.S. Court of Appeals for the Eleventh Circuit ruled on plaintiffs' appeal of the district court's dismissal of the disbursement agent claims against BANA in the Avenue Action. The Eleventh Circuit, affirming in part and reversing in part, held that there were factual disputes that could not be resolved on a summary judgment motion and remanded the case to the district court for further proceedings.

In re Bank of America Securities, Derivative and Employee Retirement Income Security Act (ERISA) Litigation

Consolidated Securities Class Action

Certain members of the securities class in the Consolidated Securities Class Action have appealed the district court's final approval of the settlement to the U.S. Court of Appeals for the Second Circuit.

Interchange and Related Litigation

Certain class members have opted out of the settlement and there have been a number of new filings in the U.S. District Courts for the Southern District of New York and Eastern District of New York related to these opt outs.

LIBOR and Other Reference Rate Inquiries and Litigation

On June 14, 2013, the Monetary Authority of Singapore (MAS) took administrative action against 20 banks, including BANA (Singapore Branch), for deficiencies in governance, risk management, internal controls and surveillance systems from 2007 to 2011 related to their submission processes for Singapore dollar interest rate benchmarks (specifically, SIBOR and SOR) and Foreign Exchange spot benchmarks. The MAS is requiring that all 20 banks adopt measures to address these deficiencies, report their progress in addressing these deficiencies on a quarterly basis, and conduct independent reviews to ensure the robustness of their remedial measures. Nineteen of the banks must also set aside an increased statutory reserve with the MAS at zero percent interest for one year, with BANA (Singapore Branch) required to set aside 700 million Singapore Dollars (approximately \$551 million U.S. dollars at a conversion rate of 0.7881 as of July 1, 2013).

Mortgage-backed Securities Litigation

The Corporation and its affiliates, Countrywide entities and their affiliates, and/or Merrill Lynch entities and their affiliates have been named as defendants in a number of cases relating to their various roles as issuer, originator, seller, depositor, sponsor, underwriter and/or controlling entity in MBS offerings, pursuant to which the MBS investors were entitled to a portion of the cash flow from the underlying pools of mortgages. These cases generally include purported class action suits and actions by individual MBS purchasers. Although the allegations vary by lawsuit, these cases generally allege that the registration statements, prospectuses and prospectus supplements for securities issued by securitization trusts contained material misrepresentations and omissions, in violation of Sections 11, 12 and/or 15 of the Securities Act of 1933, state securities laws, and/or other state statutory and common laws.

These cases generally involve allegations of false and misleading statements regarding: (i) the process by which the properties that served as collateral for the mortgage loans underlying the MBS were appraised; (ii) the percentage of equity that mortgage borrowers had in their homes; (iii) the borrowers' ability to repay their mortgage loans; (iv) the underwriting practices by which those mortgage loans were originated; (v) the ratings given to the different tranches of MBS by rating agencies; and (vi) the validity of each issuing trust's title to the mortgage loans comprising the pool for that securitization (collectively, MBS Claims). Plaintiffs in these cases generally seek unspecified compensatory damages, unspecified costs and legal fees and, in some instances, seek rescission. A number of other entities have threatened legal actions against the Corporation and its affiliates, Countrywide entities and their affiliates, and/or Merrill Lynch entities and their affiliates concerning MBS offerings.

On August 15, 2011, the U.S. Judicial Panel on Multidistrict Litigation ordered multiple federal court cases involving Countrywide MBS consolidated for pretrial purposes in the U.S. District Court for the Central District of California in a multi-district litigation entitled *In re Countrywide Financial Corp. Mortgage-Backed Securities Litigation*.

AIG Litigation

On June 27, 2013, the U.S. District Court for the Central District of California denied with prejudice AIG's motion for leave to amend its successor liability claims, based upon fraudulent conveyance theories, against the Corporation. AIG filed a Second Amended Complaint on July 12, 2013, which reduced the number of offerings and private placements to 322, and reduced AIG's claimed damages to \$9 billion.

Prudential Insurance Litigation

On March 14, 2013, The Prudential Insurance Company of America and certain of its affiliates (collectively Prudential) filed a complaint in the U.S. District Court for the District of New Jersey, in a case entitled *Prudential Insurance Company of America, et al. v. Bank of America, N.A., et al*. Prudential has named the Corporation, Merrill Lynch and a number of related entities as defendants. Prudential's complaint asserts certain MBS Claims pertaining to 54 MBS offerings in which Prudential alleges that it purchased securities between 2004 and 2007. Prudential seeks, among other relief, compensatory damages, rescission or a rescissory measure of damages, treble damages, punitive damages and other unspecified relief.

FHFA Litigation

On June 7, 2013, in *Federal Housing Finance Agency v. Countrywide Financial Corporation, et al.*, the U.S. District Court for the Central District of California denied with prejudice FHFA's motion for leave to amend its successor liability claims, based upon fraudulent conveyance theories, against the Corporation.

Regulatory and Governmental Investigations

The Corporation has received a number of subpoenas and other requests for information from regulators and governmental authorities regarding MBS and other mortgage-related matters, including inquiries, investigations and potential proceedings related to a number of transactions involving the Corporation's underwriting and issuance of MBS and its participation in certain CDO offerings. These inquiries and investigations include, among others, an investigation by the SEC related to Merrill Lynch's risk control, valuation, structuring, marketing and purchase of CDOs, and investigations by the DOJ, the SEC and the New York State Attorney General (the NYAG) concerning the purchase, securitization and underwriting of mortgage loans and RMBS. The Corporation has provided documents and testimony, and continues to cooperate fully with these inquiries and investigations.

The Corporation has been advised by the staff of the DOJ that it intends to file civil charges against Bank of America entities arising from one or two jumbo prime securitizations. The staff of the SEC has advised that they intend to recommend civil charges concerning one of those securitizations. The staff of the NYAG has advised that they intend to recommend filing an action against Merrill Lynch arising from their RMBS investigation. In addition, the staff of the SEC has advised that it is considering recommending civil charges against Merrill Lynch arising from its CDO investigation. The Corporation has been in active discussions with senior staff of each government entity in connection with the respective investigations and to explain why the threatened civil charges are not appropriate.

Mortgage Repurchase Litigation

Policemen's Annuity Litigation

On May 6, 2013, the U.S. District Court for the Southern District of New York denied defendants' motion to dismiss the second amended complaint. The court confirmed its prior holding that the Trust Indenture Act applied to the RMBS certificates at issue, and held that plaintiffs had plausibly alleged that defendants violated both the Trust Indenture Act and their contractual obligations by allegedly failing to give notice to the servicer and to certificate holders of certain alleged defects in the loans at issue.

U.S. Bank Litigation

On May 29, 2013, the New York Supreme Court, New York County dismissed U.S. Bank's claim for repurchase of all the mortgage loans in the Trust. The court granted U.S. Bank leave to amend this claim. The court denied defendants' motion to dismiss U.S. Bank's claim that Countrywide Home Loans, Inc. allegedly refused to repurchase specific mortgage loans which were the subject of prior repurchase demands. On June 18, 2013, U.S. Bank filed its second amended complaint seeking to re-plead its claim for repurchase of all loans in the Trust.

Ocala Litigation

Ocala Investor Actions

On June 6, 2013, the U.S. District Court for the Southern District of New York issued an order granting BANA's motion to dismiss plaintiffs' claims for failure to sue, negligence, negligent misrepresentation and equitable relief.

FDIC Action

On May 3, 2013, the FDIC filed a motion to dismiss BANA's claims against the FDIC in its capacity as receiver for Colonial Bank, citing a Notice of No Value Determination, dated April 15, 2013, published by the FDIC in the Federal Register, 78 Fed. Reg. 76, 23565 (the No Value Determination). On July 22, 2013, BANA filed a complaint against the FDIC in the U.S. District Court for the District of Columbia entitled *Bank of America, N.A. v. Federal Deposit Insurance Corporation*, challenging the FDIC's No Value Determination.

On June 17, 2013, the U.S. District Court for the District of Columbia denied BANA's motion seeking certification for interlocutory appeal of the court's December 10, 2012 ruling.

Ocala Bankruptcy

On June 20, 2013, the U.S. Bankruptcy Court for the Middle District of Florida signed the Ocala plan confirmation order and the plan became effective on July 1, 2013.

NOTE 12 – Shareholders' Equity***Common Stock***

The table below presents the declared quarterly cash dividends on common stock during 2013 and through August 1, 2013.

Declaration Date	Record Date	Payment Date	Dividend Per Share
July 24, 2013	September 6, 2013	September 27, 2013	\$ 0.01
April 30, 2013	June 7, 2013	June 28, 2013	0.01
January 23, 2013	March 1, 2013	March 22, 2013	0.01

On March 14, 2013, the Corporation announced that its Board of Directors authorized the repurchase of up to \$5.0 billion of common stock. The timing and amount of common stock repurchases will be consistent with the Corporation's 2013 capital plan. During the three months ended June 30, 2013, the Corporation repurchased and retired 79.6 million shares of common stock, which reduced shareholders' equity by approximately \$1.0 billion.

During the six months ended June 30, 2013, in connection with employee stock plans, the Corporation issued approximately 72 million shares and repurchased approximately 28 million shares of its common stock to satisfy tax withholding obligations. At June 30, 2013, the Corporation had reserved 1.8 billion unissued shares of common stock for future issuances under employee stock plans, common stock warrants, convertible notes and preferred stock.

Preferred Stock

During the three months ended March 31, 2013 and June 30, 2013, the cash dividends declared on preferred stock were \$373 million and \$365 million or a total of \$738 million for the six months ended June 30, 2013.

During the three months ended June 30, 2013, the Corporation redeemed \$5.5 billion of its Non-Cumulative Preferred Stock, Series H, 6, 7 and 8. As part of the redemption, a \$76 million preferred stock dividend was recorded for the difference between the carrying value and redemption price of the preferred stock. During the three months ended June 30, 2013, the Corporation issued \$1.0 billion of its Fixed-to-Floating Rate Semi-annual Non-Cumulative Preferred Stock, Series U.

On August 1, 2013, the Corporation redeemed \$951 million of its 7.25% Non-Cumulative Preferred Stock, Series J.

NOTE 13 – Accumulated Other Comprehensive Income (Loss)

The table below presents the changes in accumulated OCI after-tax for the six months ended June 30, 2013 and 2012.

(Dollars in millions)	Available-for-sale Debt Securities	Available-for-sale Marketable Equity Securities	Derivatives	Employee Benefit Plans	Foreign Currency ⁽¹⁾	Total
Balance, December 31, 2011	\$ 3,100	\$ 3	\$ (3,785)	\$ (4,391)	\$ (364)	\$ (5,437)
Net change	593	13	301	1,031	(1)	1,937
Balance, June 30, 2012	\$ 3,693	\$ 16	\$ (3,484)	\$ (3,360)	\$ (365)	\$ (3,500)
Balance, December 31, 2012	\$ 4,443	\$ 462	\$ (2,869)	\$ (4,456)	\$ (377)	\$ (2,797)
Net change	(5,088)	(51)	185	133	(91)	(4,912)
Balance, June 30, 2013	\$ (645)	\$ 411	\$ (2,684)	\$ (4,323)	\$ (468)	\$ (7,709)

⁽¹⁾ Net change in fair value represents the impact of changes in spot foreign exchange rates on the Corporation's net investment in non-U.S. operations and related hedges.

The table below presents additional information on each component of OCI before- and after-tax for the six months ended June 30, 2013 and 2012.

Changes in OCI Components Before- and After-tax

(Dollars in millions)	Six Months Ended June 30					
	2013			2012		
	Before-tax	Tax effect	After-tax	Before-tax	Tax effect	After-tax
Available-for-sale debt securities:						
Net change in fair value recorded in accumulated OCI	\$ (7,565)	\$ 2,799	\$ (4,766)	\$ 1,995	\$ (705)	\$ 1,290
Net realized gains reclassified into earnings	(512)	190	(322)	(1,107)	410	(697)
Net change	(8,077)	2,989	(5,088)	888	(295)	593
Available-for-sale marketable equity securities:						
Net change in fair value recorded in accumulated OCI	(83)	33	(50)	22	(8)	14
Net realized gains reclassified into earnings	(1)	—	(1)	(2)	1	(1)
Net change	(84)	33	(51)	20	(7)	13
Derivatives:						
Net change in fair value recorded in accumulated OCI	(125)	45	(80)	38	(15)	23
Net realized losses reclassified into earnings	421	(156)	265	440	(162)	278
Net change	296	(111)	185	478	(177)	301
Employee benefit plans:						
Net realized losses reclassified into earnings	146	(45)	101	254	(93)	161
Settlements and curtailments	42	(10)	32	1,381	(511)	870
Net change	188	(55)	133	1,635	(604)	1,031
Foreign currency:						
Net change in fair value recorded in accumulated OCI	711	(801)	(90)	(14)	16	2
Net realized (gains) losses reclassified into earnings	32	(33)	(1)	(3)	—	(3)
Net change	743	(834)	(91)	(17)	16	(1)
Total other comprehensive income (loss)	\$ (6,934)	\$ 2,022	\$ (4,912)	\$ 3,004	\$ (1,067)	\$ 1,937

Table of Contents

The table below presents effects on net income of significant amounts reclassified out of each component of accumulated OCI before- and after-tax for the six months ended June 30, 2013 and 2012.

Reclassifications Out of Accumulated OCI

(Dollars in millions)		Six Months Ended June 30	
Accumulated OCI Components	Income Statement Line Item	2013	2012
Available-for-sale debt securities:			
	Gain on sale of debt securities	\$ 525	\$ 1,152
	Other-than-temporary impairment	(13)	(45)
	Income before income taxes	512	1,107
	Income tax expense	190	410
	Net income	322	697
Available-for-sale marketable equity securities:			
	Equity investment income	1	2
	Income before income taxes	1	2
	Income tax expense	—	1
	Net income	1	1
Derivatives:			
Interest rate contracts	Net interest income	(547)	(376)
Commodity contracts	Trading account profits	(1)	(3)
Interest rate contracts	Other income	18	—
Equity compensation contracts	Personnel	109	(61)
	Loss before income taxes	(421)	(440)
	Income tax benefit	(156)	(162)
	Net loss	(265)	(278)
Employee benefit plans:			
Prior service costs	Personnel	(2)	(7)
Transition obligation	Personnel	—	(16)
Net actuarial gains (losses)	Personnel	(144)	(229)
Settlements and curtailments	Personnel	—	(62)
	Loss before income taxes	(146)	(314)
	Income tax benefit	(45)	(115)
	Net loss	(101)	(199)
Foreign currency:			
Insignificant items	Other income (loss)	(32)	3
	Income (loss) before income taxes	(32)	3
	Income tax benefit	(33)	—
	Net income	1	3
Total reclassification adjustments		\$ (42)	\$ 224

NOTE 14 – Earnings Per Common Share

The calculation of earnings per common share (EPS) and diluted EPS for the three and six months ended June 30, 2013 and 2012 is presented below. See *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K for additional information on the calculation of EPS.

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
(Dollars in millions, except per share information; shares in thousands)				
Earnings per common share				
Net income	\$ 4,012	\$ 2,463	\$ 5,495	\$ 3,116
Preferred stock dividends	(441)	(365)	(814)	(690)
Net income applicable to common shareholders	\$ 3,571	\$ 2,098	\$ 4,681	\$ 2,426
Dividends and undistributed earnings allocated to participating securities	(1)	(1)	(1)	(2)
Net income allocated to common shareholders	\$ 3,570	\$ 2,097	\$ 4,680	\$ 2,424
Average common shares issued and outstanding	10,775,867	10,775,695	10,787,357	10,714,881
Earnings per common share	\$ 0.33	\$ 0.19	\$ 0.43	\$ 0.23
Diluted earnings per common share				
Net income applicable to common shareholders	\$ 3,571	\$ 2,098	\$ 4,681	\$ 2,426
Add preferred stock dividends due to assumed conversions	75	75	150	150
Dividends and undistributed earnings allocated to participating securities	(1)	(1)	(1)	(2)
Net income allocated to common shareholders	\$ 3,645	\$ 2,172	\$ 4,830	\$ 2,574
Average common shares issued and outstanding	10,775,867	10,775,695	10,787,357	10,714,881
Dilutive potential common shares ⁽¹⁾	748,643	780,316	762,336	795,064
Total diluted average common shares issued and outstanding	11,524,510	11,556,011	11,549,693	11,509,945
Diluted earnings per common share	\$ 0.32	\$ 0.19	\$ 0.42	\$ 0.22

⁽¹⁾ Includes incremental shares from restricted stock units, restricted stock, stock options and warrants.

The Corporation previously issued a warrant to purchase 700 million shares of the Corporation's common stock to the holder of the Corporation's 6% Cumulative Perpetual Preferred Stock, Series T (the Series T Preferred Stock). The warrant may be exercised, at the option of the holder, through tendering the Series T Preferred Stock or paying cash. For both the three and six months ended June 30, 2013 and 2012, 700 million average dilutive potential common shares associated with the Series T Preferred Stock were included in the diluted share count under the "if-converted" method.

For both the three and six months ended June 30, 2013 and 2012, 62 million average dilutive potential common shares associated with the 7.25% Non-cumulative Perpetual Convertible Preferred Stock, Series L were not included in the diluted share count because the result would have been antidilutive under the "if-converted" method. For the three and six months ended June 30, 2013, average options to purchase 124 million and 129 million shares of common stock were outstanding but not included in the computation of EPS because the result would have been antidilutive under the treasury stock method compared to 161 million and 169 million for the same periods in 2012. For both the three and six months ended June 30, 2013 and 2012, average warrants to purchase 272 million shares of common stock were outstanding but not included in the computation of EPS because the result would have been antidilutive under the treasury stock method.

NOTE 15 – Pension, Postretirement and Certain Compensation Plans***Pension and Postretirement Plans***

The Corporation sponsors noncontributory trustee pension plans, a number of noncontributory nonqualified pension plans, and postretirement health and life plans that cover eligible employees. As a result of acquisitions, the Corporation assumed the obligations related to the pension plans of certain legacy companies. These acquired pension plans have been merged into a separate defined benefit pension plan which, together with the Bank of America Pension Plan, are referred to as the Qualified Pension Plans. Effective June 30, 2012, the benefits earned in the Qualified Pension Plans were frozen. Additional information on these plans is presented in *Note 18 – Employee Benefit Plans* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

Net periodic benefit cost of the Corporation's plans for the three and six months ended June 30, 2013 and 2012 included the following components.

Components of Net Periodic Benefit Cost

(Dollars in millions)	Three Months Ended June 30, 2013			
	Qualified Pension Plans	Non-U.S. Pension Plans	Nonqualified and Other Pension Plans ⁽¹⁾	Postretirement Health and Life Plans
Service cost	\$ —	\$ 8	\$ 1	\$ 3
Interest cost	151	25	29	15
Expected return on plan assets	(252)	(31)	(28)	(1)
Amortization of prior service cost	—	—	—	1
Amortization of net actuarial loss (gain)	70	—	6	(5)
Net periodic benefit cost (income)	\$ (31)	\$ 2	\$ 8	\$ 13

Three Months Ended June 30, 2012				
Service cost	\$ 117	\$ 10	\$ —	\$ 3
Interest cost	169	25	35	18
Expected return on plan assets	(312)	(35)	(38)	(1)
Amortization of transition obligation	—	—	—	8
Amortization of prior service cost (credits)	4	—	(2)	1
Amortization of net actuarial loss (gain)	115	(2)	2	(5)
Recognized loss due to settlements and curtailments	—	—	1	—
Net periodic benefit cost (income)	\$ 93	\$ (2)	\$ (2)	\$ 24

Six Months Ended June 30, 2013				
Service cost	\$ —	\$ 17	\$ 1	\$ 7
Interest cost	302	50	59	28
Expected return on plan assets	(505)	(63)	(55)	(2)
Amortization of prior service cost	—	—	—	2
Amortization of net actuarial loss (gain)	141	1	12	(10)
Recognized loss (gain) due to settlements and curtailments	17	(7)	—	—
Net periodic benefit cost (income)	\$ (45)	\$ (2)	\$ 17	\$ 25

Six Months Ended June 30, 2012				
Service cost	\$ 231	\$ 20	\$ —	\$ 7
Interest cost	341	49	70	36
Expected return on plan assets	(621)	(69)	(76)	(3)
Amortization of transition obligation	—	—	—	16
Amortization of prior service cost (credits)	9	—	(4)	2
Amortization of net actuarial loss (gain)	238	(4)	5	(10)
Recognized loss due to settlements and curtailments	58	—	4	—
Net periodic benefit cost (income)	\$ 256	\$ (4)	\$ (1)	\$ 48

⁽¹⁾ Includes nonqualified pension plans and the terminated Merrill Lynch U.S. pension plan.

The Corporation's best estimate of its contributions to be made to the Non-U.S. Pension Plans, Nonqualified and Other Pension Plans, and Postretirement Health and Life Plans in 2013 is \$122 million, \$103 million and \$107 million, respectively. For the six months ended June 30, 2013, the Corporation contributed \$88 million, \$59 million and \$54 million, respectively, to these plans. The Corporation has not made and does not expect to make a contribution to the Qualified Pension Plans in 2013.

The Corporation expects to merge certain pension plans during the three months ending September 30, 2013. The benefit structures of the merged plans will not change and there will be no impact to plan participants. The merger of the pension plans will require a remeasurement of the qualified pension obligations and plan assets at fair value as of the merger date. The remeasurement is expected to marginally decrease the amount of unamortized net periodic benefit costs that are recorded in accumulated OCI, net-of-tax. The plan merger is not expected to change the Corporation's estimate of contributions as described above.

Certain Compensation Plans

During the six months ended June 30, 2013, the Corporation granted 183 million restricted stock unit (RSU) awards to certain employees under the Key Associate Stock Plan. Generally, one-third of the RSUs vest on each of the first three anniversaries of the grant date provided that the employee remains continuously employed with the Corporation during that time. Except for two million RSUs that are authorized to settle in shares of common stock of the Corporation, the RSUs will be paid in cash to the employees on the vesting date based on the fair value of the Corporation's common stock as of the vesting date. The RSUs are expensed ratably over the vesting period, net of estimated forfeitures, for non-retirement eligible employees based upon the fair value of the Corporation's common stock on the accrual date. For RSUs granted to employees who are retirement eligible or will become retirement eligible during the vesting period, the RSUs are expensed as of the grant date or ratably over the period from the grant date to the date the employee becomes retirement eligible, respectively, net of estimated forfeitures. The accrued liability for the RSUs is adjusted to fair value based on changes in the fair value of the Corporation's common stock. The Corporation enters into cash-settled equity derivatives for a significant portion of the RSUs to minimize the change in expense driven by fluctuations in the fair value of the RSUs over the applicable vesting period. For additional information, see *Note 19 – Stock-based Compensation Plans* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

NOTE 16 – Fair Value Measurements

Under applicable accounting guidance, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Corporation determines the fair values of its financial instruments based on the fair value hierarchy established under applicable accounting guidance which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs used to measure fair value. The Corporation conducts a review of its fair value hierarchy classifications on a quarterly basis. Transfers into or out of fair value hierarchy classifications are made if the significant inputs used in the financial models measuring the fair values of the assets and liabilities became unobservable or observable, respectively, in the current marketplace. These transfers are considered to be effective as of the beginning of the quarter in which they occur. For more information regarding the fair value hierarchy and how the Corporation measures fair value, see *Note 1 – Summary of Significant Accounting Principles* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K. The Corporation accounts for certain financial instruments under the fair value option. For additional information, see *Note 17 – Fair Value Option*.

Valuation Processes and Techniques

The Corporation has various processes and controls in place to ensure that fair value is reasonably estimated. A model validation policy governs the use and control of valuation models used to estimate fair value. This policy requires review and approval of models by personnel who are independent of the front office, and periodic reassessments of models to ensure that they are continuing to perform as designed. In addition, detailed reviews of trading gains and losses are conducted on a daily basis by personnel who are independent of the front office. A price verification group, which is also independent of the front office, utilizes available market information including executed trades, market prices and market-observable valuation model inputs to ensure that fair values are reasonably estimated. The Corporation performs due diligence procedures over third-party pricing service providers in order to support their use in the valuation process. Where market information is not available to support internal valuations, independent reviews of the valuations are performed and any material exposures are escalated through a management review process.

While the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the six months ended June 30, 2013, there were no changes to the valuation techniques that had, or are expected to have, a material impact on its consolidated financial position or results of operations.

Level 1, 2 and 3 Valuation Techniques

Financial instruments are considered Level 1 when the valuation is based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or models using inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques, and at least one significant model assumption or input is unobservable and when determination of the fair value requires significant management judgment or estimation.

Trading Account Assets and Liabilities and Debt Securities

The fair values of trading account assets and liabilities are primarily based on actively traded markets where prices are based on either direct market quotes or observed transactions. The fair values of debt securities are generally based on quoted market prices or market prices for similar assets. Liquidity is a significant factor in the determination of the fair values of trading account assets and liabilities and debt securities. Market price quotes may not be readily available for some positions, or positions within a market sector where trading activity has slowed significantly or ceased. Some of these instruments are valued using a discounted cash flow model, which estimates the fair value of the securities using internal credit risk, interest rate and prepayment risk models that incorporate management's best estimate of current key assumptions such as default rates, loss severity and prepayment rates. Principal and interest cash flows are discounted using an observable discount rate for similar instruments with adjustments that management believes a market participant would consider in determining fair value for the specific security. Other instruments are valued using a net asset value approach which considers the value of the underlying securities. Underlying assets are valued using external pricing services, where available, or matrix pricing based on the vintages and ratings. Situations of illiquidity generally are triggered by the market's perception of credit uncertainty regarding a single company or a specific market sector. In these instances, fair value is determined based on limited available market information and other factors, principally from reviewing the issuer's financial statements and changes in credit ratings made by one or more rating agencies.

Derivative Assets and Liabilities

The fair values of derivative assets and liabilities traded in the OTC market are determined using quantitative models that utilize multiple market inputs including interest rates, prices and indices to generate continuous yield or pricing curves and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services. When third-party pricing services are used, the methods and assumptions used are reviewed by the Corporation. Estimation risk is greater for derivative asset and liability positions that are either option-based or have longer maturity dates where observable market inputs are less readily available, or are unobservable, in which case, quantitative-based extrapolations of rate, price or index scenarios are used in determining fair values. The fair values of derivative assets and liabilities include adjustments for market liquidity, counterparty credit quality and other instrument-specific factors, where appropriate. In addition, the Corporation incorporates within its fair value measurements of OTC derivatives a valuation adjustment to reflect the credit risk associated with the net position. Positions are netted by counterparty, and fair value for net long exposures is adjusted for counterparty credit risk while the fair value for net short exposures is adjusted for the Corporation's own credit risk. An estimate of severity of loss is also used in the determination of fair value, primarily based on market data.

Loans and Loan Commitments

The fair values of loans and loan commitments are based on market prices, where available, or discounted cash flow analyses using market-based credit spreads of comparable debt instruments or credit derivatives of the specific borrower or comparable borrowers. Results of discounted cash flow calculations may be adjusted, as appropriate, to reflect other market conditions or the perceived credit risk of the borrower.

Mortgage Servicing Rights

The fair values of MSRs are determined using models that rely on estimates of prepayment rates, the resultant weighted-average lives of the MSRs and the option-adjusted spread (OAS) levels. For more information on MSRs, see *Note 19 – Mortgage Servicing Rights*.

Loans Held-for-sale

The fair values of LHFS are based on quoted market prices, where available, or are determined by discounting estimated cash flows using interest rates approximating the Corporation's current origination rates for similar loans adjusted to reflect the inherent credit risk.

Private Equity Investments

Private equity investments consist of direct investments and fund investments which are initially valued at their transaction price. Thereafter, the fair value of direct investments is based on an assessment of each individual investment using methodologies that include publicly-traded comparables derived by multiplying a key performance metric (e.g., earnings before interest, taxes, depreciation and amortization) of the portfolio company by the relevant valuation multiple observed for comparable companies, acquisition comparables, entry level multiples and discounted cash flow analyses, and are subject to appropriate discounts for lack of liquidity or marketability. After initial recognition, the fair value of fund investments is based on the Corporation's proportionate interest in the fund's capital as reported by the respective fund managers.

Securities Financing Agreements

The fair values of certain reverse repurchase agreements, repurchase agreements and securities borrowed transactions are determined using quantitative models, including discounted cash flow models that require the use of multiple market inputs including interest rates and spreads to generate continuous yield or pricing curves, and volatility factors. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

Deposits and Short-term Borrowings

The fair values of deposits and short-term borrowings are determined using quantitative models, including discounted cash flow models that require the use of multiple market inputs including interest rates and spreads to generate continuous yield or pricing curves, and volatility factors. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services. The Corporation considers the impact of its own credit spreads in the valuation of these liabilities. The credit risk is determined by reference to observable credit spreads in the secondary cash market.

Long-term Debt

The Corporation issues structured liabilities that have coupons or repayment terms linked to the performance of debt or equity securities, indices, currencies or commodities. The fair values of these structured liabilities are estimated using quantitative models for the combined derivative and debt portions of the notes. These models incorporate observable and, in some instances, unobservable inputs including security prices, interest rate yield curves, option volatility, currency, commodity or equity rates and correlations between these inputs. The Corporation also considers the impact of its own credit spreads in determining the discount rate used to value these liabilities. The credit spread is determined by reference to observable spreads in the secondary bond market.

Asset-backed Secured Financings

The fair values of asset-backed secured financings are based on external broker bids, where available, or are determined by discounting estimated cash flows using interest rates approximating the Corporation's current origination rates for similar loans adjusted to reflect the inherent credit risk.

Recurring Fair Value

Assets and liabilities carried at fair value on a recurring basis at June 30, 2013 and December 31, 2012, including financial instruments which the Corporation accounts for under the fair value option, are summarized in the following tables.

(Dollars in millions)	June 30, 2013						Assets/Liabilities at Fair Value			
	Fair Value Measurements			Netting Adjustments ⁽²⁾						
	Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3							
Assets										
Federal funds sold and securities borrowed or purchased under agreements to resell	\$	—	\$	103,272	\$	—	\$	103,272		
Trading account assets:										
U.S. government and agency securities		40,251		14,158		—		54,409		
Corporate securities, trading loans and other		1,333		30,461		2,763		34,557		
Equity securities		29,451		14,160		464		44,075		
Non-U.S. sovereign debt		29,970		12,572		401		42,943		
Mortgage trading loans and ABS		—		10,565		4,685		15,250		
Total trading account assets		101,005		81,916		8,313		191,234		
Derivative assets ⁽³⁾		4,783		1,013,187		7,714	(968,912)	56,772		
AFS debt securities:										
U.S. Treasury securities and agency securities		516		2,583		—		3,099		
Mortgage-backed securities:										
Agency		—		169,184		—		169,184		
Agency-collateralized mortgage obligations		—		32,001		—		32,001		
Non-agency residential		—		8,026		—		8,026		
Commercial		—		3,748		—		3,748		
Non-U.S. securities		2,815		3,607		—		6,422		
Corporate/Agency bonds		—		1,223		8		1,231		
Other taxable securities		20		7,305		4,157		11,482		
Tax-exempt securities		—		4,084		877		4,961		
Total AFS debt securities		3,351		231,761		5,042		240,154		
Other debt securities carried at fair value:										
Mortgage-backed securities:										
Agency		—		26,121		—		26,121		
Agency-collateralized mortgage obligations		—		1,006		—		1,006		
Commercial		—		758		—		758		
Non-U.S. securities		11,525		1,917		—		13,442		
Total other debt securities carried at fair value		11,525		29,802		—		41,327		
Loans and leases		—		7,560		1,901		9,461		
Mortgage servicing rights		—		—		5,827		5,827		
Loans held-for-sale		—		8,725		2,153		10,878		
Other assets		15,596		4,450		1,700		21,746		
Total assets	\$	136,260	\$	1,480,673	\$	32,650	\$	(968,912)	\$	680,671
Liabilities										
Interest-bearing deposits in U.S. offices	\$	—	\$	1,978	\$	—	\$	—	\$	1,978
Federal funds purchased and securities loaned or sold under agreements to repurchase		—		59,926		—		—		59,926
Trading account liabilities:										
U.S. government and agency securities		21,335		533		—		—		21,868
Equity securities		22,752		3,200		—		—		25,952
Non-U.S. sovereign debt		23,376		1,751		—		—		25,127
Corporate securities and other		482		8,897		55		—		9,434
Total trading account liabilities		67,945		14,381		55		—		82,381
Derivative liabilities ⁽³⁾		4,713		996,919		6,541		(959,641)		48,532
Short-term borrowings		—		2,147		—		—		2,147
Accrued expenses and other liabilities		11,311		1,761		230		—		13,302
Long-term debt		—		44,549		1,890		—		46,439
Total liabilities	\$	83,969	\$	1,121,661	\$	8,716	\$	(959,641)	\$	254,705

⁽¹⁾ During the six months ended June 30, 2013, \$500 million of other assets were transferred from Level 1 to Level 2 primarily due to a restriction that became effective for a private equity investment.

⁽²⁾ Amounts represent the impact of legally enforceable master netting agreements and also cash collateral held or placed with the same counterparties.

⁽³⁾ For further disaggregation of derivative assets and liabilities, see Note 3 – Derivatives.

Table of Contents

	December 31, 2012					
	Fair Value Measurements					
(Dollars in millions)	Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3	Netting Adjustments ⁽²⁾	Assets/Liabilities at Fair Value	
Assets						
Federal funds sold and securities borrowed or purchased under agreements to resell	\$ —	\$ 98,670	\$ —	\$ —	\$ 98,670	
Trading account assets:						
U.S. government and agency securities	57,655	29,319	—	—	86,974	
Corporate securities, trading loans and other	1,292	32,882	3,726	—	37,900	
Equity securities	28,144	14,626	545	—	43,315	
Non-U.S. sovereign debt	29,254	13,139	353	—	42,746	
Mortgage trading loans and ABS	—	11,905	4,935	—	16,840	
Total trading account assets	116,345	101,871	9,559	—	227,775	
Derivative assets ⁽³⁾	2,997	1,372,398	8,073	(1,329,971)	53,497	
AFS debt securities:						
U.S. Treasury securities and agency securities	21,514	2,958	—	—	24,472	
Mortgage-backed securities:						
Agency	—	188,149	—	—	188,149	
Agency-collateralized mortgage obligations	—	37,538	—	—	37,538	
Non-agency residential	—	9,494	—	—	9,494	
Non-agency commercial	—	3,914	10	—	3,924	
Non-U.S. securities	2,637	2,981	—	—	5,618	
Corporate/Agency bonds	—	1,358	92	—	1,450	
Other taxable securities	20	8,180	3,928	—	12,128	
Tax-exempt securities	—	3,072	1,061	—	4,133	
Total AFS debt securities	24,171	257,644	5,091	—	286,906	
Other debt securities carried at fair value:						
U.S. Treasury securities and agency securities	491	—	—	—	491	
Mortgage-backed securities:						
Agency	—	13,073	—	—	13,073	
Agency-collateralized mortgage obligations	—	929	—	—	929	
Non-U.S. securities	9,151	300	—	—	9,451	
Total other debt securities carried at fair value	9,642	14,302	—	—	23,944	
Loans and leases	—	6,715	2,287	—	9,002	
Mortgage servicing rights	—	—	5,716	—	5,716	
Loans held-for-sale	—	8,926	2,733	—	11,659	
Other assets	18,535	4,826	3,129	—	26,490	
Total assets	\$ 171,690	\$ 1,865,352	\$ 36,588	\$ (1,329,971)	\$ 743,659	
Liabilities						
Interest-bearing deposits in U.S. offices	\$ —	\$ 2,262	\$ —	\$ —	\$ 2,262	
Federal funds purchased and securities loaned or sold under agreements to repurchase	—	42,639	—	—	42,639	
Trading account liabilities:						
U.S. government and agency securities	22,351	1,079	—	—	23,430	
Equity securities	19,852	2,640	—	—	22,492	
Non-U.S. sovereign debt	18,875	1,369	—	—	20,244	
Corporate securities and other	487	6,870	64	—	7,421	
Total trading account liabilities	61,565	11,958	64	—	73,587	
Derivative liabilities ⁽³⁾	2,859	1,355,309	6,605	(1,318,757)	46,016	
Short-term borrowings	—	4,074	—	—	4,074	
Accrued expenses and other liabilities	15,457	1,122	15	—	16,594	
Long-term debt	—	46,860	2,301	—	49,161	
Total liabilities	\$ 79,881	\$ 1,464,224	\$ 8,985	\$ (1,318,757)	\$ 234,333	

⁽¹⁾ During 2012, \$2.0 billion and \$350 million of assets and liabilities were transferred from Level 1 to Level 2, and \$785 million and \$40 million of assets and liabilities were transferred from Level 2 to Level 1. Of the asset transfers from Level 1 to Level 2, \$940 million was due to a restriction that became effective for a private equity investment during 2012, while \$335 million of the transfers from Level 2 to Level 1 was due to the lapse of this restriction during 2012. The remaining transfers were the result of additional information associated with certain equities, derivative contracts and private equity investments.

⁽²⁾ Amounts represent the impact of legally enforceable master netting agreements and also cash collateral held or placed with the same counterparties.

⁽³⁾ For further disaggregation of derivative assets and liabilities, see Note 3 – Derivatives.

Table of Contents

The following tables present a reconciliation of all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the three and six months ended June 30, 2013 and 2012, including net realized and unrealized gains (losses) included in earnings and accumulated OCI.

Level 3 – Fair Value Measurements ⁽¹⁾

(Dollars in millions)	Three Months Ended June 30, 2013									
	Balance April 1 2013	Gains (Losses) in Earnings	Gains (Losses) in OCI	Gross				Gross Transfers into Level 3	Gross Transfers out of Level 3	Balance June 30 2013
				Purchases	Sales	Issuances	Settlements			
Trading account assets:										
Corporate securities, trading loans and other	\$ 3,607	\$ 35	\$ —	\$ 712	\$ (959)	\$ —	\$ (99)	\$ 224	\$ (757)	\$ 2,763
Equity securities	497	8	—	28	(35)	—	—	29	(63)	464
Non-U.S. sovereign debt	417	(6)	—	11	—	—	(22)	1	—	401
Mortgage trading loans and ABS	4,480	10	—	978	(691)	—	(70)	—	(22)	4,685
Total trading account assets	9,001	47	—	1,729	(1,685)	—	(191)	254	(842)	8,313
Net derivative assets ⁽²⁾	1,063	392	—	204	(194)	—	(383)	(214)	305	1,173
AFS debt securities:										
Commercial MBS	10	—	—	—	—	—	(10)	—	—	—
Non-U.S. securities	1	—	—	—	(1)	—	—	—	—	—
Corporate/Agency bonds	96	—	—	—	—	—	—	—	(88)	8
Other taxable securities	4,045	3	10	367	—	—	(263)	—	(5)	4,157
Tax-exempt securities	1,041	—	11	—	—	—	(7)	—	(168)	877
Total AFS debt securities	5,193	3	21	367	(1)	—	(280)	—	(261)	5,042
Loans and leases ^(3, 4)	2,363	49	—	—	—	—	(505)	—	(6)	1,901
Mortgage servicing rights ⁽⁴⁾	5,776	1,026	—	—	(862)	147	(260)	—	—	5,827
Loans held-for-sale ⁽³⁾	2,405	19	—	8	(180)	—	(108)	12	(3)	2,153
Other assets ⁽⁵⁾	2,629	121	—	25	(156)	—	(864)	—	(55)	1,700
Trading account liabilities – Corporate securities and other	(58)	6	—	11	(17)	(5)	—	(1)	9	(55)
Accrued expenses and other liabilities ⁽³⁾	(455)	(7)	—	—	—	(165)	398	(1)	—	(230)
Long-term debt ⁽³⁾	(2,355)	92	—	170	—	(66)	66	(151)	354	(1,890)

⁽¹⁾ Assets (liabilities). For assets, increase / (decrease) to Level 3 and for liabilities, (increase) / decrease to Level 3.

⁽²⁾ Net derivatives include derivative assets of \$7.7 billion and derivative liabilities of \$6.5 billion.

⁽³⁾ Amounts represent instruments that are accounted for under the fair value option.

⁽⁴⁾ Issuances represent loan originations and mortgage servicing rights retained following securitizations or whole loan sales.

⁽⁵⁾ Other assets is primarily comprised of private equity investments.

During the three months ended June 30, 2013, the transfers into Level 3 included \$254 million of trading account assets, \$214 million of net derivative assets and \$151 million of long-term debt. Transfers into Level 3 for trading account assets were primarily the result of decreased market liquidity for certain corporate loans. Transfers into Level 3 for net derivative assets were primarily due to decreased price observability (i.e., market comparables for the referenced instruments) for certain forwards and long-dated options and updated information related to certain total return swaps. Transfers into Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities. Transfers occur on a regular basis for these long-term debt instruments due to changes in the impact of unobservable inputs on the value of the embedded derivative in relation to the instrument as a whole.

During the three months ended June 30, 2013, the transfers out of Level 3 included \$842 million of trading account assets, \$305 million of net derivative assets, \$261 million of AFS debt securities and \$354 million of long-term debt. Transfers out of Level 3 for trading account assets were primarily the result of increased market liquidity for certain corporate loans and securities. Transfers out of Level 3 for net derivative assets were primarily due to increased price observability (i.e., market comparables for the referenced instruments) for certain options. Transfers out of Level 3 for AFS debt securities were primarily due to increased market liquidity. Transfers out of Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities.

Table of Contents

Level 3 – Fair Value Measurements ⁽¹⁾

(Dollars in millions)	Three Months Ended June 30, 2012									
	Balance April 1 2012	Gains (Losses) in Earnings	Gains (Losses) in OCI	Gross				Gross Transfers into Level 3	Gross Transfers out of Level 3	Balance June 30 2012
				Purchases	Sales	Issuances	Settlements			
Trading account assets:										
Corporate securities, trading loans and other ⁽²⁾	\$ 6,001	\$ 30	\$ —	\$ 570	\$ (1,585)	\$ —	\$ (556)	\$ 98	\$ (99)	\$ 4,459
Equity securities	525	(6)	—	45	(38)	—	46	25	—	597
Non-U.S. sovereign debt	546	(26)	—	35	(166)	—	—	—	—	389
Mortgage trading loans and ABS ⁽²⁾	4,012	(16)	—	1,183	(181)	—	(173)	—	(7)	4,818
Total trading account assets	11,084	(18)	—	1,833	(1,970)	—	(683)	123	(106)	10,263
Net derivative assets ⁽³⁾	4,187	1,110	—	354	(301)	—	(676)	(39)	(34)	4,601
AFS debt securities:										
Mortgage-backed securities:										
Agency	33	—	—	—	—	—	—	—	(33)	—
Non-agency residential	29	—	—	—	(12)	—	(2)	—	(14)	1
Non-agency commercial	38	—	—	—	(11)	—	(3)	—	—	24
Corporate/Agency bonds	131	—	—	—	—	—	(38)	—	—	93
Other taxable securities	4,175	—	6	596	—	—	(68)	—	(151)	4,558
Tax-exempt securities	1,895	28	7	—	(34)	—	(756)	—	—	1,140
Total AFS debt securities	6,301	28	13	596	(57)	—	(867)	—	(198)	5,816
Loans and leases ^(4, 5)	2,782	51	—	—	(1,158)	—	(47)	—	7	1,635
Mortgage servicing rights ⁽⁵⁾	7,589	(1,592)	—	—	(98)	91	(282)	—	—	5,708
Loans held-for-sale ⁽⁴⁾	2,862	10	—	6	(21)	—	(129)	13	—	2,741
Other assets ⁽⁶⁾	3,487	(102)	—	6	(186)	—	(69)	—	—	3,136
Trading account liabilities – Corporate securities and other	(124)	—	—	7	(42)	—	—	—	16	(143)
Accrued expenses and other liabilities ⁽⁴⁾	(3)	1	—	—	—	—	—	—	—	(2)
Long-term debt ⁽⁴⁾	(2,500)	93	—	42	—	(73)	275	(506)	281	(2,388)

⁽¹⁾ Assets (liabilities). For assets, increase / (decrease) to Level 3 and for liabilities, (increase) / decrease to Level 3.

⁽²⁾ During the three months ended June 30, 2012, approximately \$900 million was reclassified from Trading account assets - Corporate securities, trading loans and other to Trading account assets - Mortgage trading loans and ABS. In the table above, this reclassification is presented as a sale of Trading account assets - Corporate securities, trading loans and other and as a purchase of Trading account assets - Mortgage trading loans and ABS.

⁽³⁾ Net derivatives include derivative assets of \$11.4 billion and derivative liabilities of \$6.8 billion.

⁽⁴⁾ Amounts represent instruments that are accounted for under the fair value option.

⁽⁵⁾ Issuances represent loan originations and mortgage servicing rights retained following securitizations or whole loan sales.

⁽⁶⁾ Other assets is primarily comprised of net monoline exposure to a single counterparty and private equity investments.

During the three months ended June 30, 2012, the transfers into Level 3 included \$123 million of trading account assets and \$506 million of long-term debt. Transfers into Level 3 for trading account assets were primarily the result of decreased market liquidity for certain corporate loans. Transfers into Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities. Transfers occur on a regular basis for these long-term debt instruments due to changes in the impact of unobservable inputs on the value of the embedded derivative in relation to the instrument as a whole.

During the three months ended June 30, 2012, the transfers out of Level 3 included \$106 million of trading account assets, \$198 million of AFS debt securities and \$281 million of long-term debt. Transfers out of Level 3 for trading account assets primarily related to increased market liquidity for certain corporate loans. Transfers out of Level 3 for AFS debt securities primarily related to increased price observability for certain ABS. Transfers out of Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities.

Level 3 – Fair Value Measurements ⁽¹⁾

(Dollars in millions)	Six Months Ended June 30, 2013									
	Balance January 1 2013	Gains (Losses) in Earnings	Gains (Losses) in OCI	Gross				Gross Transfers into Level 3	Gross Transfers out of Level 3	Balance June 30 2013
				Purchases	Sales	Issuances	Settlements			
Trading account assets:										
Corporate securities, trading loans and other	\$ 3,726	\$ 123	\$ —	\$ 1,517	\$ (1,925)	\$ —	\$ (239)	\$ 442	\$ (881)	\$ 2,763
Equity securities	545	50	—	57	(144)	—	—	37	(81)	464
Non-U.S. sovereign debt	353	45	—	26	(1)	—	(22)	1	(1)	401
Mortgage trading loans and ABS	4,935	172	—	1,631	(1,334)	—	(701)	5	(23)	4,685
Total trading account assets	9,559	390	—	3,231	(3,404)	—	(962)	485	(986)	8,313
Net derivative assets ⁽²⁾	1,468	685	—	383	(660)	—	(1,043)	(162)	502	1,173
AFS debt securities:										
Commercial MBS	10	—	—	—	—	—	(10)	—	—	—
Non-U.S. securities	—	—	—	1	(1)	—	—	—	—	—
Corporate/Agency bonds	92	—	4	—	—	—	—	—	(88)	8
Other taxable securities	3,928	3	12	610	—	—	(391)	—	(5)	4,157
Tax-exempt securities	1,061	1	14	—	—	—	(31)	—	(168)	877
Total AFS debt securities	5,091	4	30	611	(1)	—	(432)	—	(261)	5,042
Loans and leases ^(3,4)	2,287	100	—	71	—	5	(546)	—	(16)	1,901
Mortgage servicing rights ⁽⁴⁾	5,716	1,460	—	—	(1,045)	270	(574)	—	—	5,827
Loans held-for-sale ⁽³⁾	2,733	(20)	—	8	(390)	—	(209)	34	(3)	2,153
Other assets ⁽⁵⁾	3,129	(327)	—	42	(183)	—	(906)	—	(55)	1,700
Trading account liabilities – Corporate securities and other	(64)	6	—	18	(31)	(5)	—	(9)	30	(55)
Accrued expenses and other liabilities ⁽³⁾	(15)	22	—	—	—	(751)	514	(1)	1	(230)
Long-term debt ⁽³⁾	(2,301)	103	—	259	(4)	(102)	126	(532)	561	(1,890)

⁽¹⁾ Assets (liabilities). For assets, increase / (decrease) to Level 3 and for liabilities, (increase) / decrease to Level 3.

⁽²⁾ Net derivatives include derivative assets of \$7.7 billion and derivative liabilities of \$6.5 billion.

⁽³⁾ Amounts represent instruments that are accounted for under the fair value option.

⁽⁴⁾ Issuances represent loan originations and mortgage servicing rights retained following securitizations or whole loan sales.

⁽⁵⁾ Other assets is primarily comprised of private equity investments.

During the six months ended June 30, 2013, the transfers into Level 3 included \$485 million of trading account assets, \$162 million of net derivative assets and \$532 million of long-term debt. Transfers into Level 3 for trading account assets were primarily the result of decreased market liquidity for certain corporate loans and securities. Transfers into Level 3 for net derivative assets were primarily due to decreased price observability (i.e., market comparables for the referenced instruments) for certain forwards and long-dated options and updated information related to certain total return swaps. Transfers into Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities. Transfers occur on a regular basis for these long-term debt instruments due to changes in the impact of unobservable inputs on the value of the embedded derivative in relation to the instrument as a whole.

During the six months ended June 30, 2013, the transfers out of Level 3 included \$986 million of trading account assets, \$502 million of net derivative assets, \$261 million of AFS debt securities and \$561 million of long-term debt. Transfers out of Level 3 for trading account assets were primarily the result of increased market liquidity for certain corporate loans and securities. Transfers out of Level 3 for net derivative assets were primarily due to increased price observability (i.e., market comparables for the referenced instruments) for certain option liabilities. Transfers out of Level 3 for AFS debt securities were primarily due to increased market liquidity. Transfers out of Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities.

Table of Contents

Level 3 – Fair Value Measurements ⁽¹⁾

(Dollars in millions)	Six Months Ended June 30, 2012									
	Balance January 1 2012	Gains (Losses) in Earnings	Gains (Losses) in OCI	Gross				Gross Transfers into Level 3	Gross Transfers out of Level 3	Balance June 30 2012
				Purchases	Sales	Issuances	Settlements			
Trading account assets:										
Corporate securities, trading loans and other ⁽²⁾	\$ 6,880	\$ 123	\$ —	\$ 1,245	\$ (2,650)	\$ —	\$ (745)	\$ 157	\$ (551)	\$ 4,459
Equity securities	544	9	—	124	(147)	—	36	33	(2)	597
Non-U.S. sovereign debt	342	(2)	—	308	(247)	—	—	—	(12)	389
Mortgage trading loans and ABS ⁽²⁾	3,689	83	—	1,367	(636)	—	(262)	742	(165)	4,818
Total trading account assets	11,455	213	—	3,044	(3,680)	—	(971)	932	(730)	10,263
Net derivative assets ⁽³⁾	5,866	273	—	713	(622)	—	(1,310)	67	(386)	4,601
AFS debt securities:										
Mortgage-backed securities:										
Agency	37	—	—	—	—	—	(4)	—	(33)	—
Non-agency residential	860	(69)	19	—	(305)	—	(2)	—	(502)	1
Non-agency commercial	40	—	—	—	(11)	—	(5)	—	—	24
Corporate/Agency bonds	162	(2)	—	(2)	—	—	(38)	—	(27)	93
Other taxable securities	4,265	7	23	958	—	—	(486)	—	(209)	4,558
Tax-exempt securities	2,648	54	25	—	(69)	—	(1,518)	—	—	1,140
Total AFS debt securities	8,012	(10)	67	956	(385)	—	(2,053)	—	(771)	5,816
Loans and leases ^(4, 5)	2,744	215	—	—	(1,158)	—	(164)	—	(2)	1,635
Mortgage servicing rights ⁽⁵⁾	7,378	(937)	—	—	(98)	168	(803)	—	—	5,708
Loans held-for-sale ⁽⁴⁾	3,387	179	—	10	(21)	—	(226)	44	(632)	2,741
Other assets ⁽⁶⁾	4,235	(134)	—	49	(767)	—	(236)	—	(11)	3,136
Trading account liabilities – Corporate securities and other	(114)	—	—	55	(69)	—	—	(65)	50	(143)
Accrued expenses and other liabilities ⁽⁴⁾	(14)	4	—	5	—	—	—	—	3	(2)
Long-term debt ⁽⁴⁾	(2,943)	(148)	—	118	(33)	(138)	708	(1,038)	1,086	(2,388)

⁽¹⁾ Assets (liabilities). For assets, increase / (decrease) to Level 3 and for liabilities, (increase) / decrease to Level 3.

⁽²⁾ During the six months ended June 30, 2012, approximately \$900 million was reclassified from Trading account assets - Corporate securities, trading loans and other to Trading account assets - Mortgage trading loans and ABS. In the table above, this reclassification is presented as a sale of Trading account assets - Corporate securities, trading loans and other and as a purchase of Trading account assets - Mortgage trading loans and ABS.

⁽³⁾ Net derivatives include derivative assets of \$11.4 billion and derivative liabilities of \$6.8 billion.

⁽⁴⁾ Amounts represent instruments that are accounted for under the fair value option.

⁽⁵⁾ Issuances represent loan originations and mortgage servicing rights retained following securitizations or whole loan sales.

⁽⁶⁾ Other assets is primarily comprised of net monoline exposure to a single counterparty and private equity investments.

During the six months ended June 30, 2012, the transfers into Level 3 included \$932 million of trading account assets and \$1.0 billion of long-term debt. Transfers into Level 3 for trading account assets were primarily the result of decreased market liquidity for certain corporate loans and updated information related to certain CLOs. Transfers into Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities. Transfers occur on a regular basis for these long-term debt instruments due to changes in the impact of unobservable inputs on the value of the embedded derivative in relation to the instrument as a whole.

During the six months ended June 30, 2012, the transfers out of Level 3 included \$730 million of trading account assets, \$386 million of net derivative assets, \$771 million of AFS debt securities, \$632 million of LHFS and \$1.1 billion of long-term debt. Transfers out of Level 3 for trading account assets primarily related to increased market liquidity for certain corporate and commercial real estate loans. Transfers out of Level 3 for net derivative assets primarily related to increased price observability (i.e., market comparables for the referenced instruments) for certain total return swaps and foreign exchange swaps. Transfers out of Level 3 for AFS debt securities primarily related to increased price observability for certain non-agency RMBS and ABS. Transfers out of Level 3 for LHFS primarily related to increased observable inputs, primarily liquid comparables. Transfers out of Level 3 for long-term debt were primarily due to changes in the impact of unobservable inputs on the value of certain structured liabilities.

Table of Contents

The following tables summarize gains (losses) due to changes in fair value, including both realized and unrealized gains (losses), recorded in earnings for Level 3 assets and liabilities during the three and six months ended June 30, 2013 and 2012. These amounts include gains (losses) on loans, LHFS, loan commitments and structured liabilities that are accounted for under the fair value option.

Level 3 – Total Realized and Unrealized Gains (Losses) Included in Earnings

	Three Months Ended June 30, 2013					
	Equity Investment Income (Loss)	Trading Account Profits (Losses)	Mortgage Banking Income (Loss) ⁽¹⁾	Other Income (Loss)		Total
(Dollars in millions)						
Trading account assets:						
Corporate securities, trading loans and other	\$ —	\$ 35	\$ —	\$ —	\$ —	\$ 35
Equity securities	—	8	—	—	—	8
Non-U.S. sovereign debt	—	(6)	—	—	—	(6)
Mortgage trading loans and ABS	—	10	—	—	—	10
Total trading account assets	—	47	—	—	—	47
Net derivative assets	—	260	132	—	—	392
AFS debt securities – Other taxable securities	—	—	—	3	—	3
Loans and leases ⁽²⁾	—	—	—	49	—	49
Mortgage servicing rights	—	—	1,026	—	—	1,026
Loans held-for-sale ⁽²⁾	—	—	(2)	21	—	19
Other assets	34	—	127	(40)	—	121
Trading account liabilities – Corporate securities and other	—	6	—	—	—	6
Accrued expenses and other liabilities ⁽²⁾	—	—	(7)	—	—	(7)
Long-term debt ⁽²⁾	—	58	—	34	—	92
Total	\$ 34	\$ 371	\$ 1,276	\$ 67	\$ —	\$ 1,748

	Three Months Ended June 30, 2012									
Trading account assets:										
Corporate securities, trading loans and other	\$	—	\$	30	\$	—	\$	—	\$	30
Equity securities		—		(6)		—		—		(6)
Non-U.S. sovereign debt		—		(26)		—		—		(26)
Mortgage trading loans and ABS		—		(16)		—		—		(16)
Total trading account assets		—		(18)		—		—		(18)
Net derivative assets		—		229		881		—		1,110
AFS debt securities – Tax-exempt securities		—		—		—		28		28
Loans and leases ⁽²⁾		—		—		—		51		51
Mortgage servicing rights		—		—		(1,592)		—		(1,592)
Loans held-for-sale ⁽²⁾		—		—		5		5		10
Other assets		(21)		—		(34)		(47)		(102)
Accrued expenses and other liabilities ⁽²⁾		—		—		—		1		1
Long-term debt ⁽²⁾		—		80		—		13		93
Total	\$	(21)	\$	291	\$	(740)	\$	51	\$	(419)

⁽¹⁾ Mortgage banking income does not reflect the impact of Level 1 and Level 2 hedges on MSRs.

⁽²⁾ Amounts represent instruments that are accounted for under the fair value option.

Level 3 – Total Realized and Unrealized Gains (Losses) Included in Earnings

	Six Months Ended June 30, 2013					
	Equity Investment Income (Loss)	Trading Account Profits (Losses)	Mortgage Banking Income (Loss) ⁽¹⁾	Other Income (Loss)	Total	
(Dollars in millions)						
Trading account assets:						
Corporate securities, trading loans and other	\$ —	\$ 123	\$ —	\$ —	\$ 123	
Equity securities	—	50	—	—	50	
Non-U.S. sovereign debt	—	45	—	—	45	
Mortgage trading loans and ABS	—	172	—	—	172	
Total trading account assets	—	390	—	—	390	
Net derivative assets	—	146	539	—	685	
AFS debt securities:						
Other taxable securities	—	—	—	3	3	
Tax-exempt securities	—	—	—	1	1	
Total AFS debt securities	—	—	—	4	4	
Loans and leases ⁽²⁾	—	—	—	100	100	
Mortgage servicing rights	—	—	1,460	—	1,460	
Loans held-for-sale ⁽²⁾	—	—	2	(22)	(20)	
Other assets	36	—	124	(487)	(327)	
Trading account liabilities – Corporate securities and other	—	6	—	—	6	
Accrued expenses and other liabilities ⁽²⁾	—	—	22	—	22	
Long-term debt ⁽²⁾	—	80	—	23	103	
Total	\$ 36	\$ 622	\$ 2,147	\$ (382)	\$ 2,423	

	Six Months Ended June 30, 2012									
Trading account assets:										
Corporate securities, trading loans and other	\$	—	\$	123	\$	—	\$	—	\$	123
Equity securities		—		9		—		—		9
Non-U.S. sovereign debt		—		(2)		—		—		(2)
Mortgage trading loans and ABS		—		83		—		—		83
Total trading account assets		—		213		—		—		213
Net derivative assets		—		(1,144)		1,417		—		273
AFS debt securities:										
Non-agency residential MBS		—		—		—		(69)		(69)
Corporate/Agency bonds		—		—		—		(2)		(2)
Other taxable securities		—		—		—		7		7
Tax-exempt securities		—		—		—		54		54
Total AFS debt securities		—		—		—		(10)		(10)
Loans and leases ⁽²⁾		—		—		—		215		215
Mortgage servicing rights		—		—		(937)		—		(937)
Loans held-for-sale ⁽²⁾		—		—		95		84		179
Other assets		(11)		—		(42)		(81)		(134)
Accrued expenses and other liabilities ⁽²⁾		—		—		—		4		4
Long-term debt ⁽²⁾		—		(59)		—		(89)		(148)
Total	\$	(11)	\$	(990)	\$	533	\$	123	\$	(345)

⁽¹⁾ Mortgage banking income does not reflect the impact of Level 1 and Level 2 hedges on MSRs.

⁽²⁾ Amounts represent instruments that are accounted for under the fair value option.

Table of Contents

The following tables summarize changes in unrealized gains (losses) recorded in earnings during the three and six months ended June 30, 2013 and 2012 for Level 3 assets and liabilities that were still held at June 30, 2013 and 2012. These amounts include changes in fair value on loans, LHFS, loan commitments and structured liabilities that are accounted for under the fair value option.

Level 3 – Changes in Unrealized Gains (Losses) Relating to Assets and Liabilities Still Held at Reporting Date

(Dollars in millions)	Three Months Ended June 30, 2013					Total
	Equity Investment Income (Loss)	Trading Account Profits (Losses)	Mortgage Banking Income (Loss) ⁽¹⁾	Other Income (Loss)		
Trading account assets:						
Corporate securities, trading loans and other	\$ —	\$ 2	\$ —	\$ —	\$ —	\$ 2
Equity securities	—	4	—	—	—	4
Non-U.S. sovereign debt	—	(18)	—	—	—	(18)
Mortgage trading loans and ABS	—	(10)	—	—	—	(10)
Total trading account assets	—	(22)	—	—	—	(22)
Net derivative assets	—	217	(52)	—	—	165
Loans and leases ⁽²⁾	—	—	—	58	—	58
Mortgage servicing rights	—	—	954	—	—	954
Loans held-for-sale ⁽²⁾	—	—	3	14	—	17
Other assets	(18)	—	127	(40)	—	69
Trading account liabilities – Corporate securities and other	—	2	—	—	—	2
Accrued expenses and other liabilities ⁽²⁾	—	—	(16)	—	—	(16)
Long-term debt ⁽²⁾	—	58	—	34	—	92
Total	\$ (18)	\$ 255	\$ 1,016	\$ 66	\$ —	\$ 1,319

(Dollars in millions)	Three Months Ended June 30, 2012					Total
	Equity Investment Income (Loss)	Trading Account Profits (Losses)	Mortgage Banking Income (Loss) ⁽¹⁾	Other Income (Loss)		
Trading account assets:						
Corporate securities, trading loans and other	\$ —	\$ (30)	\$ —	\$ —	\$ —	\$ (30)
Equity securities	—	(6)	—	—	—	(6)
Non-U.S. sovereign debt	—	(25)	—	—	—	(25)
Mortgage trading loans and ABS	—	(26)	—	—	—	(26)
Total trading account assets	—	(87)	—	—	—	(87)
Net derivative assets	—	227	481	—	—	708
Loans and leases ⁽²⁾	—	—	—	45	—	45
Mortgage servicing rights	—	—	(1,722)	—	—	(1,722)
Loans held-for-sale ⁽²⁾	—	—	5	(9)	—	(4)
Other assets	(46)	—	(34)	(47)	—	(127)
Trading account liabilities – Corporate securities and other	—	(2)	—	—	—	(2)
Long-term debt ⁽²⁾	—	82	—	13	—	95
Total	\$ (46)	\$ 220	\$ (1,270)	\$ 2	\$ —	\$ (1,094)

⁽¹⁾ Mortgage banking income does not reflect the impact of Level 1 and Level 2 hedges on MSRs.

⁽²⁾ Amounts represent instruments that are accounted for under the fair value option.

Level 3 – Changes in Unrealized Gains (Losses) Relating to Assets and Liabilities Still Held at Reporting Date

	Six Months Ended June 30, 2013					
	Equity Investment Income (Loss)	Trading Account Profits (Losses)	Mortgage Banking Income (Loss) ⁽¹⁾	Other Income (Loss)		Total
(Dollars in millions)						
Trading account assets:						
Corporate securities, trading loans and other	\$ —	\$ 53	\$ —	\$ —		\$ 53
Equity securities	—	(8)	—	—		(8)
Non-U.S. sovereign debt	—	63	—	—		63
Mortgage trading loans and ABS	—	58	—	—		58
Total trading account assets	—	166	—	—		166
Net derivative assets	—	13	(11)	—		2
Loans and leases ⁽²⁾	—	—	—	103		103
Mortgage servicing rights	—	—	1,290	—		1,290
Loans held-for-sale ⁽²⁾	—	—	12	(30)		(18)
Other assets	(18)	—	139	(37)		84
Trading account liabilities – Corporate securities and other	—	1	—	—		1
Accrued expenses and other liabilities ⁽²⁾	—	—	(15)	—		(15)
Long-term debt ⁽²⁾	—	55	—	23		78
Total	\$ (18)	\$ 235	\$ 1,415	\$ 59		\$ 1,691

	Six Months Ended June 30, 2012									
Trading account assets:										
Corporate securities, trading loans and other	\$	—	\$	(7)	\$	—	\$	—	\$	(7)
Equity securities		—		6		—		—		6
Mortgage trading loans and ABS		—		14		—		—		14
Total trading account assets		—		13		—		—		13
Net derivative assets		—		(1,115)		516		—		(599)
Loans and leases ⁽²⁾		—		—		—		141		141
Mortgage servicing rights		—		—		(1,252)		—		(1,252)
Loans held-for-sale ⁽²⁾		—		—		56		64		120
Other assets		(36)		—		(40)		(98)		(174)
Trading account liabilities – Corporate securities and other		—		4		—		—		4
Long-term debt ⁽²⁾		—		(12)		—		(54)		(66)
Total	\$	(36)	\$	(1,110)	\$	(720)	\$	53	\$	(1,813)

⁽¹⁾ Mortgage banking income does not reflect the impact of Level 1 and Level 2 hedges on MSRs.

⁽²⁾ Amounts represent instruments that are accounted for under the fair value option.

Table of Contents

The following tables present information about significant unobservable inputs related to the Corporation's material categories of Level 3 financial assets and liabilities at June 30, 2013 and December 31, 2012.

Quantitative Information about Level 3 Fair Value Measurements at June 30, 2013

(Dollars in millions)			Inputs		
Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted Average
Loans and Securities ⁽¹⁾					
Instruments backed by residential real estate assets	\$ 3,271	Discounted cash flow, Market comparables	Yield	2% to 25%	6 %
Trading account assets – Mortgage trading loans and ABS	434		Prepayment speed	1% to 35% CPR	10%
Loans and leases	858		Default rate	0% to 28% CDR	7 %
Loans held-for-sale	1,979		Loss severity	8% to 85%	41 %
Commercial loans, debt securities and other	\$ 11,430	Discounted cash flow, Market comparables	Yield	0% to 35%	5 %
Trading account assets – Corporate securities, trading loans and other	2,655		Enterprise value/EBITDA multiple	0x to 18x	6 x
Trading account assets – Mortgage trading loans and ABS	4,251		Prepayment speed	5% to 40%	20%
AFS debt securities – Other taxable securities	3,307		Default rate	1% to 4%	4 %
Loans and leases	1,043		Loss severity	25% to 40%	35 %
Loans held-for-sale	174				
Auction rate securities	\$ 1,835	Discounted cash flow, Market comparables	Projected tender price/Re-financing level	50% to 100%	95%
Trading account assets – Corporate securities, trading loans and other	108				
AFS debt securities – Other taxable securities	850				
AFS debt securities – Tax-exempt securities	877				
Structured liabilities					
Long-term debt	\$ (1,890)	Industry standard derivative pricing ⁽²⁾	Equity correlation	30% to 100%	63%
			Long-dated volatilities	4% to 70%	24%
Net derivatives assets					
Credit derivatives	\$ 1,284	Discounted cash flow, Stochastic recovery correlation model	Yield	4% to 25%	16%
			Credit spreads	56 bps to 184 bps	173 bps
			Upfront points	0 points to 100 points	58 points
			Spread to index	-1,746 bps to 1,852 bps	216 bps
			Credit correlation	20% to 87%	48%
			Prepayment speed	3% to 40% CPR	12%
			Default rate	1% to 5% CDR	3 %
			Loss severity	20% to 42%	35%
Equity derivatives	\$ (610)	Industry standard derivative pricing ⁽²⁾	Equity correlation	30% to 100%	63%
			Long-dated volatilities	4% to 70%	24%
Commodity derivatives	\$ 5	Discounted cash flow, Industry standard derivative pricing ⁽³⁾	Natural gas forward price	\$3/MMBtu to \$12/MMBtu	\$7/MMBtu
			Correlation	47% to 95%	79%
			Volatilities	9% to 301%	34%
Interest rate derivatives	\$ 494	Industry standard derivative pricing ⁽³⁾	Correlation (IR/IR)	24% to 99%	64%
			Correlation (FX/IR)	-65% to 50%	1 %
			Long-dated inflation rates	1% to 3%	2 %
			Long-dated inflation volatilities	0% to 2%	1 %
Total net derivative assets	\$ 1,173				

⁽¹⁾ The categories are aggregated based upon product type which differs from financial statement classification. The following is a reconciliation to the line items in the table on page 20: Trading account assets – Corporate securities, trading loans and other of \$2.8 billion, Trading account assets – Mortgage trading loans and ABS of \$4.7 billion, AFS debt securities – Other taxable securities of \$4.2 billion, AFS debt securities – Tax-exempt securities of \$877 million, Loans and leases of \$1.9 billion and LHFS of \$2.2 billion.

⁽²⁾ Includes models such as Monte Carlo simulation and Black-Scholes.

⁽³⁾ Includes models such as Monte Carlo simulation, Black-Scholes and other methods that model the joint dynamics of interest, inflation and foreign exchange rates.

CPR = Constant Prepayment Rate

CDR = Constant Default Rate

EBITDA = Earnings before interest, taxes, depreciation and amortization

MMBtu = Million British thermal units

IR = Interest Rate

FX = Foreign Exchange

Table of Contents

Quantitative Information about Level 3 Fair Value Measurements for Loans, Securities and Structured Liabilities at December 31, 2012

(Dollars in millions)			Inputs		
Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted Average
Loans and Securities ⁽¹⁾					
Instruments backed by residential real estate assets	\$ 4,478	Discounted cash flow, Market comparables	Yield	2% to 25%	6%
Trading account assets – Mortgage trading loans and ABS	459		Prepayment speed	1% to 30% CPR	10%
Loans and leases	1,286		Default rate	0% to 44% CDR	6%
Loans held-for-sale	2,733		Loss severity	6% to 85%	43%
Instruments backed by commercial real estate assets	\$ 1,910	Discounted cash flow	Yield	5%	n/a
Other assets	1,910		Loss severity	51% to 100%	88%
Commercial loans, debt securities and other	\$ 10,778	Discounted cash flow, Market comparables	Yield	0% to 25%	4%
Trading account assets – Corporate securities, trading loans and other	2,289		Enterprise value/EBITDA multiple	2x to 11x	5x
Trading account assets – Mortgage trading loans and ABS	4,476		Prepayment speed	5% to 30%	20%
AFS debt securities – Other taxable securities	3,012		Default rate	1% to 5%	4%
Loans and leases	1,001		Loss severity	25% to 40%	35%
Auction rate securities	\$ 3,414	Discounted cash flow, Market comparables	Discount rate	4% to 5%	4%
Trading account assets – Corporate securities, trading loans and other	1,437		Projected tender price/Re-financing level	50% to 100%	92%
AFS debt securities – Other taxable securities	916				
AFS debt securities – Tax-exempt securities	1,061				
Structured liabilities					
Long-term debt ⁽²⁾	\$ (2,301)	Industry standard derivative pricing ⁽³⁾	Equity correlation	30% to 97%	n/m
			Long-dated volatilities	20% to 70%	n/m

Quantitative Information about Level 3 Fair Value Measurements for Net Derivative Assets at December 31, 2012

(Dollars in millions)			Inputs	
Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs
Net derivatives assets				
Credit derivatives	\$ 2,327	Discounted cash flow, Stochastic recovery correlation model	Yield	2% to 25%
			Credit spreads	58 bps to 615 bps
			Upfront points	25 points to 99 points
			Spread to index	-2,080 bps to 1,972 bps
			Credit correlation	19% to 75%
			Prepayment speed	3% to 30% CPR
			Default rate	0% to 8% CDR
			Loss severity	25% to 42%
Equity derivatives	\$ (1,295)	Industry standard derivative pricing ⁽³⁾	Equity correlation	30% to 97%
			Long-dated volatilities	20% to 70%
Commodity derivatives	\$ (5)	Discounted cash flow	Natural gas forward price	\$3/MMBtu to \$12/MMBtu
Interest rate derivatives	\$ 441	Industry standard derivative pricing ⁽⁴⁾	Correlation (IR/IR)	15% to 99%
			Correlation (FX/IR)	-65% to 50%
			Long-dated inflation rates	2% to 3%
			Long-dated inflation volatilities	0% to 1%
			Long-dated volatilities (FX)	5% to 36%
			Long-dated swap rates	8% to 10%
Total net derivative assets	\$ 1,468			

⁽¹⁾ The categories are aggregated based upon product type which differs from financial statement classification. The following is a reconciliation to the line items in the table on page 21: Trading account assets – Corporate securities, trading loans and other of \$3.7 billion, Trading account assets – Mortgage trading loans and ABS of \$4.9 billion, AFS debt securities – Other taxable securities of \$3.9 billion, AFS debt securities – Tax-exempt securities of \$1.1 billion, Loans and leases of \$2.3 billion, LHFS of \$2.7 billion and Other assets of \$1.9 billion.

⁽²⁾ For more information on the ranges of inputs for equity correlation and long-dated volatilities, see the qualitative equity derivatives discussion on page 238.

⁽³⁾ Includes models such as Monte Carlo simulation and Black-Scholes.

⁽⁴⁾ Includes models such as Monte Carlo simulation, Black-Scholes and other methods that model the joint dynamics of interest, inflation and foreign exchange rates.

n/a = not applicable

n/m = not meaningful

CPR = Constant Prepayment Rate

CDR = Constant Default Rate

EBITDA = Earnings before interest, taxes, depreciation and amortization

MMBtu = Million British thermal units

IR = Interest Rate

FX = Foreign Exchange

Table of Contents

In the tables above, instruments backed by residential and commercial real estate assets include RMBS, CMBS, whole loans, mortgage CDOs and net monoline exposure. Commercial loans, debt securities and other includes corporate CLOs and CDOs, commercial loans and bonds, and securities backed by non-real estate assets. Structured liabilities primarily include equity-linked notes that are accounted for under the fair value option.

In addition to the instruments in the tables above, the Corporation held \$976 million and \$1.2 billion of instruments at June 30, 2013 and December 31, 2012 consisting primarily of certain direct private equity investments and private equity funds that were classified as Level 3 and reported within other assets. Valuations of direct private equity investments are based on the most recent company financial information. Inputs generally include market and acquisition comparables, entry level multiples, as well as other variables. The Corporation selects a valuation methodology (e.g., market comparables) for each investment and, in certain instances, multiple inputs are weighted to derive the most representative value. Discounts are applied as appropriate to consider the lack of liquidity and marketability versus publicly-traded companies. For private equity funds, fair value is determined using the net asset value as provided by the individual fund's general partner.

For information on the inputs and techniques used in the valuation of MSRs, see *Note 19 – Mortgage Servicing Rights*.

The Corporation uses multiple market approaches in valuing certain of its Level 3 financial instruments. For example, market comparables and discounted cash flows are used together. For a given product, such as corporate debt securities, market comparables may be used to estimate some of the unobservable inputs and then these inputs are incorporated into a discounted cash flow model. Therefore, the balances disclosed encompass both of these techniques.

The level of aggregation and diversity within the products disclosed in the tables results in certain ranges of inputs being wide and unevenly distributed across asset and liability categories. At December 31, 2012, weighted averages were disclosed for all loans and securities. At June 30, 2013, weighted averages are disclosed for all loans, securities, structured liabilities and net derivative assets.

For credit derivatives, the range of credit spreads represented positions with varying levels of default risk to the underlying instruments. The lower end of the credit spread range typically represented shorter-dated instruments and those with better perceived credit risk. The higher end of the range represented longer-dated instruments and those referencing debt issuances that were more likely to be impaired or nonperforming. At December 31, 2012, the majority of inputs were concentrated in the lower end of the range. Similarly, the spread to index could vary significantly based on the risk of the instrument. The spread will be positive for instruments that have a higher risk of default than the index (which is based on a weighted average of its components) and negative for instruments that have a lower risk of default than the index. At December 31, 2012, inputs were distributed evenly throughout the range for spread to index. In addition, for yield and credit correlation, the majority of the inputs were concentrated in the center of the range. Inputs were concentrated in the middle to lower end of the range for upfront points. The range for loss severity reflected exposures that were concentrated in the middle to upper end of the range while the ranges for prepayment speed and default rates reflected exposures that were concentrated in the lower end of the range.

For equity derivatives at December 31, 2012, including those embedded in long-term debt, the range for equity correlation represented exposure primarily concentrated toward the upper end of the range. The range for long-dated volatilities represented exposure primarily concentrated toward the lower end of the range.

For interest rate derivatives, the diversity in the portfolio was reflected in wide ranges of inputs because the variety of currencies and tenors of the transactions required the use of numerous foreign exchange and interest rate curves. Since foreign exchange and interest rate correlations were measured between curves and across the various tenors on the same curve, the range of potential values could include both negative and positive values. For the correlation (IR/IR) range, the exposure represented the valuation of interest rate correlations on less liquid pairings and was concentrated at the upper end of the range at December 31, 2012. For the correlation (FX/IR) range, the exposure was the sensitivity to a broad mix of interest rate and foreign exchange correlations and was distributed evenly throughout the range at December 31, 2012. For long-dated inflation rates and volatilities as well as long-dated volatilities (FX), the inputs were concentrated in the middle of the range.

Sensitivity of Fair Value Measurements to Changes in Unobservable Inputs

Loans and Securities

For instruments backed by residential real estate assets, commercial real estate assets, and commercial loans, debt securities and other, a significant increase in market yields, default rates or loss severities would result in a significantly lower fair value for long positions. Short positions would be impacted in a directionally opposite way. The impact of changes in prepayment speeds would have differing impacts depending on the seniority of the instrument and, in the case of CLOs, whether prepayments can be reinvested.

Table of Contents

For closed-end auction rate securities (ARS), a significant increase in discount rates would result in a significantly lower fair value. For student loan and municipal ARS, a significant increase in projected tender price/refinancing levels would result in a significantly higher fair value.

Structured Liabilities and Derivatives

For credit derivatives, a significant increase in market yield, including spreads to indices, upfront points (i.e., a single upfront payment made by a protection buyer at inception), credit spreads, default rates or loss severities would result in a significantly lower fair value for protection sellers and higher fair value for protection buyers. The impact of changes in prepayment speeds would have differing impacts depending on the seniority of the instrument and, in the case of CLOs, whether prepayments can be reinvested.

Structured credit derivatives, which include tranching portfolio CDS and derivatives with derivative product company (DPC) and monoline counterparties, are impacted by credit correlation, including default and wrong-way correlation. Default correlation is a parameter that describes the degree of dependence among credit default rates within a credit portfolio that underlies a credit derivative instrument. The sensitivity of this input on the fair value varies depending on the level of subordination of the tranche. For senior tranches that are net purchases of protection, a significant increase in default correlation would result in a significantly higher fair value. Net short protection positions would be impacted in a directionally opposite way. Wrong-way correlation is a parameter that describes the probability that as exposure to a counterparty increases, the credit quality of the counterparty decreases. A significantly higher degree of wrong-way correlation between a DPC counterparty and underlying derivative exposure would result in a significantly lower fair value.

For equity derivatives, equity-linked long-term debt (structured liabilities) and interest rate derivatives, a significant change in long-dated rates and volatilities and correlation inputs (e.g., the degree of correlation between an equity security and an index, between two different interest rates, or between interest rates and foreign exchange rates) would result in a significant impact to the fair value; however, the magnitude and direction of the impact depends on whether the Corporation is long or short the exposure.

Nonrecurring Fair Value

The Corporation holds certain assets that are measured at fair value, but only in certain situations (for example, impairment) and these measurements are referred to herein as nonrecurring. These assets primarily include LHFS, certain loans and leases, and foreclosed properties. The amounts below represent only balances measured at fair value during the three and six months ended June 30, 2013 and 2012, and still held as of the reporting date.

Assets Measured at Fair Value on a Nonrecurring Basis

Assets Measured at Fair Value on a Nonrecurring Basis					
	June 30, 2013		Three Months Ended June 30, 2013	Six Months Ended June 30, 2013	
(Dollars in millions)	Level 2	Level 3	Gains (Losses)		
Assets					
Loans held-for-sale	\$ 2,195	\$ 660	\$ (61)	\$ (69)	
Loans and leases ⁽¹⁾	14	4,489	(525)	(1,004)	
Foreclosed properties ⁽²⁾	12	1,435	8	10	
Other assets	99	12	(5)	(11)	
	June 30, 2012		Three Months Ended June 30, 2012	Six Months Ended June 30, 2012	
Assets					
Loans held-for-sale	\$ 683	\$ 1,139	\$ (69)	\$ (12)	
Loans and leases ⁽¹⁾	27	6,902	(1,213)	(2,350)	
Foreclosed properties ⁽²⁾	67	1,305	(46)	(82)	
Other assets	39	11	(2)	(2)	

⁽¹⁾ Losses represent charge-offs on real estate-secured loans.

⁽²⁾ Amounts are included in other assets on the Consolidated Balance Sheet and represent fair value and related losses on foreclosed properties that were written down subsequent to their initial classification as foreclosed properties.

Table of Contents

The table below presents information about significant unobservable inputs related to the Corporation's nonrecurring Level 3 financial assets and liabilities at June 30, 2013 and December 31, 2012.

Quantitative Information about Nonrecurring Level 3 Fair Value Measurements at June 30, 2013

(Dollars in millions)			Inputs		
Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted Average
Instruments backed by residential real estate assets	\$ 5,068		Yield	3% to 6%	4%
Loans held-for-sale	579	Discounted cash flow, Market comparables	Prepayment speed	3% to 20%	12%
Loans and leases	4,489		Default rate	0% to 28%	7%
			Loss severity	8% to 61%	43%
			OREO discount	0% to 29%	15%
			Cost to sell	8%	n/a
Instruments backed by commercial real estate assets	\$ 81		Yield	5% to 9%	9%
Loans held-for-sale	81	Discounted cash flow	Loss severity	82% to 86%	83%

Quantitative Information about Nonrecurring Level 3 Fair Value Measurements at December 31, 2012

Instruments backed by residential real estate assets	\$ 9,932		Yield	3% to 5%	3%
Loans held-for-sale	748	Discounted cash flow, Market comparables	Prepayment speed	3% to 30%	15%
Loans and leases	9,184		Default rate	0% to 55%	7%
			Loss severity	6% to 66%	48%
			OREO discount	0% to 28%	15%
			Cost to sell	8%	n/a
Instruments backed by commercial real estate assets	\$ 388		Yield	4% to 13%	6%
Loans held-for-sale	388	Discounted cash flow	Loss severity	24% to 88%	53%

n/a = not applicable

Instruments backed by residential real estate assets represent residential mortgages where the loan has been written down to the fair value of the underlying collateral or, in the case of LHFS, are carried at the lower of cost or fair value.

In addition to the instruments disclosed in the table above, the Corporation holds foreclosed residential properties where the fair value is based on unadjusted third-party appraisals or broker price opinions. Appraisals are conducted every 90 days. Factors considered in determining the fair value include geographic sales trends, the value of comparable surrounding properties as well as the condition of the property.

NOTE 17 – Fair Value Option

The Corporation elects to account for certain financial instruments under the fair value option. For more information on the primary financial instruments for which the fair value option elections have been made, see *Note 22 – Fair Value Option* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

The table below provides information about the fair value carrying amount and the contractual principal outstanding of assets and liabilities accounted for under the fair value option at June 30, 2013 and December 31, 2012.

Fair Value Option Elections

	June 30, 2013			December 31, 2012		
	Fair Value Carrying Amount	Contractual Principal Outstanding	Fair Value Carrying Amount Less Unpaid Principal	Fair Value Carrying Amount	Contractual Principal Outstanding	Fair Value Carrying Amount Less Unpaid Principal
(Dollars in millions)						
Loans reported as trading account assets ⁽¹⁾	\$ 2,378	\$ 3,613	\$ (1,235)	\$ 1,663	\$ 2,879	\$ (1,216)
Trading inventory – other	2,809	n/a	n/a	2,170	n/a	n/a
Consumer and commercial loans	9,461	9,865	(404)	9,002	9,576	(574)
Loans held-for-sale	10,878	11,790	(912)	11,659	12,676	(1,017)
Securities financing agreements	163,198	162,887	311	141,309	140,791	518
Other assets	449	270	179	453	270	183
Long-term deposits	1,978	1,851	127	2,262	2,046	216
Asset-backed secured financings	758	1,124	(366)	741	1,176	(435)
Unfunded loan commitments	486	n/a	n/a	528	n/a	n/a
Short-term borrowings	1,389	1,389	—	3,333	3,333	—
Accrued expenses and other liabilities	217	217	—	—	—	—
Long-term debt ^(2,3)	46,439	47,115	(676)	49,161	50,792	(1,631)

⁽¹⁾ A significant portion of the loans reported as trading account assets are distressed loans which trade and were purchased at a deep discount to par, and the remainder are loans with a fair value near contractual principal outstanding.

⁽²⁾ The majority of the difference between the fair value carrying amount and contractual principal outstanding at June 30, 2013 and December 31, 2012 relates to the impact of the Corporation's credit spreads as well as the fair value of the embedded derivative, where applicable.

⁽³⁾ Includes structured liabilities with a fair value of \$36.1 billion and contractual principal outstanding of \$36.2 billion at June 30, 2013 compared to \$39.3 billion and \$39.9 billion at December 31, 2012.

n/a = not applicable

Table of Contents

The table below provides information about where changes in the fair value of assets and liabilities accounted for under the fair value option are included in the Consolidated Statement of Income for the three and six months ended June 30, 2013 and 2012. Of the changes in fair value for LHFS, losses of \$39 million and gains of \$67 million were attributable to changes in borrower-specific credit risk for the three and six months ended June 30, 2013 compared to gains of \$34 million and \$164 million for the same periods in 2012. Of the changes in fair value for loans and loan commitments, gains of \$28 million and \$156 million were attributable to changes in borrower-specific credit risk for the three and six months ended June 30, 2013 compared to losses of \$115 million and gains of \$488 million for the same periods in 2012. Changes to borrower-specific credit risk for loans reported as trading account assets were not material for the three and six months ended June 30, 2013 and 2012.

Gains (Losses) Relating to Assets and Liabilities Accounted for Under the Fair Value Option

(Dollars in millions)	Three Months Ended June 30, 2013			
	Trading Account Profits (Losses)	Mortgage Banking Income (Loss)	Other Income (Loss)	Total
Loans reported as trading account assets	\$ 10	\$ —	\$ —	\$ 10
Consumer and commercial loans	2	—	50	52
Loans held-for-sale ⁽¹⁾	(15)	61	(31)	15
Securities financing agreements	(39)	—	—	(39)
Other assets	—	—	(44)	(44)
Long-term deposits	36	—	35	71
Asset-backed secured financings	—	(7)	—	(7)
Unfunded loan commitments	—	—	(19)	(19)
Short-term borrowings	11	—	—	11
Accrued expenses and other liabilities	—	(7)	—	(7)
Long-term debt ^(2, 3)	1,360	—	10	1,370
Total	\$ 1,365	\$ 47	\$ 1	\$ 1,413

(Dollars in millions)	Three Months Ended June 30, 2012			
	Trading Account Profits (Losses)	Mortgage Banking Income (Loss)	Other Income (Loss)	Total
Loans reported as trading account assets	\$ 56	\$ —	\$ —	\$ 56
Consumer and commercial loans	6	—	(5)	1
Loans held-for-sale ⁽¹⁾	(7)	526	(24)	495
Securities financing agreements	23	—	14	37
Other assets	—	—	(11)	(11)
Long-term deposits	—	—	(1)	(1)
Asset-backed secured financings	—	(17)	—	(17)
Unfunded loan commitments	—	—	(112)	(112)
Short-term borrowings	12	—	—	12
Long-term debt ^(2, 3)	756	—	(62)	694
Total	\$ 846	\$ 509	\$ (201)	\$ 1,154

⁽¹⁾ Includes the value of interest rate lock commitments on loans funded, including those already sold.

⁽²⁾ The majority of the net gains (losses) in trading account profits (losses) relate to the embedded derivative in structured liabilities and are offset by gains (losses) on derivatives and securities that hedge these liabilities. The net gains (losses) in other income (loss) relate to the impact on structured liabilities of changes in the Corporation's credit spread.

⁽³⁾ Includes positive fair value adjustments on structured liabilities of \$10 million for the three months ended June 30, 2013 compared to negative adjustments of \$62 million for the same period in 2012.

Gains (Losses) Relating to Assets and Liabilities Accounted for Under the Fair Value Option

	Six Months Ended June 30, 2013			
	Trading Account Profits (Losses)	Mortgage Banking Income (Loss)	Other Income (Loss)	Total
(Dollars in millions)				
Loans reported as trading account assets	\$ 39	\$ —	\$ —	\$ 39
Consumer and commercial loans	1	—	152	153
Loans held-for-sale ⁽¹⁾	(7)	528	(41)	480
Securities financing agreements	(16)	—	—	(16)
Other assets	—	—	(39)	(39)
Long-term deposits	36	—	54	90
Asset-backed secured financings	—	(51)	—	(51)
Unfunded loan commitments	—	—	46	46
Short-term borrowings	(28)	—	—	(28)
Accrued expenses and other liabilities	—	22	—	22
Long-term debt ^(2, 3)	91	—	(80)	11
Total	\$ 116	\$ 499	\$ 92	\$ 707
Six Months Ended June 30, 2012				
Loans reported as trading account assets	\$ 134	\$ —	\$ —	\$ 134
Consumer and commercial loans	5	—	297	302
Loans held-for-sale ⁽¹⁾	49	1,124	80	1,253
Securities financing agreements	23	—	(90)	(67)
Other assets	—	—	7	7
Long-term deposits	—	—	20	20
Asset-backed secured financings	—	(55)	—	(55)
Unfunded loan commitments	—	—	292	292
Short-term borrowings	19	—	—	19
Long-term debt ^(2, 3)	(35)	—	(3,376)	(3,411)
Total	\$ 195	\$ 1,069	\$ (2,770)	\$ (1,506)

⁽¹⁾ Includes the value of interest rate lock commitments on loans funded, including those already sold.

⁽²⁾ The majority of the net gains (losses) in trading account profits (losses) relate to the embedded derivative in structured liabilities and are offset by gains (losses) on derivatives and securities that hedge these liabilities. The net gains (losses) in other income (loss) relate to the impact on structured liabilities of changes in the Corporation's credit spread.

⁽³⁾ Includes negative fair value adjustments on structured liabilities of \$80 million for the six months ended June 30, 2013 compared to \$3.4 billion for the same period in 2012.

NOTE 18 – Fair Value of Financial Instruments

The fair values of financial instruments and their classifications within the fair value hierarchy have been derived using methodologies described in *Note 16 – Fair Value Measurements*. The following disclosures include financial instruments where only a portion of the ending balance at June 30, 2013 and December 31, 2012 was carried at fair value on the Consolidated Balance Sheet.

Short-term Financial Instruments

The carrying value of short-term financial instruments, including cash and cash equivalents, time deposits placed and other short-term investments, federal funds sold and purchased, resale and certain repurchase agreements, customer and other receivables, customer payables (within accrued expenses and other liabilities on the Consolidated Balance Sheet), and short-term borrowings approximates the fair value of these instruments. These financial instruments generally expose the Corporation to limited credit risk and have no stated maturities or have short-term maturities and carry interest rates that approximate market. The Corporation elected to account for certain repurchase agreements under the fair value option.

Under the fair value hierarchy, cash and cash equivalents are classified as Level 1. Time deposits placed and other short-term investments, such as U.S. government securities and short-term commercial paper, are classified as Level 1 and Level 2. Federal funds sold and purchased are classified as Level 2. Resale and repurchase agreements are classified as Level 2 because they are generally short-dated and/or variable-rate instruments collateralized by U.S. government or agency securities. Customer and other receivables primarily consist of margin loans, servicing advances and other accounts receivable and are classified as Level 2 and Level 3. Customer payables (within accrued expenses and other liabilities) and short-term borrowings are classified as Level 2.

Held-to-maturity Debt Securities

HTM debt securities, which consist of U.S. agency debt securities, are classified as Level 2 using the same methodologies as AFS U.S. agency debt securities. For more information on HTM debt securities, see *Note 4 – Securities*.

Loans

The fair values for commercial and consumer loans are generally determined by discounting both principal and interest cash flows expected to be collected using a discount rate for similar instruments with adjustments that the Corporation believes a market participant would consider in determining fair value. The Corporation estimates the cash flows expected to be collected using internal credit risk, interest rate and prepayment risk models that incorporate the Corporation's best estimate of current key assumptions, such as default rates, loss severity and prepayment speeds for the life of the loan. The carrying value of loans is presented net of the applicable allowance for loan losses and excludes leases. The Corporation elected to account for certain large commercial loans that exceeded the Corporation's single name credit risk concentration guidelines by an amount that would require hedging under the fair value option.

Mortgage Servicing Rights

Commercial and residential reverse MSRs, which are carried at the lower of cost or market value and accounted for using the amortization method, are classified as Level 3. For more information on MSRs, see *Note 19 – Mortgage Servicing Rights*.

Deposits

The fair value for certain deposits with stated maturities was determined by discounting contractual cash flows using current market rates for instruments with similar maturities. The carrying value of non-U.S. time deposits approximates fair value. For deposits with no stated maturities, the carrying value was considered to approximate fair value and does not take into account the significant value of the cost advantage and stability of the Corporation's long-term relationships with depositors. The Corporation accounts for certain long-term fixed-rate deposits that are hedged with derivatives on a risk management basis under the fair value option.

Long-term Debt

The Corporation uses quoted market prices, when available, to estimate fair value for its long-term debt. When quoted market prices are not available, fair value is estimated based on current market interest rates and credit spreads for debt with similar terms and maturities. The Corporation accounts for certain structured liabilities under the fair value option.

Fair Value of Financial Instruments

The carrying values and fair values by fair value hierarchy of certain financial instruments where only a portion of the ending balance was carried at fair value at June 30, 2013 and December 31, 2012 are presented in the table below.

Fair Value of Financial Instruments

(Dollars in millions)	June 30, 2013				December 31, 2012			
	Carrying Value	Fair Value			Carrying Value	Fair Value		
		Level 2	Level 3	Total		Level 2	Level 3	Total
Financial assets								
Loans	\$ 876,510	\$ 103,060	\$ 787,877	\$ 890,937	\$ 859,875	\$ 105,119	\$ 772,761	\$ 877,880
Loans held-for-sale	14,549	11,329	3,220	14,549	19,413	15,087	4,321	19,408
Financial liabilities								
Deposits	1,080,783	1,081,110	—	1,081,110	1,105,261	1,105,669	—	1,105,669
Long-term debt	262,480	267,271	1,890	269,161	275,585	281,173	2,301	283,474

Commercial Unfunded Lending Commitments

Fair values were generally determined using a discounted cash flow valuation approach which is applied using market-based CDS or internally developed benchmark credit curves. The Corporation accounts for certain loan commitments under the fair value option.

The carrying values and fair values of the Corporation's commercial unfunded lending commitments were \$958 million and \$4.5 billion at June 30, 2013, and \$1.0 billion and \$4.5 billion at December 31, 2012. Commercial unfunded lending commitments are primarily classified as Level 3. The carrying value of these commitments is classified in accrued expenses and other liabilities.

The Corporation does not estimate the fair values of consumer unfunded lending commitments because, in many instances, the Corporation can reduce or cancel these commitments by providing notice to the borrower. For more information on commitments, see *Note 11 – Commitments and Contingencies*.

NOTE 19 – Mortgage Servicing Rights

The Corporation accounts for consumer MSRs at fair value with changes in fair value recorded in mortgage banking income in the Consolidated Statement of Income. The Corporation manages the risk in these MSRs with securities including MBS and U.S. Treasuries, as well as certain derivatives such as options and interest rate swaps, which are not designated as accounting hedges. The securities used to manage the risk in the MSRs are classified in other assets with changes in the fair value of the securities and the related interest income recorded in mortgage banking income.

The table below presents activity for residential first-lien MSRs for the three and six months ended June 30, 2013 and 2012. Commercial and residential reverse MSRs, which are carried at the lower of cost or market value and accounted for using the amortization method, totaled \$12 million and \$135 million at June 30, 2013 and December 31, 2012, and are not included in the tables in this Note.

Rollforward of Mortgage Servicing Rights

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Balance, beginning of period	\$ 5,776	\$ 7,589	\$ 5,716	\$ 7,378
Additions	147	91	270	168
Sales	(862)	(98)	(1,045)	(98)
Impact of customer payments ⁽¹⁾	(260)	(282)	(574)	(803)
Impact of changes in interest rates and other market factors ⁽²⁾	806	(1,717)	1,138	(742)
Model and other cash flow assumption changes: ⁽³⁾				
Projected cash flows, primarily due to decreases in costs to service loans	148	666	14	393
Impact of changes in the Home Price Index	(123)	5	(202)	20
Impact of changes to the prepayment model	228	342	403	342
Other model changes ⁽⁴⁾	(33)	(888)	107	(950)
Balance, June 30	\$ 5,827	\$ 5,708	\$ 5,827	\$ 5,708
Mortgage loans serviced for investors (in billions)	\$ 759	\$ 1,224	\$ 759	\$ 1,224

⁽¹⁾ Represents the change in the value of the MSR asset due to the impact of customer payments received during the period.

⁽²⁾ These amounts reflect the changes in modeled MSR fair value primarily due to observed changes in interest rates, volatility, spreads and the shape of the forward swap curve.

⁽³⁾ These amounts reflect periodic adjustments to the valuation model to reflect changes in the modeled relationship between inputs and their impact on projected cash flows as well as changes in certain cash flow assumptions such as cost to service and ancillary income per loan.

⁽⁴⁾ These amounts include the impact of periodic recalibrations of the model to reflect changes in the relationship between market interest rate spreads and projected cash flows. Also included are decreases of \$879 million and \$929 million for the three and six months ended June 30, 2012 due to changes in OAS rate inputs.

The Corporation primarily uses an OAS valuation approach which factors in prepayment risk to determine the fair value of MSRs. This approach consists of projecting servicing cash flows under multiple interest rate scenarios and discounting these cash flows using risk-adjusted discount rates. In addition to updating the valuation model for interest, discount and prepayment rates, periodic adjustments are made to recalibrate the valuation model for factors used to project cash flows. The changes to the factors capture the effect of variances related to actual versus estimated servicing proceeds.

The \$862 million and \$1.0 billion of MSRs sales during the three and six months ended June 30, 2013, primarily relate to transfers completed under definitive agreements the Corporation entered into during early 2013 to sell certain MSRs. The transfers of the MSRs are occurring in stages throughout 2013, and more than half of the servicing encompassed by these agreements had been transferred as of June 30, 2013. Certain of the remaining transfers are subject to the approval or consent of certain third parties.

Table of Contents

Significant economic assumptions in estimating the fair value of MSRs at June 30, 2013 and December 31, 2012 are presented below. The change in fair value as a result of changes in OAS rates is included within "Model and other cash flow assumption changes" in the table below. The weighted-average life is not an input in the valuation model but is a product of both changes in market rates of interest and changes in model and other cash flow assumptions. The weighted-average life represents the average period of time that the MSR's cash flows are expected to be received. Absent other changes, an increase (decrease) to the weighted-average life would generally result in an increase (decrease) in the MSR's fair value.

Significant Economic Assumptions

	June 30, 2013		December 31, 2012	
	Fixed	Adjustable	Fixed	Adjustable
Weighted-average OAS	4.14 %	7.21 %	4.00 %	6.63 %
Weighted-average life, in years	4.90	2.80	3.65	2.10

The table below presents the sensitivity of the weighted-average lives and fair value of MSRs to changes in modeled assumptions. These sensitivities are hypothetical and should be used with caution. As the amounts indicate, changes in fair value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of MSRs that continue to be held by the Corporation is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities. The below sensitivities do not reflect any hedge strategies that may be undertaken to mitigate such risk.

Sensitivity Impacts

		June 30, 2013					
		Change in Weighted-average Lives					
(Dollars in millions)		Fixed		Adjustable		Change in Fair Value	
Prepayment rates							
Impact of 10% decrease		0.24	years	0.18	years	\$	356
Impact of 20% decrease		0.50		0.39			752
Impact of 10% increase		(0.21)		(0.16)			(323)
Impact of 20% increase		(0.40)		(0.30)			(616)
OAS level							
Impact of 100 bps decrease						\$	291
Impact of 200 bps decrease							607
Impact of 100 bps increase							(268)
Impact of 200 bps increase							(517)

NOTE 20 – Business Segment Information

The Corporation reports the results of its operations through five business segments: *Consumer & Business Banking (CBB)*, *Consumer Real Estate Services (CRES)*, *Global Banking*, *Global Markets* and *Global Wealth & Investment Management (GWIM)*, with the remaining operations recorded in *All Other*.

Consumer & Business Banking

CBB offers a diversified range of credit, banking and investment products and services to consumers and businesses. *CBB* product offerings include traditional savings accounts, money market savings accounts, CDs and IRAs, noninterest- and interest-bearing checking accounts, investment accounts and products as well as credit and debit cards in the U.S. to consumers and small businesses. Customers and clients have access to a franchise network that stretches coast to coast through 32 states and the District of Columbia. The franchise network includes approximately 5,300 banking centers, 16,350 ATMs, nationwide call centers, and online and mobile platforms. *CBB* also offers a wide range of lending-related products and services, integrated working capital management and treasury solutions through a network of offices and client relationship teams along with various product partners to U.S.-based companies generally with annual sales of \$1 million to \$50 million. *CBB* results are impacted by the migration of clients and their deposit and loan balances between *CBB*.

and other client-managed businesses. Subsequent to the date of migration, the associated net interest income, noninterest income and noninterest expense are recorded in the business to which the clients migrated. During the second quarter of 2013, consumer Dealer Financial Services results were moved to *CBB* from *Global Banking* to align this business more closely with the Corporation's consumer lending activity and better serve the needs of its customers. Prior periods were reclassified to conform to current period presentation.

Consumer Real Estate Services

CRES provides an extensive line of consumer real estate products and services to customers nationwide. *CRES* products include fixed- and adjustable-rate first-lien mortgage loans for home purchase and refinancing needs, home equity lines of credit (HELOC) and home equity loans. First mortgage products are generally either sold into the secondary mortgage market to investors, while generally retaining MSRs and the Bank of America customer relationships, or are held on the balance sheet in *All Other* for ALM purposes. HELOC and home equity loans are retained on the *CRES* balance sheet. *CRES* services mortgage loans, including those loans it owns, loans owned by other business segments and *All Other*, and loans owned by outside investors.

The financial results of the on-balance sheet loans are reported in the business segment that owns the loans or *All Other*. *CRES* is not impacted by the Corporation's first mortgage production retention decisions as *CRES* is compensated for loans held for ALM purposes on a management accounting basis, with a corresponding offset recorded in *All Other*, and for servicing loans owned by other business segments and *All Other*. *CRES* also includes the impact of migrating customers and their related loan balances between *GWIM* and *CRES*. Subsequent to the date of migration, the associated net interest income and noninterest expense are recorded in the business segment to which loans were transferred.

Global Banking

Global Banking provides a wide range of lending-related products and services, integrated working capital management and treasury solutions to clients, and underwriting and advisory services through the Corporation's network of offices and client relationship teams. *Global Banking's* lending products and services include commercial loans, leases, commitment facilities, trade finance, real estate lending and asset-based lending. *Global Banking's* treasury solutions business includes treasury management, foreign exchange and short-term investing options. *Global Banking* also works with clients to provide investment banking products such as debt and equity underwriting and distribution, and merger-related and other advisory services. The economics of most investment banking and underwriting activities are shared primarily between *Global Banking* and *Global Markets* based on the activities performed by each segment. *Global Banking* clients include middle-market companies, commercial real estate firms, auto dealerships, not-for-profit companies, large global corporations, financial institutions and leasing clients. During the second quarter of 2013, the results of consumer Dealer Financial Services, previously reported in *Global Banking*, were moved into *CBB* and prior periods have been reclassified to conform to current period presentation.

Global Markets

Global Markets offers sales and trading services, including research, to institutional clients across fixed-income, credit, currency, commodity and equity businesses. *Global Markets* product coverage includes securities and derivative products in both the primary and secondary markets. *Global Markets* provides market-making, financing, securities clearing, settlement and custody services globally to institutional investor clients in support of their investing and trading activities. *Global Markets* also works with commercial and corporate clients to provide risk management products using interest rate, equity, credit, currency and commodity derivatives, foreign exchange, fixed-income and mortgage-related products. As a result of market-making activities in these products, *Global Markets* may be required to manage risk in government securities, equity and equity-linked securities, high-grade and high-yield corporate debt securities, MBS, commodities and ABS. The economics of most investment banking and underwriting activities are shared primarily between *Global Markets* and *Global Banking* based on the activities performed by each segment.

Global Wealth & Investment Management

GWIM provides comprehensive wealth management solutions to a broad base of clients from emerging affluent to the ultra-wealthy. These services include investment and brokerage services, estate and financial planning, fiduciary portfolio management, cash and liability management, and specialty asset management. *GWIM* also provides retirement and benefit plan services, philanthropic management and asset management to individual and institutional clients. *GWIM* results are impacted by the migration of clients and their deposit and loan balances between *GWIM* and primarily other client-managed businesses. Subsequent to the date of migration, the associated net interest income, noninterest income and noninterest expense are recorded in the business to which the clients migrated.

All Other

All Other consists of ALM activities, equity investments, the international consumer card business, liquidating businesses, residual expense allocations and other. ALM activities encompass the whole-loan residential mortgage portfolio and investment securities, interest rate and foreign currency risk management activities including the residual net interest income allocation, gains/losses on structured liabilities, the impact of certain allocation methodologies and accounting hedge ineffectiveness. Additionally, *All Other* includes certain residential mortgage loans that are managed by *CRES*.

Basis of Presentation

The management accounting and reporting process derives segment and business results by utilizing allocation methodologies for revenue and expense. The net income derived for the businesses is dependent upon revenue and cost allocations using an activity-based costing model, funds transfer pricing, and other methodologies and assumptions management believes are appropriate to reflect the results of the business.

Total revenue, net of interest expense, includes net interest income on a FTE basis and noninterest income. The adjustment of net interest income to a FTE basis results in a corresponding increase in income tax expense. The segment results also reflect certain revenue and expense methodologies that are utilized to determine net income. The net interest income of the businesses includes the results of a funds transfer pricing process that matches assets and liabilities with similar interest rate sensitivity and maturity characteristics. For presentation purposes, in segments where the total of liabilities and equity exceeds assets, which are generally deposit-taking segments, the Corporation allocates assets to match liabilities. Net interest income of the business segments also includes an allocation of net interest income generated by certain of the Corporation's ALM activities.

The Corporation's ALM activities include an overall interest rate risk management strategy that incorporates the use of various derivatives and cash instruments to manage fluctuations in earnings and capital that are caused by interest rate volatility. The Corporation's goal is to manage interest rate sensitivity so that movements in interest rates do not significantly adversely affect earnings and capital. The results of a majority of the Corporation's ALM activities are allocated to the business segments and fluctuate based on the performance of the ALM activities. ALM activities include external product pricing decisions including deposit pricing strategies, the effects of the Corporation's internal funds transfer pricing process and the net effects of other ALM activities.

Certain expenses not directly attributable to a specific business segment are allocated to the segments. The most significant of these expenses include data and item processing costs and certain centralized or shared functions. Data processing costs are allocated to the segments based on equipment usage. Item processing costs are allocated to the segments based on the volume of items processed for each segment. The costs of certain other centralized or shared functions are allocated based on methodologies that reflect utilization.

Table of Contents

The following tables present total revenue, net of interest expense, on a FTE basis, and net income (loss) for the three and six months ended June 30, 2013 and 2012, and total assets at June 30, 2013 and 2012 for each business segment, as well as *All Other*.

Business Segments

At and for the Three Months Ended June 30

(Dollars in millions)	Total Corporation ⁽¹⁾		Consumer & Business Banking		Consumer Real Estate Services	
	2013	2012	2013	2012	2013	2012
Net interest income (FTE basis)	\$ 10,771	\$ 9,782	\$ 5,034	\$ 4,878	\$ 699	\$ 713
Noninterest income	12,178	12,420	2,400	2,617	1,416	1,816
Total revenue, net of interest expense (FTE basis)	22,949	22,202	7,434	7,495	2,115	2,529
Provision for credit losses	1,211	1,773	967	1,157	291	187
Amortization of intangibles	274	321	127	158	—	—
Other noninterest expense	15,744	16,727	4,056	4,262	3,394	3,524
Income (loss) before income taxes	5,720	3,381	2,284	1,918	(1,570)	(1,182)
Income tax expense (benefit) (FTE basis)	1,708	918	892	710	(633)	(438)
Net income (loss)	\$ 4,012	\$ 2,463	\$ 1,392	\$ 1,208	\$ (937)	\$ (744)
Period-end total assets	\$ 2,123,320	\$ 2,160,854	\$ 587,576	\$ 537,946	\$ 124,031	\$ 146,386

	Global Banking		Global Markets	
	2013	2012	2013	2012
Net interest income (FTE basis)	\$ 2,252	\$ 1,940	\$ 1,013	\$ 721
Noninterest income	1,887	1,968	3,176	2,857
Total revenue, net of interest expense (FTE basis)	4,139	3,908	4,189	3,578
Provision for credit losses	163	(152)	(16)	(1)
Amortization of intangibles	16	20	17	16
Other noninterest expense	1,843	1,947	2,752	2,839
Income before income taxes	2,117	2,093	1,436	724
Income tax expense (FTE basis)	826	775	477	227
Net income	\$ 1,291	\$ 1,318	\$ 959	\$ 497
Period-end total assets	\$ 334,820	\$ 310,933	\$ 607,050	\$ 576,175

	Global Wealth & Investment Management		All Other	
	2013	2012	2013	2012
Net interest income (FTE basis)	\$ 1,505	\$ 1,393	\$ 268	\$ 137
Noninterest income	2,994	2,701	305	461
Total revenue, net of interest expense (FTE basis)	4,499	4,094	573	598
Provision for credit losses	(15)	47	(179)	535
Amortization of intangibles	99	105	15	22
Other noninterest expense	3,173	3,072	526	1,083
Income (loss) before income taxes	1,242	870	211	(1,042)
Income tax expense (benefit) (FTE basis)	484	322	(338)	(678)
Net income (loss)	\$ 758	\$ 548	\$ 549	\$ (364)
Period-end total assets	\$ 263,867	\$ 263,006	\$ 205,976	\$ 326,408

⁽¹⁾ There were no material intersegment revenues.

Business Segments

At and for the Six Months Ended June 30

(Dollars in millions)	Total Corporation ⁽¹⁾		Consumer & Business Banking		Consumer Real Estate Services	
	2013	2012	2013	2012	2013	2012
Net interest income (FTE basis)	\$ 21,646	\$ 20,835	\$ 10,047	\$ 10,160	\$ 1,442	\$ 1,481
Noninterest income	24,711	23,852	4,799	4,968	2,985	3,712
Total revenue, net of interest expense (FTE basis)	46,357	44,687	14,846	15,128	4,427	5,193
Provision for credit losses	2,924	4,191	1,919	2,064	626	694
Amortization of intangibles	550	640	254	316	—	—
Other noninterest expense	34,968	35,549	8,099	8,409	8,800	7,404
Income (loss) before income taxes	7,915	4,307	4,574	4,339	(4,999)	(2,905)
Income tax expense (benefit) (FTE basis)	2,420	1,191	1,743	1,599	(1,905)	(1,026)
Net income (loss)	\$ 5,495	\$ 3,116	\$ 2,831	\$ 2,740	\$ (3,094)	\$ (1,879)
Period-end total assets	\$ 2,123,320	\$ 2,160,854	\$ 587,576	\$ 537,946	\$ 124,031	\$ 146,386

	Global Banking		Global Markets	
	2013	2012	2013	2012
Net interest income (FTE basis)	\$ 4,412	\$ 4,027	\$ 2,122	\$ 1,628
Noninterest income	3,757	3,910	6,936	6,357
Total revenue, net of interest expense (FTE basis)	8,169	7,937	9,058	7,985
Provision for credit losses	312	(427)	(11)	(14)
Amortization of intangibles	32	40	33	31
Other noninterest expense	3,664	3,888	5,809	6,059
Income before income taxes	4,161	4,436	3,227	1,909
Income tax expense (FTE basis)	1,586	1,634	1,099	583
Net income	\$ 2,575	\$ 2,802	\$ 2,128	\$ 1,326
Period-end total assets	\$ 334,820	\$ 310,933	\$ 607,050	\$ 576,175

	Global Wealth & Investment Management		All Other	
	2013	2012	2013	2012
Net interest income (FTE basis)	\$ 3,101	\$ 2,924	\$ 522	\$ 615
Noninterest income (loss)	5,819	5,317	415	(412)
Total revenue, net of interest expense (FTE basis)	8,920	8,241	937	203
Provision for credit losses	7	93	71	1,781
Amortization of intangibles	198	210	33	43
Other noninterest expense	6,327	6,199	2,269	3,590
Income (loss) before income taxes	2,388	1,739	(1,436)	(5,211)
Income tax expense (benefit) (FTE basis)	910	641	(1,013)	(2,240)
Net income (loss)	\$ 1,478	\$ 1,098	\$ (423)	\$ (2,971)
Period-end total assets	\$ 263,867	\$ 263,006	\$ 205,976	\$ 326,408

⁽¹⁾ There were no material intersegment revenues.

Table of Contents

The table below presents a reconciliation of the five business segments' total revenue, net of interest expense, on a FTE basis, and net income to the Consolidated Statement of Income, and total assets to the Consolidated Balance Sheet. The adjustments presented in the table below include consolidated income, expense and asset amounts not specifically allocated to individual business segments.

Business Segment Reconciliations

(Dollars in millions)	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Segments' total revenue, net of interest expense (FTE basis)	\$ 22,376	\$ 21,604	\$ 45,420	\$ 44,484
Adjustments:				
ALM activities ⁽¹⁾	(94)	477	(410)	(692)
Equity investment income (loss)	576	(36)	1,096	394
Liquidating businesses and other	91	157	251	501
FTE basis adjustment	(222)	(234)	(433)	(441)
Consolidated revenue, net of interest expense	\$ 22,727	\$ 21,968	\$ 45,924	\$ 44,246
Segments' net income	\$ 3,463	\$ 2,827	\$ 5,918	\$ 6,087
Adjustments, net-of-taxes:				
ALM activities	(166)	(229)	(677)	(2,052)
Equity investment income (loss)	363	(23)	690	248
Liquidating businesses and other	352	(112)	(436)	(1,167)
Consolidated net income	\$ 4,012	\$ 2,463	\$ 5,495	\$ 3,116

	June 30	
	2013	2012
Segments' total assets	\$ 1,917,344	\$ 1,834,446
Adjustments:		
ALM activities, including securities portfolio	659,623	641,210
Equity investments	4,172	5,546
Liquidating businesses and other	72,508	181,802
Elimination of segment asset allocations to match liabilities	(530,327)	(502,150)
Consolidated total assets	\$ 2,123,320	\$ 2,160,854

⁽¹⁾ Includes positive fair value adjustments on structured liabilities of \$10 million and negative adjustments of \$80 million for the three and six months ended June 30, 2013 compared to negative adjustments of \$62 million and \$3.4 billion for the same periods in 2012.

NOTE 21 – Subsequent Event

On July 17, 2013, the U.K. 2013 Finance Bill was enacted, which reduced the U.K. corporate income tax rate by three percent to 20 percent. Two percent of the reduction will become effective on April 1, 2014 and the additional one percent reduction on April 1, 2015. These reductions will favorably affect income tax expense on future U.K. earnings but also require the Corporation to remeasure, in the period of enactment, its U.K. net deferred tax assets using the lower tax rates. As a result, in the three months ending September 30, 2013, the Corporation will record a charge to income tax expense of approximately \$1.1 billion in aggregate for these reductions.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

See Litigation and Regulatory Matters in *Note 11 – Commitments and Contingencies* to the Consolidated Financial Statements, which is incorporated by reference in this Item 1, for litigation and regulatory disclosure that supplements the disclosure in *Note 13 – Commitments and Contingencies* to the Consolidated Financial Statements of the Corporation's 2012 Annual Report on Form 10-K.

Item 1A. Risk Factors

There are no material changes from the risk factors set forth under Part 1, Item 1A. Risk Factors in the Corporation's 2012 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below presents share repurchase activity for the three months ended June 30, 2013. The primary source of funds for cash distributions by the Corporation to its shareholders is dividends received from its banking subsidiaries. Each of the banking subsidiaries is subject to various regulatory policies and requirements relating to the payment of dividends, including requirements to maintain capital above regulatory minimums. All of the Corporation's preferred stock outstanding has preference over the Corporation's common stock with respect to the payment of dividends.

(Dollars in millions, except per share information; shares in thousands)	Common Shares Repurchased ⁽¹⁾	Weighted-Average Per Share Price	Shares Purchased as Part of Publicly Announced Programs	Remaining Buyback Authority Amounts ⁽²⁾
April 1 - 30, 2013	42,369	\$ 11.91	42,256	\$ 4,497
May 1 - 31, 2013	30,513	13.28	30,324	4,094
June 1 - 30, 2013	7,073	13.72	7,066	3,997
Three Months Ended June 30, 2013	79,955	12.59		

⁽¹⁾ Includes shares of the Corporation's common stock acquired by the Corporation in connection with satisfaction of tax withholding obligations on vested restricted stock or restricted stock units and certain forfeitures and terminations of employment-related awards under equity incentive plans.

⁽²⁾ On March 14, 2013, the Corporation announced that its Board of Directors authorized the repurchase of up to \$5.0 billion of the Corporation's common stock through open market purchases or privately negotiated transactions, including Rule 10b5-1 plans, over four quarters beginning with the second quarter of 2013. For additional information, see Capital Management – Regulatory Capital on page 70 and *Note 12 – Shareholders' Equity* to the Consolidated Financial Statements.

The Corporation did not have any unregistered sales of its equity securities during the three months ended June 30, 2013.

Item 6. Exhibits

Exhibit 3(a)	Amended and Restated Certificate of Incorporation of registrant, as in effect on the date hereof ⁽¹⁾
Exhibit 3(b)	Amended and Restated Bylaws of registrant, as in effect on the date hereof, incorporated by reference to Exhibit 3(b) of registrant's 2010 Annual Report on Form 10-K (File No. 1-6523) filed on February 25, 2011
Exhibit 11	Earnings Per Share Computation – included in <i>Note 14 – Earnings Per Common Share</i> to the Consolidated Financial Statements ⁽¹⁾
Exhibit 12	Ratio of Earnings to Fixed Charges ⁽¹⁾ Ratio of Earnings to Fixed Charges and Preferred Dividends ⁽¹⁾
Exhibit 31(a)	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ⁽¹⁾
Exhibit 31(b)	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ⁽¹⁾
Exhibit 32(a)	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ⁽¹⁾
Exhibit 32(b)	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ⁽¹⁾
Exhibit 101.INS	XBRL Instance Document ⁽¹⁾
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document ⁽¹⁾
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document ⁽¹⁾
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document ⁽¹⁾
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document ⁽¹⁾
Exhibit 101.DEF	XBRL Taxonomy Extension Definitions Linkbase Document ⁽¹⁾

⁽¹⁾ Filed
herewith

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Bank of America Corporation
Registrant

Date: August 1, 2013

/s/ Neil A. Cotty

Neil A. Cotty
Chief Accounting Officer

Bank of America Corporation
Form 10-Q
Index to Exhibits

<u>Exhibit</u>	<u>Description</u>
Exhibit 3(a)	Amended and Restated Certificate of Incorporation of registrant, as in effect on the date hereof ⁽¹⁾
Exhibit 3(b)	Amended and Restated Bylaws of registrant, as in effect on the date hereof, incorporated by reference to Exhibit 3(b) of registrant's 2010 Annual Report on Form 10-K (File No. 1-6523) filed on February 25, 2011
Exhibit 11	Earnings Per Share Computation – included in <i>Note 14 – Earnings Per Common Share</i> to the Consolidated Financial Statements ⁽¹⁾
Exhibit 12	Ratio of Earnings to Fixed Charges ⁽¹⁾ Ratio of Earnings to Fixed Charges and Preferred Dividends ⁽¹⁾
Exhibit 31(a)	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ⁽¹⁾
Exhibit 31(b)	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 ⁽¹⁾
Exhibit 32(a)	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ⁽¹⁾
Exhibit 32(b)	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ⁽¹⁾
Exhibit 101.INS	XBRL Instance Document ⁽¹⁾
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document ⁽¹⁾
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document ⁽¹⁾
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document ⁽¹⁾
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document ⁽¹⁾
Exhibit 101.DEF	XBRL Taxonomy Extension Definitions Linkbase Document ⁽¹⁾
⁽¹⁾ Filed herewith	

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
BANKAMERICA CORPORATION

BankAmerica Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies that (i) the Certificate of Incorporation of the Corporation was originally filed on July 31, 1998, (ii) the Corporation was originally incorporated under the name "NationsBank (DE) Corporation," which name was changed to "NationsBank Corporation" on September 25, 1998 and to "BankAmerica Corporation" on September 30, 1998, (iii) this Amended and Restated Certificate of Incorporation has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, and (iv) the Amended and Restated Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

1. The name of the Corporation is Bank of America Corporation.
2. The purposes for which the Corporation is organized are to engage in any lawful act or activity for which corporations may be organized and incorporated under the General Corporation Law of the State of Delaware.
3. The number of shares, par value \$.01 per share, the Corporation is authorized to issue is Five Billion One Hundred Million (5,100,000,000), divided into the following classes:

<u>Class</u>	<u>Number of Shares</u>
Common	5,000,000,000
Preferred	100,000,000

The class of common ("Common Stock") has unlimited voting rights and, after satisfaction of claims, if any, of the holders of preferred shares, is entitled to receive the net assets of the Corporation upon distribution.

The Board of Directors of the Corporation shall have full power and authority to establish one or more series within the class of preferred shares (the "Preferred Shares"), to define the designations, preferences, limitations and relative rights (including conversion rights) of shares within such class and to determine all variations between series.

The Board of Directors of the Corporation has designated, established and authorized the following series of Preferred Shares:

(a) 7% Cumulative Redeemable Preferred Stock, Series B.

A. Designation.

The designation of this series is "7% Cumulative Redeemable Preferred Stock, Series B" (hereinafter referred to as the "Series B Preferred Stock") and the number of shares constituting such series is Thirty-Five Thousand Forty-Five (35,045). Shares of Series B Preferred Stock shall have a stated value of \$100.00 per share.

B. Dividends.

The holders of record of the shares of the Series B Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors of the Corporation, out of any funds legally available for such purpose, cumulative cash dividends at an annual dividend rate per share of 7% of the stated value thereof, which amount is \$7.00 per annum, per share, and no more. Such dividends shall be payable each calendar quarter at the rate of \$1.75 per share on such dates as shall be fixed by resolution of the Board of Directors of the Corporation. The date from which dividends on such shares shall be cumulative shall be the first day after said shares are issued. Accumulations of dividends shall not bear interest. No cash dividend shall be declared, paid or set apart for any shares of Common Stock unless all dividends on all shares of the Series B Preferred Stock at the time outstanding for all past dividend periods and for the then current dividend shall have been paid, or shall have been declared and a sum sufficient for the payment thereof, shall have been set apart. Subject to the foregoing provisions of this paragraph B, cash dividends or other cash distributions as may be determined by the Board of Directors of the Corporation may be declared and paid upon the shares of the Common Stock of the Corporation from time to time out of funds legally available therefor, and the shares of the Series B Preferred Stock shall not be entitled to participate in any such cash dividend or other such cash distribution so declared and paid or made on such shares of Common Stock.

C. Redemption.

From and after October 31, 1988, any holder may, by written request, call upon the Corporation to redeem all or any part of said holder's shares of said Series B Preferred Stock at a redemption price of \$100.00 per share plus accumulated unpaid dividends to the date said request for redemption is received by the Corporation and no more (the "Redemption Price"). Any such request for redemption shall be accompanied by the certificates for which redemption is requested, duly endorsed or with appropriate stock power attached, in either case with signature guaranteed. Upon receipt by the Corporation of any such request for redemption from any holder of the Series B Preferred Stock, the Corporation shall forthwith redeem said stock at the Redemption Price, provided that: (i) full cumulative dividends have been paid or declared and set apart for payment upon all shares of any series of preferred stock ranking superior to the Series B Preferred Stock as to dividends or other distributions (collectively the "Superior Stock"); and (ii) the Corporation is not then in default or in arrears with respect to any sinking or analogous fund or call for tenders obligation or agreement for the purchase, redemption or retirement of any shares of Superior Stock. In the event that, upon receipt of a request for redemption, either or both of the conditions set forth in clauses (i) and (ii) above are not met, the Corporation shall forthwith return said request to the submitting shareholder along with a statement that the Corporation is unable to honor such request and explanation of the reasons therefor. From and after the receipt by the Corporation of a request for redemption from any holder of said Series B Preferred Stock, which request may be honored consistent with the foregoing provisions, all rights of such holder in the Series B Preferred Stock for which redemption is requested shall cease and terminate, except only the right to receive the Redemption Price thereof, but without interest.

D. Liquidation
Preference.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of the Series B Preferred Stock shall be entitled to receive, subject to the provisions of paragraph G and before any payment shall be made to the holders of the shares of Common Stock, the amount of \$100.00 per share, plus accumulated dividends. After payment to the holders of the Series B Preferred Stock of the full amount as aforesaid, the holders of the Series B Preferred Stock as such shall have no right or claim to any of the remaining assets which shall be distributed ratably to the holders of the Common Stock. If, upon any such liquidation, dissolution or winding up, the assets available therefor are not sufficient to permit payments to the holders of Series B Preferred Stock of the full amount as aforesaid, then subject to the provisions of paragraph G, the holders of the Series B Preferred Stock then outstanding shall share ratably in the distribution of assets in accordance with the sums which would be payable if such holders were to receive the full amounts as aforesaid.

E. Sinking
Fund.

There shall be no sinking fund applicable to the shares of Series B Preferred Stock.

F. Conversion.

The shares of Series B Preferred Stock shall not be convertible into any shares of Common Stock or any other class of shares, nor exchanged for any shares of Common Stock or any other class of shares.

G. Superior
Stock.

The Corporation may issue stock with preferences superior or equal to the shares of the Series B Preferred Stock without the consent of the holders thereof.

H. Voting
Rights.

Each share of the Series B Preferred Stock shall be entitled to equal voting rights, share for share, with each share of the Common Stock.

(b) ESOP Convertible Preferred Stock, Series C.

The shares of the ESOP Convertible Preferred Stock, Series C, of the Corporation shall be designated "ESOP Convertible Preferred Stock, Series C," and the number of shares constituting such series shall be 3,000,000. The ESOP Convertible Preferred Stock, Series C, shall hereinafter be referred to as the "ESOP Preferred Stock."

A. Special Purpose Restricted Transfer Issue.

Shares of ESOP Preferred Stock shall be issued only to a trustee acting on behalf of an employee stock ownership plan or other employee benefit plan of the Corporation or any subsidiary of the Corporation. In the event of any transfer of shares of ESOP Preferred Stock to any person other than any such plan trustee or the Corporation, the shares of ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Corporation or the holder, shall be automatically converted into shares of Common Stock on the terms otherwise provided for the conversion of shares of ESOP Preferred Stock into shares of Common Stock pursuant to paragraph E hereof and no such transferee shall have any of the voting powers, preferences and relative, participating, optional or special rights ascribed to shares of ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of ESOP Preferred Stock shall be so converted. Certificates representing shares of ESOP Preferred Stock shall be legended to reflect such restrictions on transfer. Notwithstanding the foregoing provisions of this paragraph A, shares of ESOP Preferred Stock (i) may be converted into shares of Common Stock as provided by paragraph E hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Corporation upon the terms and conditions provided by paragraphs F, G and H hereof.

B. Dividends and Distributions.

(1) Subject to the provisions for adjustment hereinafter set forth, the holders of shares of ESOP Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, cash dividends ("Preferred Dividends") in an amount equal to \$3.30 per share per annum, and no more, payable semi-annually, one-half on the first day of January and one-half on the first day of July of each year (each a "Dividend Payment Date") to holders of record at the start of business on such Dividend Payment Date. Preferred Dividends shall accrue on a daily basis whether or not the Corporation shall have earnings or surplus at the time, but Preferred Dividends on the shares of ESOP Preferred Stock for any period less than a full semi-annual period between Dividend Payment Dates shall be computed on the basis of a 360-day year of 30-day months. Accumulated but unpaid Preferred Dividends shall accumulate as of the Dividend Payment Date on which they first become payable, but no interest shall accrue on accumulated but unpaid Preferred Dividends.

(2) So long as any ESOP Preferred Stock shall be outstanding, no dividend shall be declared or paid or set apart for payment on any other series of stock ranking on a parity with the ESOP Preferred Stock as to dividends, unless there shall also be or have been declared and paid or set apart for payment on the ESOP Preferred Stock, like dividends for all dividend payment periods of the ESOP Preferred Stock ending on or before the dividend payment date of such parity stock, ratably in proportion to the respective amounts of dividends accumulated and unpaid through such dividend payment period on the ESOP Preferred Stock and accumulated and unpaid or payable on such parity stock through the dividend payment period on such parity stock next preceding such Dividend Payment Date. In the event that full cumulative dividends on the ESOP Preferred Stock have not been declared and paid or set apart for payment when due, the Corporation shall not declare or pay or set apart for payment any dividends or make any other distributions on, or make any payment on account of the purchase, redemption or other retirement of any other class of stock or series thereof of the Corporation ranking, as to dividends or as to distributions in the event of a liquidation, dissolution or winding-up of the Corporation, junior to the ESOP Preferred Stock until full cumulative dividends on the ESOP Preferred Stock shall have been paid or declared and provided for; provided, however, that the foregoing shall not apply to (i) any dividend payable solely in any shares of any stock ranking, as to dividends or as to distributions in the event of the liquidation, dissolution or winding-up of the Corporation, junior to the ESOP Preferred Stock, or (ii) the acquisition of shares of any stock ranking, as to dividends or as to distributions in the event of a liquidation, dissolution or winding-up of the Corporation, junior to the ESOP Preferred Stock either (A) pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted or (B) in exchange solely for shares of any other stock ranking junior to the ESOP Preferred Stock.

C. Voting Rights.

The holders of shares of ESOP Preferred Stock shall have the following voting rights:

(1) The holders of ESOP Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation, voting together with the holders of Common Stock as one class. Each share of the ESOP Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which such share of ESOP Preferred Stock could be converted on the record date for determining the shareholders entitled to vote, rounded to the nearest whole vote; it being understood that whenever the "Conversion Ratio" (as defined in paragraph E hereof) is adjusted as provided in paragraph I hereof, the voting rights of the ESOP Preferred Stock shall also be similarly adjusted.

(2) Except as otherwise required by the General Corporation Law of the State of Delaware or set forth in paragraph C(1), holders of ESOP Preferred Stock shall have no special voting rights and their consent shall not be required for the taking of any corporate action.

D. Liquidation, Dissolution or Winding-Up.

(1) Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, the holders of ESOP Preferred Stock shall be entitled to receive out of the assets of the Corporation which remain after satisfaction in full of all valid claims of creditors of the Corporation and which are available for payment to shareholders and subject to the rights of the holders of any stock of the Corporation ranking senior to or on a parity with the ESOP Preferred Stock in respect of distributions upon liquidation, dissolution or winding-up of the Corporation, before any amount shall be paid or distributed among the holders of Common Stock or any other shares ranking junior to the ESOP Preferred Stock in respect of the distributions upon liquidation, dissolution or winding-up of the Corporation, liquidating distributions in the amount of \$42.50 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for distribution, and no more. If upon any liquidation, dissolution or winding-up of the Corporation, the amounts payable with respect to the ESOP Preferred Stock and any other stock ranking as to any such distribution on a parity with the ESOP Preferred Stock are not paid in full, the holders of the ESOP Preferred Stock and such other stock shall share ratably in any distribution of assets in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount to which they are entitled as provided by the foregoing provisions of this paragraph D(1), the holders of shares of ESOP Preferred Stock shall not be entitled to any further right or claim to any of the remaining assets of the Corporation.

(2) Neither the merger or consolidation of the Corporation with or into any other corporation, nor the merger or consolidation of any other corporation with or into the Corporation, nor the sale, transfer or lease of all or any portion of the assets of the Corporation, shall be deemed to be a dissolution, liquidation or winding-up of the affairs of the Corporation for purposes of this paragraph D, but the holders of ESOP Preferred Stock shall nevertheless be entitled in the event of any such merger or consolidation to the rights provided by paragraph H hereof.

(3) Written notice of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, stating the payment date or dates when, and the place or places where, the amounts distributable to holders of ESOP Preferred Stock in such circumstances shall be payable, shall be given by first-class mail, postage prepaid, mailed not less than twenty (20) days prior to any payment date stated therein, to the holders of ESOP Preferred Stock, at the address shown on the books of the Corporation or any transfer agent for the ESOP Preferred Stock.

E. Conversion into Common Stock.

(1) A holder of shares of ESOP Preferred Stock shall be entitled, at any time prior to the close of business on the date fixed for redemption of such shares pursuant to paragraph F, G or H hereof, to cause any or all of such shares to be converted into shares of Common Stock at a conversion rate equal to the ratio of 1.0 share of ESOP Preferred Stock to 1.68 shares of Common Stock (as adjusted as hereinafter provided, the "Conversion Ratio"). The Conversion Ratio set forth above is subject to adjustment pursuant to this Certificate of Incorporation.

(2) Any holder of shares of ESOP Preferred Stock desiring to convert such shares into shares of Common Stock shall surrender the certificate or certificates representing the shares of ESOP Preferred Stock being converted, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto), at the principal executive office of the Corporation or the offices of the transfer agent for the ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the ESOP Preferred Stock by the Corporation or the transfer agent for the ESOP Preferred Stock, accompanied by written notice of conversion. Such notice of conversion shall specify (i) the number of shares of ESOP Preferred Stock to be converted and the name or names in which such holder wishes the certificate or certificates for Common Stock and for any shares of ESOP Preferred Stock not to be so converted to be issued, and (ii) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion.

(3) Upon surrender of a certificate representing a share or shares of ESOP Preferred Stock for conversion, the Corporation shall issue and send by hand delivery (with receipt to be acknowledged) or by first-class mail, postage prepaid, to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. In the event that there shall have been surrendered a certificate or certificates representing shares of ESOP Preferred Stock, only part of which are to be converted, the Corporation shall issue and deliver to such holder or such holder's designee a new certificate or certificates representing the number of shares of ESOP Preferred Stock which shall not have been converted.

(4) The issuance by the Corporation of shares of Common Stock upon a conversion of shares of ESOP Preferred Stock into shares of Common Stock made at the option of the holder thereof shall be effective as of the earlier of (i) the delivery to such holder or such holder's designee of the certificate or certificates representing the shares of Common Stock issued upon conversion thereof or (ii) the commencement of business on the second business day after the surrender of the certificate or certificates for the shares of ESOP Preferred Stock to be converted, duly assigned or endorsed for transfer to the corporation (or accompanied by duly executed stock powers relating thereto) as provided hereby. On and after the effective date of conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Corporation shall not be obligated to pay any dividends which shall have been declared and shall be payable to holders of shares of ESOP Preferred Stock on a Dividend Payment Date if such Dividend Payment Date for such dividend shall coincide with or be on or subsequent to the effective date of conversion of such shares.

(5) The Corporation shall not be obligated to deliver to holders of ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(6) The Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all shares of ESOP Preferred Stock then outstanding. The Corporation shall prepare and shall use its best efforts to obtain and keep in force such governmental or regulatory permits or other authorizations as may be required by law, and shall comply with all requirements as to registration or qualification of the Common Stock, in order to enable the Corporation lawfully to issue and deliver to each holder of record of ESOP Preferred Stock such number of shares of its Common Stock as shall from time to time be sufficient to effect the conversion of all shares of ESOP Preferred Stock then outstanding and convertible into shares of Common Stock.

F. Redemption At the Option of the Corporation.

(1) The ESOP Preferred Stock shall be redeemable, in whole or in part, at the option of the Corporation at any time, at a redemption price per share (except as to redemption pursuant to paragraph F(3)) of \$42.83 prior to July 1, 1999 and \$42.50 thereafter, plus, in each case, an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption. Payment of the redemption price shall be made by the Corporation in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph F(5). From and after the date fixed for redemption, dividends on shares of ESOP Preferred Stock called for redemption will cease to accrue, such shares will no longer be deemed to be outstanding and all rights in respect of such shares of the Corporation shall cease, except the right to receive the redemption price. If less than all of the outstanding shares of ESOP Preferred Stock are to be redeemed, the Corporation shall either redeem a portion of the shares of each holder determined pro rata based on the number of shares held by each holder or shall select the shares to be redeemed by lot, as may be determined by the Board of Directors of the Corporation.

(2) Unless otherwise required by law, notice of redemption will be sent to the holders of ESOP Preferred Stock at the address shown on the books of the Corporation or any transfer agent for the ESOP Preferred Stock by first-class mail, postage prepaid, mailed not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vi) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised, and the Conversion Ratio and number of shares of Common Stock issuable upon conversion of a share of ESOP Preferred Stock at the time. These notice provisions may be supplemented if necessary in order to comply with optional redemption provisions for preferred stock which may be required under the Internal Revenue Code of 1986, as amended, or the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Upon surrender of the certificates for any shares so called for redemption and not previously converted (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the date fixed for redemption and at the applicable redemption price set forth in this paragraph F.

(3) In the event of a change in the federal tax law of the United States of America which has the effect of precluding the Corporation from claiming any of the tax deductions for dividends paid on the ESOP Preferred Stock when such dividends are used as provided under Section 404(k)(2) of the Internal Revenue Code of 1986, as amended and in effect on the date shares of ESOP Preferred Stock are initially issued, the Corporation may, within 180 days following the effective date of such tax legislation and implementing regulations of the Internal Revenue Service, if any, in its sole discretion and notwithstanding anything to the contrary in paragraph F(1), elect to redeem any or all such shares for the amount payable in respect of the shares upon liquidation of the Corporation pursuant to paragraph D.

(4) In the event the C&S/Sovran Retirement Savings, ESOP and Profit Sharing Plan (as amended, together with any successor plan, the "Plan") is terminated, the Corporation shall, notwithstanding anything to the contrary in paragraph F(1), redeem all shares of ESOP Preferred Stock for the amount payable in respect of the shares upon redemption of the ESOP Preferred Stock pursuant to paragraph F(1) hereof.

(5) The Corporation, at its option, may make payment of the redemption price required upon redemption of shares of ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such shares and cash, any such shares to be valued for such purpose at their Fair Market Value (as defined in paragraph I(7) hereof).

G. Other Redemption Rights.

Shares of ESOP Preferred Stock shall be redeemed by the Corporation at a price which is the greater of the Conversion Value (as defined in paragraph I) of the ESOP Preferred Stock on the date fixed for redemption or a redemption price of \$42.50 per share plus accrued and unpaid dividends thereon to the date fixed for redemption, for shares of Common Stock (any such shares of Common Stock to be valued for such purpose as provided by paragraph F(5) hereof), at the option of the holder, at any time and from time to time upon notice to the Corporation given not less than five (5) business days prior to the date fixed by the Corporation in such notice for such redemption, when and to the extent necessary (i) to provide for distributions required to be made under, or to satisfy an investment election provided to participants in accordance with, the Plan to participants in the Plan or (ii) to make payment of principal, interest or premium due and payable (whether as scheduled or upon acceleration) on any indebtedness incurred by the holder or Trustee under the Plan for the benefit of the Plan.

H. Consolidation, Merger, etc.

(1) In the event that the Corporation shall consummate any consolidation or merger or similar transaction, however named, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting company (including the Corporation and any company that directly or indirectly owns all of the outstanding capital stock of such successor or resulting company) that constitutes "qualifying employer securities" with respect to a holder of ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of ERISA, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of ESOP Preferred Stock of such holder shall be assumed by and shall become preferred stock of such successor or resulting company, having in respect of such company insofar as possible the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by paragraphs F, G and H hereof), and the qualifications, limitations or restrictions thereon, that the ESOP Preferred Stock had immediately prior to such transaction, except that after such transaction each share of the ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by paragraph E hereof, into the qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election to receive any kind or amount of stock, securities, cash or other property (other than such qualifying employer securities and a cash payment, if applicable, in lieu of fractional shares) receivable upon such transaction (provided that, if the kind or amount of qualifying employer securities receivable upon such transaction is not the same for each non-electing share, then the kind and amount of qualifying employer securities receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares). The rights of the ESOP Preferred Stock as preferred stock of such successor or resulting company shall successively be subject to adjustments pursuant to paragraph I hereof after any such transaction as nearly equivalent to the adjustments provided for by such paragraph prior to such transaction. The Corporation shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of the ESOP Preferred Stock shall be assumed and authorized by the successor or resulting company as aforesaid.

(2) In the event that the Corporation shall consummate any consolidation or merger or similar transaction, however named, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph H(1)) and cash payments, if applicable, in lieu of fractional shares, all outstanding shares of ESOP Preferred Stock shall, without any action on the part of the Corporation or any holder thereof (but subject to paragraph H(3)), be deemed converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of ESOP Preferred Stock could have been converted at such time, and each share of ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction (provided that, if the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares).

(3) In the event the Corporation shall enter into any agreement providing for any consolidation or merger or similar transaction described in paragraph H(2), then the Corporation shall as soon as practicable thereafter (and in any event at least ten (10) business days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Corporation, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Corporation or the successor of the Corporation, in redemption and retirement of such ESOP Preferred Stock, a cash payment equal to the amount payable in respect of shares of ESOP Preferred Stock upon redemption pursuant to paragraph F(1) hereof. No such notice of redemption shall be effective unless given to the Corporation prior to the close of business on the second business day prior to consummation of such transaction, unless the Corporation or the successor of the Corporation shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Corporation prior to the close of business on the second business day prior to consummation of such transaction.

I. Anti-dilution
Adjustments.

(1) In the event the Corporation shall, at any time or from time to time while any of the shares of the ESOP Preferred Stock are outstanding, (i) pay a dividend or make a distribution in respect of the Common Stock in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, in each case whether by reclassification of shares, recapitalization of the Corporation (including a recapitalization effected by a merger or consolidation to which paragraph H hereof does not apply) or otherwise, the Conversion Ratio in effect immediately prior to such action shall be adjusted by multiplying such Conversion Ratio by the fraction the numerator of which is the number of shares of Common Stock outstanding immediately before such event and the denominator of which is the number of shares of Common Stock outstanding immediately after such event. An adjustment made pursuant to this paragraph I(1) shall be given effect, upon payment of such a dividend or distribution, as of the record date for the determination of shareholders entitled to receive such dividend or distribution (on a retroactive basis) and in the case of a subdivision or combination shall become effective immediately as of the effective date thereof.

(2) In the event that the Corporation shall, at any time or from time to time while any of the shares of ESOP Preferred Stock are outstanding, issue to holders of shares of Common Stock as a dividend or distribution, including by way of a reclassification of shares or a recapitalization of the Corporation, any right or warrant to purchase shares of Common Stock (but not including as such a right or warrant any security convertible into or exchangeable for shares of Common Stock) at a purchase price per share less than the Fair Market Value (as hereinafter defined) of a share of Common Stock on the date of issuance of such right or warrant, then, subject to the provisions of paragraphs I(5) and I(6), the Conversion Ratio shall be adjusted by multiplying such Conversion Ratio by the fraction the numerator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the number of shares of Common Stock which could be purchased at the Fair Market Value of a share of Common Stock at the time of such issuance for the maximum aggregate consideration payable upon exercise in full of all such rights or warrants and the denominator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the maximum number of shares of Common Stock that could be acquired upon exercise in full of all such rights and warrants.

(3) In the event the Corporation shall, at any time and from time to time while any of the shares of ESOP Preferred Stock are outstanding, issue, sell or exchange shares of Common Stock (other than pursuant to any right or warrant to purchase or acquire shares of Common Stock (including as such a right or warrant any security convertible into or exchangeable for shares of Common Stock) and other than pursuant to any dividend reinvestment plan or employee or director incentive or benefit plan or arrangement, including any employment, severance or consulting agreement, of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted) for a consideration having a Fair Market Value on the date of such issuance, sale or exchange less than the Fair Market Value of such shares on the date of such issuance, sale or exchange, then, subject to the provisions of paragraphs I(5) and (6), the Conversion Ratio shall be adjusted by multiplying such Conversion Ratio by the fraction the numerator of which shall be the sum of (i) the Fair Market Value of all the shares of Common Stock outstanding on the day immediately preceding the first public announcement of such issuance, sale or exchange plus (ii) the Fair Market Value of the consideration received by the Corporation in respect of such issuance, sale or exchange of shares of Common Stock, and the denominator of which shall be the product of (i) the Fair Market Value of a share of Common Stock on the day immediately preceding the first public announcement of such issuance, sale or exchange multiplied by (ii) the sum of the number of shares of Common Stock outstanding on such day plus the number of shares of Common Stock so issued, sold or exchanged by the Corporation. In the event the Corporation shall, at any time or from time to time while any shares of ESOP Preferred Stock are outstanding, issue, sell or exchange any right or warrant to purchase or acquire shares of Common Stock (including as such a right or warrant any security convertible into or exchangeable for shares of Common Stock), other than any such issuance to holders of shares of Common Stock as a dividend or distribution (including by way of a reclassification of shares or a recapitalization of the Corporation) and other than pursuant to any dividend reinvestment plan or employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted, for a consideration having a Fair Market Value on the date of such issuance, sale or exchange less than the Non-Dilutive Amount (as hereinafter defined), then, subject to the provisions of paragraphs I(5) and (6), the Conversion Ratio shall be adjusted by multiplying such Conversion Ratio by a fraction the numerator of which shall be the sum of (a) the Fair Market Value of all the shares of Common Stock outstanding on the day immediately preceding the first public announcement of such issuance, sale or exchange plus (b) the Fair Market Value of the consideration received by the Corporation in respect of such issuance, sale or exchange of such right or warrant plus (c) the Fair Market Value at the time of such issuance of the consideration which the Corporation would receive upon exercise in full of all such rights or warrants, and the denominator of which shall be the product of (a) the Fair Market Value of a share of Common Stock on the day immediately preceding the first public announcement of such issuance, sale or exchange multiplied by (b) the sum of the number of shares of Common Stock outstanding on such day plus the maximum number of shares of Common Stock which could be acquired pursuant to such right or warrant at the time of the issuance, sale or exchange of such right or warrant (assuming shares of Common Stock could be acquired pursuant to such right or warrant at such time).

(4) In the event the Corporation shall, at any time or from time to time while any of the shares of ESOP Preferred Stock are outstanding, make any Extraordinary Distribution (as hereinafter defined) in respect of the Common Stock, whether by dividend, distribution, reclassification of shares or recapitalization of the Corporation (including a recapitalization or reclassification effected by a merger or consolidation to which paragraph H hereof does not apply) or effect a Pro Rata Repurchase (as hereinafter defined) of Common Stock, the Conversion Ratio in effect immediately prior to such Extraordinary Distribution or Pro Rata Repurchase shall, subject to paragraphs I(5) and (6), be adjusted by multiplying such Conversion Ratio by a fraction the numerator of which shall be (a) the product of (i) the number of shares of Common Stock outstanding immediately before such Extraordinary Distribution or Pro Rata Repurchase multiplied by (ii) the Fair Market Value (as herein defined) of a share of Common Stock on the Valuation Date (as hereinafter defined) with respect to an Extraordinary Distribution, or on the applicable expiration date (including all extensions thereof) of any tender offer which is a Pro Rata Repurchase, or on the date of purchase with respect to any Pro Rata Repurchase which is not a tender offer, as the case may be, minus (b) the Fair Market Value of the Extraordinary Distribution or the aggregate purchase price of the Pro Rata Repurchase, as the case may be, and the denominator of which shall be the product of (i) the number of shares of Common Stock outstanding immediately before such Extraordinary Distribution or Pro Rata Repurchase minus, in the case of a Pro Rata Repurchase, the number of shares of Common Stock repurchased by the Corporation multiplied by (ii) the Fair Market Value of a share of Common Stock on the record date with respect to an Extraordinary Distribution or on the applicable expiration date (including all extensions thereof) of any tender offer which is a Pro Rata Repurchase or on the date of purchase with respect to any Pro Rata Repurchase which is not a tender offer, as the case may be. The Corporation shall send each holder of ESOP Preferred Stock (x) notice of its intent to make any Extraordinary Distribution and (y) notice of any offer by the Corporation to make a Pro Rata Repurchase, in each case at the same time as, or as soon as practicable after, such offer is first communicated (including by announcement of a record date in accordance with the rules of any stock exchange on which the Common Stock is listed or admitted to trading) to holders of Common Stock. Such notice shall indicate the intended record date and the amount and nature of such dividend or distribution, or the number of shares subject to such offer for a Pro Rata Repurchase and the purchase price payable by the Corporation pursuant to such offer, as well as the Conversion Ratio and the number of shares of Common Stock into which a share of ESOP Preferred Stock may be converted at such time.

(5) Notwithstanding any other provisions of this paragraph I, the Corporation shall not be required to make any adjustment of the Conversion Ratio unless such adjustment would require an increase or decrease of at least one percent (1%) in the Conversion Ratio. Any lesser adjustment shall be carried forward and shall be made no later than the time of, and together with, the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to an increase or decrease of at least one percent (1%) in the Conversion Ratio.

(6) If the Corporation shall make any dividend or distribution on the Common Stock or issue any Common Stock, other capital stock or other security of the Corporation or any rights or warrants to purchase or acquire any such security, which transaction does not result in an adjustment to the Conversion Ratio pursuant to the foregoing provisions of this paragraph I, the Board of Directors of the Corporation shall consider whether such action is of such a nature that an adjustment to the Conversion Ratio should equitably be made in respect of such transaction. If in such case the Board of Directors of the Corporation determines that the adjustment to the Conversion Ratio should be made, an adjustment shall be made effective as of such date, as determined by the Board of Directors of the Corporation. The determination of the Board of Directors of the Corporation as to whether an adjustment to the Conversion Ratio should be made pursuant to the foregoing provisions of this paragraph I(6), and, if so, as to what adjustment should be made and when, shall be final and binding on the Corporation and all shareholders of the Corporation. The Corporation shall be entitled to make such additional adjustments in the Conversion Ratio, in addition to those required by the foregoing provisions of this paragraph I, as shall be necessary in order that any dividend or distribution in shares of capital stock of the Corporation, subdivision, reclassification or combination of shares of stock of the Corporation or any recapitalization of the Corporation shall not be taxable to holders of the Common Stock.

(7) For purposes of this paragraph I, the following definitions shall apply:

“Conversion Value” shall mean the Fair Market Value of the aggregate number of shares of Common Stock into which a share of ESOP Preferred Stock is convertible.

“Extraordinary Distribution” shall mean any dividend or other distribution (effected while any of the shares of ESOP Preferred Stock are outstanding) (a) of cash, where the aggregate amount of such cash dividend and distribution together with the amount of all cash dividends and distributions made during the preceding period of 12 months, when combined with the aggregate amount of all Pro Rata Repurchases (for this purpose, including only that portion of the aggregate purchase price of such Pro Rata Repurchase which is in excess of the Fair Market Value of the Common Stock repurchased as determined on the applicable expiration date (including all extensions thereof) of any tender offer or exchange offer which is a Pro Rata Repurchase, or the date of purchase with respect to any other Pro Rata Repurchase which is not a tender offer or exchange offer made during such period), exceeds Twelve and One-Half percent (12.5%) of the aggregate Fair Market Value of all shares of Common Stock outstanding on the record date for determining the shareholders entitled to receive such Extraordinary Distribution and (b) any shares of capital stock of the Corporation (other than shares of Common Stock), other securities of the Corporation (other than securities of the type referred to in paragraph I(2)), evidence of indebtedness of the Corporation or any other person or any other property (including shares of any subsidiary of the Corporation), or any combination thereof. The Fair Market Value of an Extraordinary Distribution for purposes of paragraph I(4) shall be the sum of the Fair Market Value of such Extraordinary Distribution plus the amount of any cash dividends which are not Extraordinary Distributions made during such twelve-month period and not previously included in the calculation of an adjustment pursuant to paragraph I(4).

“Fair Market Value” shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Corporation or any other issuer which are publicly traded, the average of the Current Market Prices (as hereinafter defined) of such shares or securities for each day of the Adjustment Period (as hereinafter defined). “Current Market Price” of publicly traded shares of Common Stock or any other class of capital stock or other security of the Corporation or any other issuer for a day shall mean the last reported sales price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange Composite Tape or, if such security is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which such security is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on The Nasdaq National Market or, if such security is not quoted on Nasdaq, the average of the closing bid and asked prices on each such day in the over-the-counter market as reported by Nasdaq or, if bid and asked prices for such security on each such day shall not have been reported through Nasdaq, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm selected for such purpose by the Board of Directors of the Corporation or a committee thereof on each trading day during the Adjustment Period. “Adjustment Period” shall mean the period of five (5) consecutive trading days preceding the date as of which the Fair Market Value of a security is to be determined. The “Fair Market Value” of any security which is not publicly traded or of any other property shall mean the fair value thereof as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board of Directors of the Corporation or a committee thereof, or, if no such investment banking or appraisal firm is in the good faith judgment of the Board of Directors or such committee available to make such determination, as determined in good faith by the Board of Directors of the Corporation or such committee.

“Non-Dilutive Amount” in respect of an issuance, sale or exchange by the Corporation of any right or warrant to purchase or acquire shares of Common Stock (including any security convertible into or exchangeable for shares of Common Stock) shall mean the remainder of (a) the product of the Fair Market Value of a share of Common Stock on the day preceding the first public announcement of such issuance, sale or exchange multiplied by the maximum number of shares of Common Stock which could be acquired on such date upon the exercise in full of such rights and warrants (including upon the conversion or exchange of all such convertible or exchangeable securities), whether or not exercisable (or convertible or exchangeable) at such date, minus (b) the aggregate amount payable pursuant to such right or warrant to purchase or acquire such maximum number of shares of Common Stock; provided, however, that in no event shall the Non- Dilutive Amount be less than zero. For purposes of the foregoing sentence, in the case of a security convertible into or exchangeable for shares of Common Stock, the amount payable pursuant to a right or warrant to purchase or acquire shares of Common Stock shall be the Fair Market Value of such security on the date of the issuance, sale or exchange of such security by the Corporation.

“Pro Rata Repurchase” shall mean any purchase of shares of Common Stock by the Corporation or any subsidiary thereof, whether for cash, shares of capital stock of the Corporation, other securities of the Corporation, evidences of indebtedness of the Corporation or any other person or any other property (including shares of a subsidiary of the Corporation), or any combination thereof, effected while any of the shares of ESOP Preferred Stock are outstanding, pursuant to any tender offer or exchange offer subject to Section 13(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or any successor provision of law, or pursuant to any other offer available to substantially all holders of Common Stock; provided, however, that no purchase of shares by the Corporation or any subsidiary thereof made in open market transactions shall be deemed a Pro Rata Repurchase. For purposes of this paragraph I(7), shares shall be deemed to have been purchased by the Corporation or any subsidiary thereof “in open market transactions” if they have been purchased substantially in accordance with the requirements of Rule 10b-18 as in effect under the Exchange Act, on the date shares of ESOP Preferred Stock are initially issued by the Corporation or on such other terms and conditions as the Board of Directors of the Corporation or a committee thereof shall have determined are reasonably designed to prevent such purchases from having a material effect on the trading market for the Common Stock.

“Valuation Date” with respect to an Extraordinary Distribution shall mean the date that is five (5) business days prior to the record date for such Extraordinary Distribution.

(8) Whenever an adjustment to the Conversion Ratio is required pursuant hereto, the Corporation shall forthwith place on file with the transfer agent for the Common Stock and the ESOP Preferred Stock if there be one, and with the Secretary of the Corporation, a statement signed by two officers of the Corporation, stating the adjusted Conversion Ratio determined as provided herein and the voting rights (as appropriately adjusted) of the ESOP Preferred Stock. Such statement shall set forth in reasonable detail such facts as shall be necessary to show the reason and the manner of computing such adjustment, including any determination of Fair Market Value involved in such computation. Promptly after each adjustment to the Conversion Ratio and the related voting rights of the ESOP Preferred Stock, the Corporation shall mail a notice thereof to each holder of shares of the ESOP Preferred Stock.

J. Ranking; Retirement of Shares.

(1) The ESOP Preferred Stock shall rank (a) senior to the Common Stock as to the payment of dividends and the distribution of assets on liquidation, dissolution and winding-up of the Corporation and (b) unless otherwise provided in the Articles of Incorporation of the Corporation or an amendment to such Articles of Incorporation relating to a subsequent series of Preferred Shares, junior to all other series of Preferred Shares as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding-up.

(2) Any shares of ESOP Preferred Stock acquired by the Corporation by reason of the conversion or redemption of such shares as provided hereby, or otherwise so acquired, shall be retired as shares of ESOP Preferred Stock and restored to the status of authorized but unissued shares of Preferred Shares, undesignated as to series, and may thereafter be reissued as part of a new series of such Preferred Shares as permitted by law.

K. Miscellaneous.

(1) All notices referred to herein shall be in writing, and all notices hereunder shall be deemed to have been given upon the earlier of receipt thereof or three (3) business days after the mailing thereof if sent by registered mail (unless first-class mail shall be specifically permitted for such notice under the terms hereof) with postage prepaid, addressed: (a) if to the Corporation, to its office at Bank of America Corporate Center, Charlotte, North Carolina 28255 (Attention: Treasurer) or to the transfer agent for the ESOP Preferred Stock, or other agent of the Corporation designated as permitted hereby or (b) if to any holder of the ESOP Preferred Stock or Common Stock, as the case may be, to such holder at the address of such holder as listed in the stock record books of the Corporation (which may include the records of any transfer agent for the ESOP Preferred Stock

or Common Stock, as the case may be) or (c) to such other address as the Corporation or any such holder, as the case may be, shall have designated by notice similarly given.

(2) The term "Common Stock" as used herein means the Corporation's Common Stock, as the same existed at the date of filing of the Amendment to the Corporation's Articles of Incorporation relating to the ESOP Preferred Stock or any other class of stock resulting from successive changes or reclassification of such Common Stock consisting solely of changes in par value, or from par value to no par value. In the event that, at any time as a result of an adjustment made pursuant to paragraph I hereof, the holder of any share of the ESOP Preferred Stock upon thereafter surrendering such shares for conversion shall become entitled to receive any shares or other securities of the Corporation other than shares of Common Stock, the Conversion Ratio in respect of such other shares or securities so receivable upon conversion of shares of ESOP Preferred Stock shall thereafter be adjusted, and shall be subject to further adjustment from time to time, in a manner and on terms as nearly equivalent as practicable to the provisions with respect to Common Stock contained in paragraph I hereof, and the provisions of paragraphs A through H, J, and K hereof with respect to the Common Stock shall apply on like or similar terms to any such other shares or securities.

(3) The Corporation shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any issuance or delivery of shares of ESOP Preferred Stock or shares of Common Stock or other securities issued on account of ESOP Preferred Stock pursuant hereto or certificates representing such shares or securities. The Corporation shall not, however, be required to pay any such tax which may be payable in respect of any transfer involved in the issuance or delivery of shares of ESOP Preferred Stock or Common Stock or other securities in a name other than that in which the shares of ESOP Preferred Stock with respect to which such shares or other securities are issued or delivered were registered, or in respect of any payment to any person with respect to any such shares or securities other than a payment to the registered holder thereof, and shall not be required to make any such issuance, delivery or payment unless and until the person otherwise entitled to such issuance, delivery or payment has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid or is not payable.

(4) In the event that a holder of shares of ESOP Preferred Stock shall not by written notice designate the name in which shares of Common Stock to be issued upon conversion of such shares should be registered or to whom payment upon redemption of shares of ESOP Preferred Stock should be made or the address to which the certificate or certificates representing such shares, or such payment, should be sent, the Corporation shall be entitled to register such shares, and make such payment, in the name of the holder of such ESOP Preferred Stock as shown on the records of the Corporation and to send the certificate or certificates representing such shares, or such payment, to the address of such holder shown on the records of the Corporation.

(5) The Corporation may appoint, and from time to time discharge and change, a transfer agent for the ESOP Preferred Stock. Upon any such appointment or discharge of a transfer agent, the Corporation shall send notice thereof by first-class mail, postage prepaid, to each holder of record of ESOP Preferred Stock.

(c) \$2.50 Cumulative Convertible Preferred Stock, Series BB.

A. Designation.

The designation of this series is "\$2.50 Cumulative Convertible Preferred Stock, Series BB" (hereinafter referred to as the "Series BB Preferred Stock"), and the initial number of shares constituting such series shall be 20,000,000, which number may be increased or decreased (but not below the number of shares then outstanding) from time to time by the Board of Directors. The Series BB Preferred Stock shall rank prior to each of the Common Stock, the Series B Preferred Stock and the ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets.

B. Dividend Rights.

(1) The holders of shares of Series BB Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors, out of funds legally available therefor, cumulative preferential cash dividends, accruing from January 1, 1998, at the annual rate of \$2.50 per share, and no more, payable quarterly on the first day of January, April, July and October of each year (each of the quarterly periods ending on the last day of March, June, September and December being hereinafter referred to as a "dividend period"). Dividends on the Series BB Preferred Stock shall first become payable on the first day of January, April, July or October, as the case may be, next following the date of issuance; provided, however, that if the first dividend period ends within 20 days of the date of issuance, such initial dividend shall be payable at the completion of the first full dividend period.

(2) Dividends on shares of Series BB Preferred Stock shall be cumulative from January 1, 1998, whether or not there shall be funds legally available for the payment thereof. Accumulations of dividends on the Series BB Preferred Stock shall not bear interest. The Corporation shall not (i) declare or pay or set apart for payment any dividends or distributions on any stock ranking as to dividends junior to the Series BB Preferred Stock (other than dividends paid in shares of such junior stock) or (ii) make any purchase or redemption of, or any sinking fund payment for the purchase or redemption of, any stock ranking as to dividends junior to the Series BB Preferred Stock (other than a purchase or redemption made by issue or delivery of such junior stock) unless all dividends payable on all outstanding shares of Series BB Preferred Stock for all past dividend periods shall have been paid in full or declared and a sufficient sum set apart for payment thereof; provided, however, that any moneys theretofore deposited in any sinking fund with respect to any preferred stock of the Corporation in compliance with the provisions of such sinking fund may thereafter be applied to the purchase or redemption of such preferred stock in accordance with the terms of such sinking fund regardless of whether at the time of such application all dividends payable on all outstanding shares of Series BB Preferred Stock for all past dividend periods shall have been paid in full or declared and a sufficient sum set apart for payment thereof.

(3) All dividends declared on shares of Series BB Preferred Stock and any other class of preferred stock or series thereof ranking on a parity as to dividends with the Series BB Preferred Stock shall be declared pro rata, so that the amounts of dividends declared on the Series BB Preferred Stock and such other preferred stock for the same dividend period, or for the dividend period of the Series BB Preferred Stock ending within the dividend period of such other stock, shall, in all cases, bear to each other the same ratio that accrued dividends on the shares of Series BB Preferred Stock and such other stock bear to each other.

C. Liquidation
Preference.

(1) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of Series BB Preferred Stock shall be entitled to receive out of the assets of the Corporation available for distribution to shareholders an amount equal to \$25 per share plus an amount equal to accrued and unpaid dividends thereon to and including the date of such distribution, and no more, before any distribution shall be made to the holders of any class of stock of the Corporation ranking junior to the Series BB Preferred Stock as to the distribution of assets.

(2) In the event the assets of the Corporation available for distribution to shareholders upon any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full the amounts payable with respect to the Series BB Preferred Stock and any other shares of preferred stock of the Corporation ranking on a parity with the Series BB Preferred Stock as to the distribution of assets, the holders of Series BB Preferred Stock and the holders of such other preferred stock shall share ratably in any distribution of assets of the Corporation in proportion to the full respective preferential amounts to which they are entitled.

(3) The merger or consolidation of the Corporation into or with any other corporation, the merger or consolidation of any other corporation into or with the Corporation or the sale of the assets of the Corporation substantially as an entirety shall not be deemed a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of this paragraph C.

D. Redemption.

(1) The Corporation, at its option, may redeem all or any shares of the Series BB Preferred Stock at any time at a redemption price (the "Redemption Price") consisting of the sum of (i) \$25 per share and (ii) an amount equal to accrued and unpaid dividends thereon to and including the date of redemption.

(2) If less than all the outstanding shares of Series BB Preferred Stock are to be redeemed, the shares to be redeemed shall be selected pro rata as nearly as practicable or by lot, as the Board of Directors may determine.

(3) Notice of any redemption shall be given by first class mail, postage prepaid, mailed not less than 60 nor more than 90 days prior to the date fixed for redemption to the holders of record of the shares of Series BB Preferred Stock to be redeemed, at their respective addresses appearing on the books of the Corporation. Notice so mailed shall be conclusively presumed to have been duly given whether or not actually received. Such notice shall state: (1) the date fixed for redemption; (2) the Redemption Price; (3) the right of the holders of Series BB Preferred Stock to convert such stock into Common Stock until the close of business on the 15th day prior to the redemption date (or the next succeeding business day, if the 15th day is not a business day); (4) if less than all the shares held by such holder are to be redeemed, the number of shares to be redeemed from such holder; and (5) the place(s) where certificates for such shares are to be surrendered for payment of the Redemption Price. If such notice is mailed as aforesaid, and if on or before the date fixed for redemption funds sufficient to redeem the shares called for redemption are set aside by the Corporation in trust for the account of the holders of the shares to be

redeemed, notwithstanding the fact that any certificate for shares called for redemption shall not have been surrendered for cancellation, on and after the redemption date the shares represented thereby so called for redemption shall be deemed to be no longer outstanding, dividends thereon shall cease to accrue, and all rights of the holders of such shares as shareholders of the corporation shall cease, except the right to receive the Redemption Price, without interest, upon surrender of the certificate(s) representing such shares. Upon surrender in accordance with the aforesaid notice of the certificate(s) for any shares so redeemed (duly endorsed or accompanied by appropriate instruments of transfer, if so required by the Corporation in such notice), the holders of record of such shares shall be entitled to receive the Redemption Price, without interest.

(4) At the option of the Corporation, if notice of redemption is mailed as aforesaid, and if prior to the date fixed for redemption funds sufficient to pay in full the Redemption Price are deposited in trust, for the account of the holders of the shares to be redeemed, with a bank or trust company named in such notice doing business in the Borough of Manhattan, the City of New York, State of New York or the City of Charlotte, State of North Carolina and having capital, surplus and undivided profits of at least \$3 million, which bank or trust company also may be the Transfer Agent and/or Paying Agent for the Series BB Preferred Stock, notwithstanding the fact that any certificate for shares called for redemption shall not have been surrendered for cancellation, on and after such date of deposit the shares represented thereby so called for redemption shall be deemed to be no longer outstanding, and all rights of the holders of such shares as shareholders of the Corporation shall cease, except the right of the holders thereof to convert such shares in accordance with the provisions of paragraph F at any time prior to the close of business on the 15th day prior to the redemption date (or the next succeeding business day, if the 15th day is not a business day), and the right of the holders thereof to receive out of the funds so deposited in trust the Redemption Price, without interest, upon surrender of the certificate(s) representing such shares. Any funds so deposited with such bank or trust company in respect of shares of Series BB Preferred Stock converted before the close of business on the 15th day prior to the redemption date (or the next succeeding business day, if the 15th day is not a business day) shall be returned to the Corporation upon such conversion. Any funds so deposited with such bank or trust company which shall remain unclaimed by the holders of shares called for redemption at the end of six years after the redemption date shall be repaid to the Corporation, on demand, and thereafter the holder of any such shares shall look only to the Corporation for the payment, without interest, of the Redemption Price.

(5) Any provisions of paragraph D or E to the contrary notwithstanding, in the event that any quarterly dividend payable on the Series BB Preferred Stock shall be in arrears and until all such dividends in arrears shall have been paid or declared and set apart for payment, the Corporation shall not redeem any shares of Series BB Preferred Stock unless all outstanding shares of Series BB Preferred Stock are simultaneously redeemed and shall not purchase or otherwise acquire any shares of Series BB Preferred Stock except in accordance with a purchase offer made by the Corporation on the same terms to all holders of record of Series BB Preferred Stock for the purchase of all outstanding shares thereof.

E. Purchase by the Corporation.

(1) Except as provided in paragraph D(5), the Corporation shall be obligated to purchase shares of Series BB Preferred Stock tendered by the holder thereof for purchase hereunder, at a purchase price consisting of the sum of (i) \$25 per share and (ii) an amount equal to accrued and unpaid dividends thereon to and including the date of purchase. In order to exercise his right to require the Corporation to purchase his shares of Series BB Preferred Stock, the holder thereof shall surrender the Certificate(s) therefor duly endorsed if the Corporation shall so require or accompanied by appropriate instruments of transfer satisfactory to the Corporation, at the office of the Transfer Agent(s) for the Series BB Preferred Stock, or at such other office as may be designated by the Corporation, together with written notice that such holder irrevocably elects to sell such shares to the Corporation. Shares of Series BB Preferred Stock shall be deemed to have been purchased by the Corporation immediately prior to the close of business on the date such shares are tendered for sale to the Corporation and notice of election to sell the same is received by the Corporation in accordance with the foregoing provisions. As of such date the shares so tendered for sale shall be deemed to be no longer outstanding, dividends thereon shall cease to accrue and all rights of the holder of such shares as a shareholder of the Corporation shall cease, except the right to receive the purchase price.

F. Conversion Rights.

The holders of shares of Series BB Preferred Stock shall have the right, at their option, to convert such shares into shares of Common Stock on the following terms and conditions:

(1) Shares of Series BB Preferred Stock shall be convertible at any time into fully paid and nonassessable shares of Common Stock (calculated as to each conversion to the nearest 1/1,000 of a share) at the initial rate of 6.17215 shares of Common Stock for each share of Series BB Preferred Stock surrendered for conversion (the "Conversion Rate"). The Conversion Rate shall be subject to adjustment from time to time as hereinafter provided. No payment or adjustment shall be made on account of any accrued and unpaid dividends on shares of Series BB Preferred Stock surrendered for conversion prior to the record date for the determination of shareholders entitled to such dividends or on account of any dividends on the

Common Stock issued upon such conversion subsequent to the record date for the determination of shareholders entitled to such dividends. If any shares of Series BB Preferred Stock shall be called for redemption, the right to convert the shares designated for redemption shall terminate at the close of business on the 15th day prior to the redemption date (or the next succeeding business day, if the 15th day is not a business day) unless default be made in the payment of the Redemption Price. In the event of default in the payment of the Redemption Price, the right to convert the shares designated for redemption shall terminate at the close of business on the business day immediately preceding the date that such default is cured.

(2) In order to convert shares of Series BB Preferred Stock into Common Stock, the holder thereof shall surrender the certificate(s) therefor, duly endorsed if the Corporation shall so require, or accompanied by appropriate instruments of transfer satisfactory to the Corporation, at the office of the Transfer Agent(s) for the Series BB Preferred Stock, or at such other office as may be designated by the Corporation, together with written notice that such holder irrevocably elects to convert such shares. Such notice shall also state the name(s) and address(es) in which such holder wishes the certificate(s) for the shares of Common Stock issuable upon conversion to be issued. As soon as practicable after receipt of the certificate(s) representing the shares of Series BB Preferred Stock to be converted and the notice of election to convert the same, the Corporation shall issue and deliver at said office a certificate or certificates for the number of whole shares of Common Stock issuable upon conversion of the shares of Series BB Preferred Stock surrendered for conversion, together with a cash payment in lieu of any fraction of a share, as hereinafter provided, to the person(s) entitled to receive the same. Shares of Series BB Preferred Stock shall be deemed to have been converted immediately prior to the close of business on the date such shares are surrendered for conversion and notice of election to convert the same is received by the Corporation in accordance with the foregoing provisions, and the person(s) entitled to receive the Common Stock issuable upon such conversion shall be deemed for all purposes as record holder(s) of such Common Stock as of such date.

(3) No fractional shares of Common Stock shall be issued upon conversion of any shares of Series BB Preferred Stock. If more than one share of Series BB Preferred Stock is surrendered at one time by the same holder, the number of full shares issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares so surrendered. If the conversion of any shares of Series BB Preferred Stock results in a fractional share of Common Stock, the Corporation shall pay cash in lieu thereof in an amount equal to such fraction multiplied times the closing price of the Common Stock on the date on which the shares of Series BB Preferred Stock were duly surrendered for conversion, or if such date is not a trading date, on the next succeeding trading date. The closing price of the Common Stock for any day shall mean the last reported sales price regular way on such day or, in case no such sale takes place on such day, the average of the reported closing bid and asked prices, regular way, on the New York Stock Exchange, or, if the Common Stock is not then listed on such Exchange, on the principal national securities exchange on which the Common Stock is listed for trading, or, if not then listed for trading on any national securities exchange, the average of the closing bid and asked prices of the Common Stock as furnished by the National Quotation Bureau, Inc., or if the National Quotation Bureau, Inc. ceases to furnish such information, by a comparable independent securities quotation service.

(4) In the event the Corporation shall at any time (i) pay a dividend or make a distribution to holders of Common Stock in shares of Common Stock, (ii) subdivide its outstanding shares of Common Stock into a larger number of shares, or (iii) combine its outstanding shares of Common Stock into a smaller number of shares, the Conversion Rate in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision or combination shall be adjusted so that the holder of any shares of Series BB Preferred Stock surrendered for conversion after such record date or effective date shall be entitled to receive the number of shares of Common Stock which he would have owned or have been entitled to receive immediately following such record date or effective date had such shares of Series BB Preferred Stock been converted immediately prior thereto.

(5) Whenever the Conversion Rate shall be adjusted as herein provided (i) the Corporation shall forthwith keep available at the office of the Transfer Agent(s) for the Series BB Preferred Stock a statement describing in reasonable detail the adjustment, the facts requiring such adjustment and the method of calculation used; and (ii) the Corporation shall cause to be mailed by first class mail, postage prepaid, as soon as practicable to each holder of record of shares of Series BB Preferred Stock a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate.

(6) In the event of any consolidation of the Corporation with or merger of the Corporation into any other corporation (other than a merger in which the Corporation is the surviving corporation) or a sale of the assets of the Corporation substantially as an entirety, the holder of each share of Series BB Preferred Stock shall have the right, after such consolidation, merger or sale to convert such share into the number and kind of shares of stock or other securities and the amount and kind of property receivable upon such consolidation, merger or sale by a holder of the number of shares of Common Stock issuable upon conversion of such share of Series BB Preferred Stock immediately prior to such consolidation, merger or sale. Provision shall be made for adjustments in the Conversion Rate which shall be as nearly equivalent as may be practicable to the adjustments provided for in paragraph F(4). The provisions of this paragraph F(6) shall similarly apply to successive consolidations, mergers and sales.

(7) The Corporation shall pay any taxes that may be payable in respect of the issuance of shares of Common Stock upon conversion of shares of Series BB Preferred Stock, but the Corporation shall not be required to pay any taxes which may be payable in respect of any transfer involved in the issuance of shares of Common Stock in a name other than that in which the shares of Series BB Preferred Stock so converted are registered, and the Corporation shall not be required to issue or deliver any such shares unless and until the person(s) requesting such issuance shall have paid to the Corporation the amount of any such taxes, or shall have established to the satisfaction of the Corporation that such taxes have been paid.

(8) The Corporation shall at all times reserve and keep available out of its authorized but unissued Common Stock the full number of shares of Common Stock issuable upon the conversion of all shares of Series BB Preferred Stock then outstanding.

(9) In the event that:

(i) The Corporation shall declare a dividend or any other distribution on its Common Stock, payable otherwise than in cash out of retained earnings; or

(ii) The Corporation shall authorize the granting to the holders of its Common Stock of rights to subscribe for or purchase any shares of capital stock of any class or of any other rights; or

(iii) The Corporation shall propose to effect any consolidation of the Corporation with or merger of the Corporation with or into any other corporation or a sale of the assets of the company substantially as an entirety which would result in an adjustment under paragraph F(6),

the Corporation shall cause to be mailed to the holders of record of Series BB Preferred Stock at least 20 days prior to the applicable date hereinafter specified a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined or (y) the date on which such consolidation, merger or sale is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such consolidation, merger or sale. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, consolidation, merger or sale.

G. Voting Rights.

Holders of Series BB Preferred Stock shall have no voting rights except as required by law and as follows: in the event that any quarterly dividend payable on the Series BB Preferred Stock is in arrears, the holders of Series BB Preferred Stock shall be entitled to vote together with the holders of Common Stock at the Corporation's next meeting of shareholders and at each subsequent meeting of shareholders unless all dividends in arrears have been paid or declared and set apart for payment prior to the date of such meeting. For the purpose of this paragraph G, each holder of Series BB Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which his Series BB Preferred Stock is then convertible.

H. Reacquired Shares.

Shares of Series BB Preferred Stock converted, redeemed, or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

I. No Sinking Fund.

Shares of Series BB Preferred Stock are not subject to the operation of a sinking fund.

4. The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

5. No holder of any stock of the Corporation of any class now or hereafter authorized shall have any preemptive right to purchase, subscribe for, or otherwise acquire any shares of stock of the Corporation of any class now or hereafter authorized, or any securities exchangeable for or convertible into any such shares, or any warrants or other instruments evidencing rights or options to subscribe for, purchase or otherwise acquire any such shares whether such shares, securities, warrants or other instruments be unissued, or issued and thereafter acquired by the Corporation.

6. To the fullest extent permitted by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation, its shareholders or

otherwise for monetary damage for breach of his duty as a director. Any repeal or modification of this Article shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

7. In furtherance and not in limitation of the powers conferred by law, the Board of Directors of the Corporation is expressly authorized and empowered to make, alter and repeal the Bylaws of the Corporation by a majority vote at any regular or special meeting of the Board of Directors or by written consent, subject to the power of the stockholders of the Corporation to alter or repeal any Bylaws made by the Board of Directors.

8. The Corporation reserves the right at any time from time to time to amend or repeal any provision contained in this Certificate of Incorporation, and to add any other provisions authorized by the laws of the State of Delaware at the time in force; and all rights, preferences and privileges conferred upon stockholders, directors or any other persons by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended are granted subject to the rights reserved in this Article.

9. Unless and except to the extent that the Bylaws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

10. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation or may be effected by consent in writing in lieu of a meeting of such stockholders only if consents are signed by all stockholders of the Corporation entitled to vote on such action.

IN WITNESS WHEREOF, BankAmerica Corporation has caused this Amended and Restated Certificate of Incorporation to be signed by Hugh L. McColl, Jr., its Chairman of the Board and Chief Executive Officer, and attested to by James W. Kiser, its Secretary, this 28th day of April, 1999.

BANKAMERICA CORPORATION

By: /s/ Hugh L. McColl, Jr.

Hugh L. McColl, Jr.

Chairman of the Board and Chief Executive Officer

ATTEST:

By: /s/ James W. Kiser

James W. Kiser

Secretary

CERTIFICATE OF AMENDMENT
OF
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
BANK OF AMERICA CORPORATION

Bank of America Corporation, a Delaware corporation (the "Corporation"), does hereby certify as follows:

FIRST: That at a meeting of the Board of Directors of the Corporation, resolutions were duly adopted setting forth a proposed amendment of the Amended and Restated Certificate of Incorporation of the Corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of the Corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that Article 3 of the Amended and Restated Certificate of Incorporation of the Corporation be amended by changing the number of shares of stock the Corporation is authorized to issue, so that, as amended, the first sentence of said Article 3 shall be and read as follows:

"3. The number of shares, par value \$.01 per share, the Corporation is authorized to issue is Seven Billion Six Hundred Million (7,600,000,000), divided into the following classes:

<u>Class</u>	<u>Number of Shares</u>
Common	7,500,000,000
Preferred	100,000,000."

The balance of said Article 3 shall remain unchanged.

SECOND: That said amendment was duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be executed by a duly authorized officer on this 26th day of March, 2004.

By: /s/ James H. Hance, Jr.
Name: James H. Hance, Jr.
Title: Vice Chairman and Chief Financial Officer

CERTIFICATE OF DESIGNATION
OF
FIXED/ADJUSTABLE RATE CUMULATIVE
PREFERRED STOCK
OF
Bank of America Corporation

(Pursuant to Section 151 of the Delaware Corporation Law)

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), hereby certifies that the following resolutions were adopted by the Board of Directors of the Corporation (the "Board of Directors") pursuant to the authority of the Board of Directors as required by Section 151 of the General Corporation Law of the State of Delaware, at a meeting duly convened and held on January 28, 2004:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors in accordance with the provisions of the Amended and Restated Certificate of Incorporation of the Corporation, the Board of Directors hereby creates a series of the Corporation's previously authorized preferred stock, without par value (the "Preferred Stock") and hereby states the designation and number thereof and fixes the voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, as follows:

(a) Designation. The designation of the series of Preferred Stock shall be "Fixed/Adjustable Rate Cumulative Preferred Stock" (hereinafter called this "Series") and the number of shares constituting this Series is Eight Hundred Five Thousand (805,000).

(b) Dividend Rate.

(1) The holders of shares of this Series shall be entitled to receive dividends thereon at a rate of 6.60% per annum computed on the basis of an issue price thereof of \$250 per share, and no more, payable quarterly out of the funds of the Corporation legally available for the payment of dividends. Such dividends shall be cumulative from the date of original issue of such shares and shall be payable, when, as and if declared by the Board, on January 1, April 1, July 1 and October 1 of each year, commencing July 1, 2004 (a "Dividend Payment Date") through April 1, 2006. Each such dividend shall be paid to the holders of record of shares of this Series as they appear on the stock register of the Corporation on such record date, not exceeding 30 days preceding the payment date thereof, as shall be fixed by the Board. Dividends on account of arrears for any past quarters may be declared and paid at any time, without reference to any regular dividend payment date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board.

After April 1, 2006, dividends on this Series will be payable quarterly, as, if and when declared by the Board of Directors or a duly authorized committee thereof on each Dividend Payment Date at the Applicable Rate from time to time in effect. The Applicable Rate per annum for any dividend period beginning on or after April 1, 2006 will be equal to .50% plus the highest of the Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Thirty Year Constant Maturity Rate (each as defined below under "Adjustable Rate Dividends"), as determined in advance of such dividend period. The Applicable Rate per annum for any dividend period beginning on or after April 1, 2006 will not be less than 7.0% nor greater than 13.0% (without taking into account any adjustments as described below in subsection (3) of this Section (b)).

(2) Except as provided below in this paragraph, the "Applicable Rate" per annum for any dividend period beginning on or after April 1, 2006 will be equal to .50% plus the Effective Rate (as defined below), but not less than 7.0% nor greater than 13.0% (without taking into account any adjustments as described below in subsection (3) of this Section (b)). The "Effective Rate" for any dividend period beginning on or after April 1, 2006 will be equal to the highest of the Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Thirty Year Constant Maturity Rate (each as defined below) for such dividend period. In the event that the Corporation determines in good faith that for any reason:

(i) any one of the Treasury Bill Rate, the Ten Year Constant Maturity Rate or the Thirty Year Constant Maturity Rate cannot be determined for any dividend period, then the Effective Rate for such dividend period will be equal to the higher of whichever two of such rates can be so determined;

(ii) only one of the Treasury Bill Rate, the Ten Year Constant Maturity Rate or the Thirty Year Constant Maturity Rate can be determined for any dividend period, then the Effective Rate for such dividend period will be equal to whichever such rate can be so determined; or

(iii) none of the Treasury Bill Rate, the Ten Year Constant Maturity Rate or the Thirty Year Constant Maturity Rate can be determined for any dividend period, then the Effective Rate for the preceding dividend period will be continued for such dividend period.

Except as described below in this paragraph, the “Treasury Bill Rate” for each dividend period will be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate is published during the relevant Calendar Period (as defined below)) for three-month U.S. Treasury bills, as published weekly by the Federal Reserve Board (as defined below) during the Calendar Period immediately preceding the last ten calendar days preceding the dividend period for which the dividend rate on this Series is being determined. In the event that the Federal Reserve Board does not publish such a weekly per annum market discount rate during any such Calendar Period, then the Treasury Bill Rate for such dividend period will be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate is published during the relevant Calendar Period) for three-month U.S. Treasury bills, as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that a per annum market discount rate for three-month U.S. Treasury bills is not published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Treasury Bill Rate for such dividend period will be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate is published during the relevant Calendar Period) for all of the U.S. Treasury bills then having remaining maturities of not less than 80 nor more than 100 days, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board does not publish such rates, by any Federal Reserve Bank or by any U.S. Government Department or agency selected by the Corporation. In the event that the Corporation determines in good faith that for any reason no such U.S. Treasury Bill Rates are published as provided above during such Calendar Period, then the Treasury Bill Rate for such dividend period will be the arithmetic average of the per annum market discount rates based upon the closing bids during such Calendar Period for each of the issues of marketable non-interest-bearing U.S. Treasury securities with a remaining maturity of not less than 80 nor more than 100 days from the date of each such quotation, as chosen and quoted daily for each business day in New York City (or less frequently if daily quotations are not generally available) to the Corporation by at least three recognized dealers in U.S. Government securities selected by the Corporation. In the event that the Corporation determines in good faith that for any reason the Corporation cannot determine the Treasury Bill Rate for any dividend period as provided above in this paragraph, the Treasury Bill Rate for such dividend period will be the arithmetic average of the per annum market discount rates based upon the closing bids during such Calendar Period for each of the issues of marketable interest-bearing U.S. Treasury securities with a remaining maturity of not less than 80 nor more than 100 days, as chosen and quoted daily for each business day in New York City (or less frequently if daily quotations are not generally available) to the Corporation by at least three recognized dealers in U.S. Government securities selected by the Corporation.

Except as described below in this paragraph, the “Ten Year Constant Maturity Rate” for each dividend period will be the arithmetic average of the two most recent weekly per annum Ten Year Average Yields (as defined below) (or the one weekly per annum Ten Year Average Yield, if only one such yield is published during the relevant Calendar Period), as published weekly by the Federal Reserve Board during the Calendar Period immediately preceding the last ten calendar days preceding the dividend period for which the dividend rate on this Series is being determined. In the event that the Federal Reserve Board does not publish such a weekly per annum Ten Year Average Yield during such Calendar Period, then the Ten Year Constant Maturity Rate for such dividend period will be the arithmetic average of the two most recent weekly per annum Ten Year Average Yields (or the one weekly per annum Ten Year Average Yield, if only such yield is published during the relevant Calendar Period), as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that a per annum Ten Year Average Yield is not published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Ten Year Constant Maturity Rate for such dividend period will be the arithmetic average of the two most recent weekly per annum average yields to maturity (or the one weekly per annum average yield to maturity, if only one such yield is published during the relevant Calendar Period) for all of the actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities (as defined below)) then having remaining maturities of not less than eight nor more than twelve years, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board does not publish such yields, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that the Corporation determines in good faith that for any reason the Corporation cannot determine the Ten Year Constant Maturity Rate for any dividend period as provided above in this paragraph, then the Ten Year Constant Maturity Rate for such dividend period will be the arithmetic average of the per annum average yields to maturity based upon the closing bids during such Calendar Period for each of the issues of actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) with a final maturity date not less than eight nor more than twelve years from the date of each such quotation, as chosen and quoted daily for each business day in New York City (or less

frequently if daily quotations are not generally available) to the Corporation by at least three recognized dealers in U.S. Government securities selected by the Corporation.

Except as described below in this paragraph, the “Thirty Year Constant Maturity Rate” for each dividend period will be the arithmetic average of the two most recent weekly per annum Thirty Year Average Yields (as defined below) (or the one weekly per annum Thirty Year Yield, if only one such yield is published during the relevant Calendar Period), as published weekly by the Federal Reserve Board during the Calendar Period immediately preceding the last ten calendar days preceding the dividend period for which the dividend rate on this Series is being determined. In the event that the Federal Reserve Board does not publish such a weekly per annum Thirty Year Average Yield during such Calendar Period, then the Thirty Year Constant Maturity Rate for such dividend period will be the arithmetic average of the two most recent weekly per annum Thirty Year Average Yields (or the one weekly per annum Thirty Year Average Yield, if only one such yield is published during the relevant Calendar Period), as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that a per annum Thirty Year Average Yield is not published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Thirty Year Constant Maturity Rate for such dividend period will be the arithmetic average of the two most recent weekly per annum average yields to maturity (or the one weekly per annum average yield to maturity, if only one such yield is published during the relevant Calendar Period) for all of the actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) then having remaining maturities of not less than twenty-eight nor more than thirty years, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board does not publish such yields, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that the Corporation determines in good faith that for any reason the Corporation cannot determine the Thirty Year Constant Maturity Rate for any dividend period as provided above in this paragraph, then the Thirty Year Constant Maturity Rate for such dividend period will be the arithmetic average of the per annum average yields to maturity based upon the closing bids during such Calendar Period for each of the issues of actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) with a final maturity date not less than twenty-eight nor more than thirty years from the date of such quotation, as chosen and quoted daily for each business day in New York City (or less frequently if daily quotations are not generally available) to the Corporation by at least three recognized dealers in U.S. Government securities selected by the Corporation.

The Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Thirty Year Constant Maturity Rate will each be rounded to the nearest five hundredths of a percent.

The Applicable Rate with respect to each dividend period beginning on or after April 1, 2006 will be calculated as promptly as practicable by the Corporation according to the appropriate method described above. The Corporation will cause notice of each Applicable Rate to be enclosed with the dividend payment checks next mailed to the holders of this Series.

As used above, the term “Calendar Period” means a period of fourteen calendar days; the term “Federal Reserve Board” means the Board of Governors of the Federal Reserve System; the term “Special Securities” means securities which can, at the option of the holder, be surrendered at face value in payment of any Federal estate tax or which provide tax benefits to the holder and are priced to reflect such tax benefits or which were originally issued at a deep or substantial discount; the term “Ten Year Average Yield” means the average yield to maturity for actively traded marketable U.S. Treasury fixed interest rate securities (adjusted to constant maturities of ten years); and the term “Thirty Year Average Yield” means the average yield to maturity for actively traded marketable U.S. Treasury fixed interest rate securities (adjusted to constant maturities of thirty years.)

(3) If one or more amendments to the Internal Revenue Code of 1986, as amended (the “Code”), are enacted that change the percentage of the dividends received deduction (currently 70%) as specified in Section 243(a)(1) of the Code or any successor provision (the “Dividends Received Percentage”), the amount of each dividend payable per share of this Series for dividend payments made on or after the date of enactment of such change shall be adjusted by multiplying the amount of the dividend payable determined as described above (before adjustment) by a factor which shall be the number determined in accordance with the following formula (the “DRD Formula”), and rounding the result to the nearest cent:

$$1 - .35(1 - .70)/1 - .35(1 - \text{DRP})$$

For the purposes of the DRD Formula, “DRP” means the Dividends Received Percentage applicable to the dividend in question. No amendment to the Code, other than a change in the percentage of the dividends received deduction set forth in Section 243(a)(1) of the Code or any successor provision, will give rise to an adjustment. Notwithstanding the foregoing provisions, in the event that, with respect to any such amendment, the Corporation shall receive either an unqualified opinion of independent recognized tax counsel or a private letter ruling or similar form of authorization from the Internal Revenue Service to the effect that such an amendment would not apply to dividends payable on shares of this Series, then any such amendment

shall not result in the adjustment provided for pursuant to the DRD Formula. The Corporation's calculation of the dividends payable as so adjusted and as certified accurate as to calculation and reasonable as to method by the independent certified public accountants then regularly engaged by the Corporation shall be final and not subject to review.

If any amendment to the Code which reduces the Dividends Received Percentage is enacted after a dividend payable on a Dividend Payment Date has been declared, the amount of dividend payable on such Dividend Payment Date will not be increased; but instead, an amount, equal to the excess of (x) the product of the dividends paid by the Corporation on such Dividend Payment Date and the DRD Formula (where the DRP used in the DRD Formula would be equal to the reduced Dividends Received Percentage) and (y) the dividends paid by the Corporation on such Dividend Payment Date, will be payable to holders of record on the next succeeding Dividend Payment Date in addition to any other amounts payable on such date.

(4) No full dividends shall be declared or paid or set apart for payment on the Preferred Stock of any series ranking, as to dividends, on a parity with or junior to this Series for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on this Series for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of this Series and any other preferred stock ranking on a parity as to dividends with this Series, all dividends declared upon shares of this Series and any other class or series of preferred stock of the Corporation ranking on a parity as to dividends with this Series shall be declared pro rata so that the amount of dividends declared per share on this Series and such other preferred stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of this Series and such other preferred stock bear to each other. Holders of shares of this Series shall not be entitled to any dividend, whether payable in cash, property or stocks, in excess of full cumulative dividends, as herein provided, on this Series. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on this Series which may be in arrears.

(5) So long as any shares of this Series are outstanding, no dividend (other than a dividend in Common Stock or in any other stock ranking junior to this Series as to dividends and upon liquidation and other than as provided in subsection (4) of this Section (b)) shall be declared or paid or set aside for payment or other distribution declared or made upon the Common Stock or upon any other stock ranking junior to or on a parity with this Series as to dividends or upon liquidation, nor shall any Common Stock nor any other stock of the Corporation ranking junior to or on a parity with this Series as to dividends or upon liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation (except by conversion into or exchange for stock of the Corporation ranking junior to this Series as to dividends and upon liquidation) unless, in each case, the full cumulative dividends on all outstanding shares of this Series shall have been paid for all past dividend payment periods.

(6) Dividends payable on this Series for any period shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(c) Redemption.

(1) (A) The shares of this Series shall not be redeemable prior to April 1, 2006. On and after April 1, 2006, the Corporation, at its option, may redeem shares of this Series, in whole or in part, at any time or from time to time, at a redemption price of \$250 per share, plus accrued and unpaid dividends thereon to the date fixed for redemption.

(B) In the event that fewer than all the outstanding shares of this Series are to be redeemed pursuant to subsection (1)(A), the number of shares to be redeemed shall be determined by the Board and the shares to be redeemed shall be determined by lot or pro rata as may be determined by the Board or by any other method as may be determined by the Board in its sole discretion to be equitable.

(2) (A) Notwithstanding subsection (1) above, if the Dividends Received Percentage is equal to or less than 40% and, as a result, the amount of dividends on the shares of this Series payable on any Dividend Payment Date will be or is adjusted upwards as described in Section (b)(2) above, the Corporation, at its Option, may redeem all, but not less than all, of the outstanding shares of this Series; provided, that within sixty days of the date on which an amendment to the Code is enacted which reduces the Dividends Received Percentage to 40% or less, the Corporation sends notice to holders of shares of this Series of such redemption in accordance with subsection (3) below.

(B) Any redemption of this Series in accordance with this subsection (2) shall be at the applicable redemption price set forth in the following table, in each case plus accrued and unpaid dividends (whether or not declared) thereon to the date fixed for redemption, including any changes in dividends payable due to changes in the Dividends Received Percentage.

Redemption Period	Redemption Price Per Share	Redemption Price Per Depositary Share
April 2, 2004 to March 31, 2005	252.50	50.50
April 1, 2005 to March 31, 2006	251.25	50.25
On or after April 1, 2006	250.00	50.00

(3) In the event the Corporation shall redeem shares of this Series pursuant to subsections (1) or (2) above, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock register of the Corporation. Each such notice shall state: (i) the redemption date; (ii) the number of shares of this Series to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date.

(4) Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the payment of the redemption price) dividends on the shares of this Series so called for redemption under either subsection (1) or (2) above shall cease to accrue, and said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. Upon surrender in accordance with said notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the applicable redemption price. In case fewer than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

(5) Notwithstanding the foregoing provisions of this Section (c), if any dividends on this Series are in arrears, no shares of this Series shall be redeemed unless all outstanding shares of this Series are simultaneously redeemed, and the Corporation shall not purchase or otherwise acquire any shares of this Series; provided, however, that the foregoing shall not prevent the purchase or acquisition of shares of this Series pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of this Series.

(d) Liquidation Rights.

(1) Upon the dissolution, liquidation or winding up of the Corporation, the holders of the shares of this Series shall be entitled to receive and be paid out of the assets of the Corporation available for distribution to its stockholders, before any payment or distribution shall be made on the Common Stock or on any other class of stock ranking junior to the shares of this Series upon liquidation, the amount of \$250 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(2) Neither the sale of all or substantially all the property or business of the Corporation nor the merger or consolidation of the Corporation into or with any other corporation or the merger or consolidation of any other corporation into or with the Corporation, shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purposes of this Section (d).

(3) After the payment to the holders of the shares of this Series of the full preferential amounts provided for in this Section (d), the holders of this Series as such shall have no right or claim to any of the remaining assets of the Corporation.

(4) In the event the assets of the Corporation available for distribution to the holders of shares of this Series upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (1) of this Section (d), no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

(e) Conversion or Exchange. The holders of shares of this Series shall not have any rights herein to convert such shares into or exchange such shares for shares of any other class or classes or of any other series of any class or classes of capital stock of the Corporation.

(f) Voting. The shares of this Series shall not have any voting powers, either general or special, except that:

(1) Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the consent of the holders of at least 66 2/3% of all of the shares of this Series at the time outstanding, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose at which the holders of shares of this Series shall vote together as a separate class, shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal of any of the provisions of the Corporation's Amended and Restated Certificate of Incorporation or of any certificate amendatory thereof or supplemental thereto (including any Certificate of the Voting Powers, Designations, Preferences and Relative, Participating, Optional or Other Special Rights, and the Qualifications, Limitations or Restrictions thereof, or any similar document relating to any series of Preferred Stock) which would adversely affect the preferences, rights, powers or privileges of this Series;

(2) Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the consent of the holders of at least 66 2/3% of all of the shares of this Series and all other series of Preferred Stock ranking on a parity with shares of this Series, either as to dividends or upon liquidation, at the time outstanding, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose at which the holders of shares of this Series and such other series of Preferred Stock shall vote together as a single class without regard to series, shall be necessary for authorizing, effecting, increasing or validating the creation, authorization or issue of any shares of any class of stock of the Corporation ranking prior to the shares of this Series as to dividends or upon liquidation, or the reclassification of any authorized stock of the Corporation into any such prior shares, or the creation, authorization or issue of any obligation or security convertible into or evidencing the right to purchase any such prior shares.

(3) If, at the time of any annual meeting of stockholders for the election of directors, a default in preference dividends on any series of the Preferred Stock or any other class or series of preferred stock of the Corporation (other than any other class or series of the Corporation's preferred stock expressly entitled to elect additional directors to the Board by a vote separate and distinct from the vote provided for in this paragraph (3) ("Voting Preferred")) shall exist, the number of directors constituting the Board shall be increased by two (without duplication of any increase made pursuant to the terms of any other class or series of the Corporation's preferred stock other than any Voting Preferred) and the holders of the Corporation's preferred stock of all classes and series (other than any such Voting Preferred) shall have the right at such meeting, voting together as a single class without regard to class or series, to the exclusion of the holders of Common Stock and the Voting Preferred, to elect two directors of the Corporation to fill such newly created directorships. Such right shall continue until there are no dividends in arrears upon shares of any class or series of the Corporation's preferred stock ranking prior to or on a parity with shares of this Series as to dividends (other than any Voting Preferred). Each director elected by the holders of shares of any series of the Preferred Stock or any other class or series of the Corporation's preferred stock in an election provided for by this paragraph (3) (herein called a "Preferred Director") shall continue to serve as such director for the full term for which he shall have been elected, notwithstanding that prior to the end of such term a default in preference dividends shall cease to exist. Any Preferred Director may be removed by, and shall not be removed except by, the vote of the holders of record of the outstanding shares of the Corporation's preferred stock entitled to have originally voted for such director's election, voting together as a single class without regard to class or series, at a meeting of the stockholders, or of the holders of shares of the Corporation's preferred stock, called for that purpose. So long as a default in any preference dividends on any series of the Preferred Stock or any other class or series of preferred stock of the Corporation shall exist (other than any Voting Preferred) (A) any vacancy in the office of a Preferred Director may be filled (except as provided in the following clause (B)) by an instrument in writing signed by the remaining Preferred Director and filed with the Corporation and (B) in the case of the removal of any Preferred Director, the vacancy may be filled by the vote of the holders of the outstanding shares of the Corporation's preferred stock entitled to have originally voted for the removed director's election, voting together as a single class without regard to class or series, at the same meeting at which such removal shall be voted. Each director appointed as aforesaid shall be deemed for all purposes hereto to be a Preferred Director.

Whenever the term of office of the Preferred Directors shall end and a default in preference dividends shall no longer exist, the number of directors constituting the Board shall be reduced by two. For purposes hereof, a "default in preference dividends" on any series of the Preferred Stock or any other class or series of preferred stock of the Corporation shall be deemed to have occurred whenever the amount of accrued dividends upon such class or series of the Corporation's preferred stock shall be equivalent to six full quarterly dividends or more, and, having so occurred, such default shall be deemed to exist thereafter until, but only until, all accrued dividends on all such shares of the Corporation's preferred stock of each and every series then Outstanding (other than any Voting Preferred or shares of any class or series ranking junior to shares of this Series as to dividends) shall have been paid to the end of the last preceding quarterly dividend period.

(4) Without limiting the foregoing, under any circumstances in which the Series would have additional rights under Rhode Island law if the Corporation were incorporated under the Rhode Island Business Corporation Act (rather than the Delaware General Corporation Law), holders of shares of the Series shall be entitled to such rights, including, without limitation, voting rights under Chapter 7-1.1-55, voting and notice rights under Chapter 7-1.1-67 and dissenters' rights under Chapters 7-1.1-73 and 7-1.1-74 of the Rhode Island Business Corporation Act (as such Chapters may be amended from time to time).

(g) Reacquired Shares. Shares of this Series which have been issued and reacquired through redemption or purchase shall, upon compliance with an applicable provision of the Delaware General Corporation Law, have the status of authorized and unissued shares of Preferred Stock and may be reissued but only as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board.

(h) Relation to Existing Preferred Classes of Stock. Shares of this Series are equal in rank and preference with all other series of the Preferred Stock (other than the ESOP Convertible Preferred Stock, Series C) outstanding on the date of original issue of the shares of this Series and are senior in rank and preference to the Common Stock and the ESOP Convertible Preferred Stock, Series C of the Corporation.

(i) Relation to Other Preferred Classes of Stock. For purposes of this resolution, any stock of any class or classes of the Corporation shall be deemed to rank:

(1) prior to the shares of this Series, either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of this Series;

(2) on a parity with shares of this Series, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share or sinking fund provisions, if any, be different from those of this Series, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of this Series; and

(3) junior to the shares of this Series, either as to dividends or upon liquidation, if such class shall be Common Stock or if the holders of shares of this Series shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of such class or classes.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designation to be duly executed by James H. Hance, Jr., its Vice Chairman and Chief Financial Officer, and attested to by Rachel R. Cummings, its Corporate Secretary, and has caused the corporate seal to be affixed hereto, this 26th day of March, 2004.

BANK OF AMERICA CORPORATION

By: /s/ James H. Hance, Jr.
Vice Chairman and Chief Financial Officer

ATTEST:

/s/ Rachel R. Cummings
Corporate Secretary

(Corporate Seal)

CERTIFICATE OF DESIGNATION
OF
6.75% PERPETUAL PREFERRED STOCK
OF
BANK OF AMERICA CORPORATION

(Pursuant to Section 151 of the Delaware Corporation Law)

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), hereby certifies that the following resolutions were adopted by the Board of Directors of the Corporation (the "Board of Directors") pursuant to the authority of the Board of Directors as required by Section 151 of the General Corporation Law of the State of Delaware, at a meeting duly convened and held on January 28, 2004:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors in accordance with the provisions of the Amended and Restated Certificate of Incorporation of the Corporation, the Board of Directors hereby creates a series of the Corporation's previously authorized preferred stock, without par value (the "Preferred Stock") and hereby states the designation and number thereof and fixes the voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, as follows:

(a) Designation. The designation of the series of Preferred Stock shall be "6.75% Perpetual Preferred Stock" (hereinafter called this "Series") and the number of shares constituting this Series is Six Hundred Ninety Thousand (690,000).

(b) Dividend Rate.

(1) The holders of shares of this Series shall be entitled to receive dividends thereon at a rate of 6.75% per annum computed on the basis of an issue price thereof of \$250 per share, and no more, payable quarterly out of the funds of the Corporation legally available for the payment of dividends. Such dividends shall be cumulative from the date of original issue of such shares and shall be payable, when, as and if declared by the Board, on January 15, April 15, July 15 and October 15 of each year, commencing April 15, 2004 (a "Dividend Payment Date"). Each such dividend shall be paid to the holders of record of shares of this Series as they appear on the stock register of the Corporation on such record date, not exceeding 30 days preceding the payment date thereof, as shall be fixed by the Board. Dividends on account of arrears for any past quarters may be declared and paid at any time, without reference to any regular dividend payment date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board.

(2) If one or more amendments to the Internal Revenue Code of 1986, as amended (the "Code"), are enacted that change the percentage of the dividends received deduction (currently 70%) as specified in Section 243(a)(1) of the Code or any successor provision (the "Dividends Received Percentage"), the amount of each dividend payable per share of this Series for dividend payments made on or after the date of enactment of such change shall be adjusted by multiplying the amount of the dividend payable determined as described above (before adjustment) by a factor which shall be the number determined in accordance with the following formula (the "DRD Formula"), and rounding the result to the nearest cent:

$$1 - .35(1 - .70)/1 - .35(1 - \text{DRP})$$

For the purposes of the DRD Formula, "DRP" means the Dividends Received Percentage applicable to the dividend in question. No amendment to the Code, other than a change in the percentage of the dividends received deduction set forth in Section 243(a)(1) of the Code or any successor provision, will give rise to an adjustment. Notwithstanding the foregoing provisions, in the event that, with respect to any such amendment, the Corporation shall receive either an unqualified opinion of independent recognized tax counsel or a private letter ruling or similar form of authorization from the Internal Revenue Service to the effect that such an amendment would not apply to dividends payable on shares of this Series, then any such amendment shall not result in the adjustment provided for pursuant to the DRD Formula. The Corporation's calculation of the dividends payable as so adjusted and as certified accurate as to calculation and reasonable as to method by the independent certified public accountants then regularly engaged by the Corporation shall be final and not subject to review.

If any amendment to the Code which reduces the Dividends Received Percentage is enacted after a dividend payable on a Dividend Payment Date has been declared, the amount of dividend payable on such Dividend Payment Date will not be increased; but instead, an amount, equal to the excess of (x) the product of the dividends paid by the Corporation on such Dividend Payment Date and the DRD Formula (where the DRP used in the DRD Formula would be equal to the reduced Dividends Received Percentage) and (y) the dividends paid by the Corporation on such Dividend Payment Date, will be payable to holders of record on the next succeeding Dividend Payment Date in addition to any other amounts payable on such date.

(3) No full dividends shall be declared or paid or set apart for payment on the Preferred Stock of any series ranking, as to dividends, on a parity with or junior to this Series for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on this Series for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of this Series and any other preferred stock ranking on a parity as to dividends with this Series, all dividends declared upon shares of this Series and any other class or series of preferred stock of the Corporation ranking on a parity as to dividends with this Series shall be declared pro rata so that the amount of dividends declared per share on this Series and such other preferred stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of this Series and such other preferred stock bear to each other. Holders of shares of this Series shall not be entitled to any dividend, whether payable in cash, property or stocks, in excess of full cumulative dividends, as herein provided, on this Series. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on this Series which may be in arrears.

(4) So long as any shares of this Series are outstanding, no dividend (other than a dividend in Common Stock or in any other stock ranking junior to this Series as to dividends and upon liquidation and other than as provided in subsection (3) of this Section (b)) shall be declared or paid or set aside for payment or other distribution declared or made upon the Common Stock or upon any other stock ranking junior to or on a parity with this Series as to dividends or upon liquidation, nor shall any Common Stock nor any other stock of the Corporation ranking junior to or on a parity with this Series as to dividends or upon liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation (except by conversion into or exchange for stock of the Corporation ranking junior to this Series as to dividends and upon liquidation) unless, in each case, the full cumulative dividends on all outstanding shares of this Series shall have been paid for all past dividend payment periods.

(5) Dividends payable on this Series for any period shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(c) Redemption.

(1) (A) The shares of this Series shall not be redeemable prior to April 15, 2006. On and after April 15, 2006, the Corporation, at its option, may redeem shares of this Series, in whole or in part, at any time or from time to time, at a redemption price of \$250 per share, plus accrued and unpaid dividends thereon to the date fixed for redemption.

(B) In the event that fewer than all the outstanding shares of this Series are to be redeemed pursuant to subsection (1)(A), the number of shares to be redeemed shall be determined by the Board and the shares to be redeemed shall be determined by lot or pro rata as may be determined by the Board or by any other method as may be determined by the Board in its sole discretion to be equitable.

(2) (A) Notwithstanding subsection (1) above, if the Dividends Received Percentage is equal to or less than 40% and, as a result, the amount of dividends on the shares of this Series payable on any Dividend Payment Date will be or is adjusted upwards as described in Section (b)(2) above, the Corporation, at its option, may redeem all, but not less than all, of the outstanding shares of this Series; provided, that within sixty days of the date on which an amendment to the Code is enacted which reduces the Dividends Received Percentage to 40% or less, the Corporation sends notice to holders of shares of this Series of such redemption in accordance with subsection (3) below.

(B) Any redemption of the Perpetual Preferred Stock in accordance with this subsection (2) shall be at the applicable redemption price set forth in the following table, in each case plus accrued and unpaid dividends (whether or not declared) thereon to the date fixed for redemption, including any changes in dividends payable due to changes in the Dividends Received Percentage.

Redemption Period	Redemption Price Per Share	Redemption Price Per Depositary Share
April 2, 2004 to April 14, 2004	253.75	50.75
April 15, 2004 to April 14, 2005	252.50	50.50
April 15, 2005 to April 14, 2006	251.25	50.25
On or after April 15, 2006	250.00	50.00

(3) In the event the Corporation shall redeem shares of this Series pursuant to subsections (1) or (2) above, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock register of the Corporation. Each such notice shall state: (i) the redemption date; (ii) the number of shares of this Series to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date.

(4) Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the payment of the redemption price) dividends on the shares of this Series so called for redemption under either subsection (1) or (2) above shall cease to accrue, and said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. Upon surrender in accordance with said notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the applicable redemption price. In case fewer than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

(5) Notwithstanding the foregoing provisions of this Section (c), if any dividends on this Series are in arrears, no shares of this Series shall be redeemed unless all outstanding shares of this Series are simultaneously redeemed, and the Corporation shall not purchase or otherwise acquire any shares of this Series; provided, however, that the foregoing shall not prevent the purchase or acquisition of shares of this Series pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of this Series.

(d) Liquidation Rights.

(1) Upon the dissolution, liquidation or winding up of the Corporation, the holders of the shares of this Series shall be entitled to receive and be paid out of the assets of the Corporation available for distribution to its stockholders, before any payment or distribution shall be made on the Common Stock or on any other class of stock ranking junior to the shares of this Series upon liquidation, the amount of \$250 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(2) Neither the sale of all or substantially all the property or business of the Corporation nor the merger or consolidation of the Corporation into or with any other corporation or the merger or consolidation of any other corporation into or with the Corporation, shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purposes of this Section (d).

(3) After the payment to the holders of the shares of this Series of the full preferential amounts provided for in this Section (d), the holders of this Series as such shall have no right or claim to any of the remaining assets of the Corporation.

(4) In the event the assets of the Corporation available for distribution to the holders of shares of this Series upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (1) of this Section (d), no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

(e) Conversion or Exchange. The holders of shares of this Series shall not have any rights herein to convert such shares into or exchange such shares for shares of any other class or classes or of any other series of any class or classes of capital stock of the Corporation.

(f) Voting. The shares of this Series shall not have any voting powers, either general or special, except that:

(1) Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the consent of the holders of at least 66 2/3% of all of the shares of this Series at the time outstanding, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose at which the holders of shares of this Series shall vote together as a separate class, shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal of any of the provisions of the Corporation's Amended and Restated Certificate of Incorporation or of any certificate amendatory thereof or supplemental thereto (including any Certificate of the Voting Powers, Designations, Preferences and Relative, Participating,

Optional or Other Special Rights, and the Qualifications, Limitations or Restrictions thereof, or any similar document relating to any series of Preferred Stock) which would adversely affect the preferences, rights, powers or privileges of this Series;

(2) Unless the vote or consent of the holders of a greater number of shares shall then be required by law, the consent of the holders of at least 66 2/3% of all of the shares of this Series and all other series of Preferred Stock ranking on a parity with shares of this Series, either as to dividends or upon liquidation, at the time outstanding, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose at which the holders of shares of this Series and such other series of Preferred Stock shall vote together as a single class without regard to series, shall be necessary for authorizing, effecting, increasing or validating the creation, authorization or issue of any shares of any class of stock of the Corporation ranking prior to the shares of this Series as to dividends or upon liquidation, or the reclassification of any authorized stock of the Corporation into any such prior shares, or the creation, authorization or issue of any obligation or security convertible, into or evidencing the right to purchase any such prior shares.

(3) If, at the time of any annual meeting of stockholders for the election of directors, a default in preference dividends on any series of the Preferred Stock or any other class or series of preferred stock of the Corporation (other than any other class or series of the Corporation's preferred stock expressly entitled to elect additional directors to the Board by a vote separate and distinct from the vote provided for in this paragraph (3) ("Voting Preferred")) shall exist, the number of directors constituting the Board shall be increased by two (without duplication of any increase made pursuant to the terms of any other class or series of the Corporation's preferred stock other than any Voting Preferred) and the holders of the Corporation's preferred stock of all classes and series (other than any such Voting Preferred) shall have the right at such meeting, voting together as a single class without regard to class or series, to the exclusion of the holders of Common Stock and the Voting Preferred, to elect two directors of the Corporation to fill such newly created directorships. Such right shall continue until there are no dividends in arrears upon shares of any class or series of the Corporation's preferred stock ranking prior to or on a parity with shares of this Series as to dividends (other than any Voting Preferred). Each director elected by the holders of shares of any series of the Preferred Stock or any other class or series of the Corporation's preferred stock in an election provided for by this paragraph (3) (herein called a "Preferred Director") shall continue to serve as such director for the full term for which he shall have been elected, notwithstanding that prior to the end of such term a default in preference dividends shall cease to exist. Any Preferred Director may be removed by, and shall not be removed except by, the vote of the holders of record of the outstanding shares of the Corporation's preferred stock entitled to have originally voted for such director's election, voting together as a single class without regard to class or series, at a meeting of the stockholders, or of the holders of shares of the Corporation's preferred stock, called for that purpose. So long as a default in any preference dividends on any series of the Preferred Stock or any other class or series of preferred stock of the Corporation shall exist (other than any Voting Preferred) (A) any vacancy in the office of a Preferred Director may be filled (except as provided in the following clause (B)) by an instrument in writing signed by the remaining Preferred Director and filed with the Corporation and (B) in the case of the removal of any Preferred Director, the vacancy may be filled by the vote of the holders of the outstanding shares of the Corporation's preferred stock entitled to have originally voted for the removed director's election, voting together as a single class without regard to class or series, at the same meeting at which such removal shall be voted. Each director appointed as aforesaid shall be deemed for all purposes hereto to be a Preferred Director.

Whenever the term of office of the Preferred Directors shall end and a default in preference dividends shall no longer exist, the number of directors constituting the Board shall be reduced by two. For purposes hereof, a "default in preference dividends" on any series of the Preferred Stock or any other class or series of preferred stock of the Corporation shall be deemed to have occurred whenever the amount of accrued dividends upon such class or series of the Corporation's preferred stock shall be equivalent to six full quarterly dividends or more, and, having so occurred, such default shall be deemed to exist thereafter until, but only until, all accrued dividends on all such shares of the Corporation's preferred stock of each and every series then outstanding (other than any Voting Preferred or shares of any class or series ranking junior to shares of this Series as to dividends) shall have been paid to the end of the last preceding quarterly dividend period.

(4) Without limiting the foregoing, under any circumstances in which the Series would have additional rights under Rhode Island law if the Corporation were incorporated under the Rhode Island Business Corporation Act (rather than the Delaware General Corporation Law), holders of shares of the Series shall be entitled to such rights, including, without limitation, voting rights under Chapter 7-1.1-55, voting and notice rights under Chapter 7-1.1-67 and dissenters' rights under Chapters 7-1.1-73 and 7-1.1-74 of the Rhode Island Business Corporation Act (as such Chapters may be amended from time to time).

(g) Reacquired Shares. Shares of this Series which have been issued and reacquired through redemption or purchase shall, upon compliance with an applicable provision of the Delaware General Corporation Law, have the status of authorized and unissued shares of Preferred Stock and may be reissued but only as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board.

(h) Relation to Existing Preferred Classes of Stock. Shares of this Series are equal in rank and preference with all other series of the Preferred Stock (other than the ESOP Convertible Preferred Stock, Series C) outstanding on the date of original issue of the shares of this Series and are senior in rank and preference to the Common Stock and the ESOP Convertible Preferred Stock, Series C of the Corporation.

(i) Relation to Other Preferred Classes of Stock. For purposes of this resolution, any stock of any class or classes of the Corporation shall be deemed to rank:

(1) prior to the shares of this Series, either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of this Series;

(2) on a parity with shares of this Series, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share or sinking fund provisions, if any, be different from those of this Series, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of this Series; and

(3) junior to the shares of this Series, either as to dividends or upon liquidation, if such class shall be Common Stock or if the holders of shares of this Series shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of such class or classes.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designation to be duly executed by James H. Hance, Jr., its Vice Chairman and Chief Financial Officer, and attested to by Rachel R. Cummings, its Corporate Secretary, and has caused the corporate seal to be affixed hereto, this 26th day of March, 2004.

BANK OF AMERICA CORPORATION

By: /s/ James H. Hance, Jr.
Vice Chairman and Chief Financial Officer

ATTEST:

/s/ Rachel R. Cummings
Corporate Secretary

(Corporate Seal)

CERTIFICATE OF MERGER
OF
FLEETBOSTON FINANCIAL CORPORATION
INTO
BANK OF AMERICA CORPORATION

In accordance with Section 252 of the General Corporation Law of the State of Delaware, Bank of America Corporation, a Delaware corporation ("Bank of America"), does hereby certify as follows:

FIRST: That the name and state of incorporation of each of the constituent corporations of the merger herein certified are as follows:

<u>Name</u>	<u>State of Incorporation</u>
FleetBoston Financial Corporation	Rhode Island
Bank of America Corporation	Delaware

SECOND: That an Agreement and Plan of Merger, dated as of October 27, 2003, by and between FleetBoston Financial Corporation ("FleetBoston"), a Rhode Island Corporation, and Bank of America, was approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with the requirements of Section 252 of the General Corporation Law of the State of Delaware.

THIRD: That Bank of America will continue as the surviving corporation.

FOURTH: That the Amended and Restated Certificate of Incorporation of Bank of America at the effective time of the merger shall be the certificate of incorporation of the surviving corporation.

FIFTH: That a copy of the executed Agreement and Plan of Merger is on file at the offices of the surviving corporation at Bank of America Corporate Center, Charlotte, North Carolina 28255.

SIXTH: That a copy of the Agreement and Plan of Merger will be furnished by Bank of America, on request and without cost, to any stockholder of any constituent corporation.

SEVENTH: The authorized capital stock of FleetBoston consisted of 2,000,000,000 shares of Common Stock, \$0.01 par value per share, and 16,000,000 shares of Preferred Stock, \$1.00 par value per share, of which 690,000 shares were designated as Series VI 6.75% Perpetual Preferred Stock and 805,000 shares were designated as Series VII Fixed/Adjustable Rate Cumulative Preferred Stock.

EIGHTH: This Certificate of Merger shall become effective on April 1, 2004 at 12:01 a.m., Eastern Time.

IN WITNESS WHEREOF, Bank of America has caused this Certificate of Merger to be executed by a duly authorized officer on this 3rd day of March, 2004.

BANK OF AMERICA CORPORATION

By: /s/ JAMES H. HANCE, JR.
Name: James H. Hance, Jr.
Title: Chief Financial Officer

CERTIFICATE OF MERGER

OF

MBNA CORPORATION
(a Maryland corporation)

with and into

BANK OF AMERICA CORPORATION
(a Delaware corporation)

Pursuant to Section 252 of the General Corporation Law of the State of Delaware (the "DGCL"), Bank of America Corporation, a Delaware corporation ("Bank of America"), hereby certifies the following information relating to the merger of MBNA Corporation, a Maryland corporation ("MBNA"), with and into Bank of America (the "Merger"):

FIRST: The name and state of incorporation of each of the constituent corporations (the "Constituent Corporations") in the Merger are:

Name:

Bank of America Corporation

MBNA Corporation

State of Incorporation

Delaware

Maryland

SECOND: The Agreement and Plan of Merger, dated as of June 30, 2005, by and between MBNA and Bank of America (the "Plan of Merger"), setting forth the terms and conditions of the Merger has been approved, adopted, certified, executed and acknowledged by each of the Constituent Corporations in accordance with the requirements of Section 252 of the DGCL.

THIRD: The name of the surviving corporation of the Merger (the "Surviving Corporation") is Bank of America Corporation.

FOURTH: The Amended and Restated Certificate of Incorporation of Bank of America in effect immediately prior to the effective time of the Merger shall be the certificate of incorporation of the Surviving Corporation.

FIFTH: The executed Plan of Merger is on file at the principal place of business of the Surviving Corporation at Bank of America Corporate Center, 100 N. Tryon Street, Charlotte, North Carolina 28255.

SIXTH: A copy of the Plan of Merger will be furnished by the Surviving Corporation, on request and without cost, to any stockholder of either Constituent Corporation.

SEVENTH: The authorized capital stock of MBNA consisted of 1,500,000,000 shares of

common stock, par value \$0.01 per share, and 20,000,000 shares of preferred stock, par value \$0.01 per share.

EIGHTH: The Merger shall become effective as of 12:01 a.m., Eastern time, on January 1, 2006.

IN WITNESS WHEREOF, Bank of America has caused this Certificate of Merger to be executed by its duly authorized officer on this 29 day of December, 2005.

BANK OF AMERICA CORPORATION

By: /s/ WILLIAM J. MOSTYN

Name: William J. Mostyn

Title: Secretary

**CERTIFICATE OF ELIMINATION
OF
FIXED/ADJUSTABLE RATE CUMULATIVE PREFERRED STOCK
AND
6.75% PERPETUAL PREFERRED STOCK
OF
BANK OF AMERICA CORPORATION**

Pursuant to Section 151(g)
of the General Corporation Law
of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Company"), in accordance with the provisions of Section 151(g) of the General Corporation Law of the State of Delaware (the "DGCL"), hereby certifies as follows:

1. That, pursuant to Section 151 of the DGCL and the authority granted in the Amended and Restated Certificate of Incorporation of the Company (the "Certificate of Incorporation"), the Board of Directors of the Company (the "Board"), by resolution duly adopted, authorized the issuance of a series of 805,000 shares of Fixed/Adjustable Rate Cumulative Preferred Stock, without par value (the "Fixed/Adjustable Preferred Stock"), and established the powers, designations, preferences and relative, participating and other rights, and the qualifications, limitations or restrictions thereof, and, on March 29, 2004, filed a Certificate of Designation with respect to such Fixed/Adjustable Preferred Stock in the office of the Secretary of State of the State of Delaware (the "Secretary of State").

2. That, pursuant to Section 151 of the DGCL and the authority granted in the Certificate of Incorporation, the Board, by resolution duly adopted, authorized the issuance of a series of 690,000 shares of 6.75% Perpetual Preferred Stock, without par value (the "Perpetual Preferred Stock"), and established the powers, designations, preferences and relative, participating and other rights, and the qualifications, limitations or restrictions thereof, and, on March 29, 2004, filed a Certificate of Designation with respect to such Perpetual Preferred Stock in the office of the Secretary of State.

3. That on May 26, 2006 the Special Preferred Stock Committee of the Board (the "Committee") authorized and approved the redemption of the issued and outstanding shares of Fixed/Adjustable Preferred Stock on July 3, 2006 and the redemption of the Fixed/Adjustable Preferred Stock on July 14, 2006.

4. That all of the issued and outstanding shares of Fixed/Adjustable Preferred Stock were redeemed on July 3, 2006 and all of the issued and outstanding shares of Perpetual Preferred Stock were redeemed on July 14, 2006, and, therefore, no shares of Fixed/Adjustable Preferred Stock or Perpetual Preferred Stock are outstanding and no shares thereof will be issued subject to such Certificates of Designation.

5. That the Board has adopted the following resolutions:

WHEREAS, by resolution of the Board of Directors of the Company (the "Board") and by a Certificate of Designation filed in the office of the Secretary of State of the State of Delaware (the "Secretary of State") on March 29, 2004, this Company authorized the issuance of a series of 805,000 shares of Fixed/Adjustable Rate Cumulative Preferred Stock, without par value, of the Company (the "Fixed/Adjustable Preferred Stock") and established the voting powers, designations, preferences and relative, participating and other rights, and the qualifications, limitations or restrictions thereof; and

WHEREAS, by resolution of the Board and by a Certificate of Designation filed in the office of the Secretary of State on March 29, 2004, this Company authorized the issuance of a series of 690,000 shares of 6.75% Perpetual Preferred Stock, without par value, of the Company (the "Perpetual Preferred Stock") and established the voting powers, designations, preferences and relative, participating and other rights, and the qualifications, limitations and restrictions thereof;

WHEREAS, on May 26, 2006, the Special Preferred Stock Committee of the Board (the "Committee") authorized and approved the redemption of all the issued and outstanding shares of the Fixed/Adjustable Preferred Stock on July 3, 2006 and the Perpetual Preferred Stock on July 14, 2006;

WHEREAS, all of the issued and outstanding shares of Fixed/Adjustable Preferred Stock were redeemed on July 3, 2006 and all issued and outstanding shares of Perpetual Preferred Stock were redeemed on July 14, 2006, and, therefore, no shares of Fixed/Adjustable Preferred Stock or Perpetual Preferred Stock are outstanding and no shares thereof will be issued subject to such Certificates of Designation;

WHEREAS, it is desirable that all matters set forth in the Certificates of Designation with respect to such Fixed/Adjustable Preferred Stock and Perpetual Preferred Stock be eliminated from the Amended and Restated Certificate of Incorporation, as heretofore amended, of the Company (the "Certificate of Incorporation").

NOW, THEREFORE, BE IT AND IT HEREBY IS:

RESOLVED, that all matters set forth in the Certificates of Designation with respect to such Fixed/Adjustable Preferred Stock and Perpetual Preferred Stock be eliminated from the Certificate of Incorporation; and it is further

RESOLVED, that the officers of the Company be, and hereby are, authorized and directed to file a Certificate with the office of the Secretary of State setting forth a copy of these resolutions whereupon all matters set forth in the Certificates of Designation with respect to such Fixed/Adjustable Preferred Stock and Perpetual Preferred Stock shall be eliminated from the Certificate of Incorporation; and it is further

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed, for and on behalf of the Corporation, to take any and all actions, to perform all such acts and things, to execute, file, deliver or record in the name and on behalf of the Corporation, all such certificates, instruments, agreements or other documents, and to make all such payments as they, in their judgment, or in the judgment of any one or more of them, may deem necessary, advisable or appropriate in order to carry out the purpose and intent of the foregoing resolutions and the transactions contemplated therein or thereby, the authorization therefor to be conclusively evidenced by the taking of such action or the execution and delivery of such certificates, instruments, agreements or documents.

6. That, accordingly, all matters set forth in the Certificates of Designation with respect to such Fixed/Adjustable Preferred Stock and Perpetual Preferred Stock be, and hereby are, eliminated from the Certificate of Incorporation, as heretofore amended.

IN WITNESS WHEREOF, the Company has caused this Certificate to be signed by its duly authorized officer as of this 31st day of July, 2006.

BANK OF AMERICA CORPORATION

By: /s/ Teresa M. Brenner
Name: Teresa M. Brenner
Title: Associate General Counsel

**CERTIFICATE OF DESIGNATIONS
OF
6.204% NON-CUMULATIVE PREFERRED STOCK, SERIES D
OF
BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. At a meeting duly convened and held on July 26, 2006, the Board of Directors of the Corporation (the "Board") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Committee (the "Committee") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on September 6, 2006, the Committee duly adopted the following resolution by written consent:

"**RESOLVED**, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in Exhibit A hereto, which is incorporated herein by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 13th day of September, 2006.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER

Name: Teresa M. Brenner

Title: Associate General Counsel

EXHIBIT A
TO
CERTIFICATE OF DESIGNATIONS
OF
6.204% NON-CUMULATIVE PREFERRED STOCK, SERIES D
OF
BANK OF AMERICA CORPORATION

Section 1. Designation. The designation of the series of preferred stock shall be “6.204% Non-Cumulative Preferred Stock, Series D” (the “*Series D Preferred Stock*”). Each share of Series D Preferred Stock shall be identical in all respects to every other share of Series D Preferred Stock. Series D Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series D Preferred Stock shall be 34,500. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series D Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series D Preferred Stock.

Section 3. Definitions. As used herein with respect to Series D Preferred Stock:

“*Business Day*” means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

“*Depository Company*” shall have the meaning set forth in Section 6(d) hereof.

“*Dividend Payment Date*” shall have the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” shall have the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Junior Stock*” means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series D Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*Parity Stock*” means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B and (b) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series D Preferred Stock in the payment of dividends and in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*Senior Stock*” means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series D Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*Series D Preferred Stock*” shall have the meaning set forth in Section 1 hereof.

Section 4. Dividends.

(a) Rate. Holders of Series D Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of \$25,000 per share of Series D Preferred Stock, and no more, payable quarterly in arrears on each March 14, June 14, September 14 and December 14; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a “*Dividend Payment Date*”). The period from and including the date of issuance of the Series D Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a “*Dividend Period*.” Dividends on each share of Series D Preferred Stock will accrue on the liquidation preference of \$25,000 per share at a rate per annum equal to 6.204%. The record date for payment of dividends on the Series D Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) Non-Cumulative Dividends. Dividends on shares of Series D Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series D Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series D Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series D Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series D Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into other Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or *apro rata* portion, of the Series D Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series D Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted.

Subject to the succeeding sentence, for so long as any shares of Series D Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series D Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series D Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation will allocate the dividend payments on a pro rate basis among the holders of the shares of Series D Preferred Stock and the holders of any Parity Stock. For purposes of calculating the pro rate allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series D Preferred Stock and the aggregate of the current and accrued dividends due on the Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series D Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series D Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series D Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series D Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series D Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any dividends which have been declared but not yet paid to all holders of Series D Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series D Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences plus any dividends which have been declared but not yet paid of Series D Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series D Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of Series D Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after the Dividend Payment Date on September 14, 2011, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series D Preferred Stock shall be \$25,000 per share plus dividends that have been declared but not paid.

(b) Notice of Redemption. Notice of every redemption of shares of Series D Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series D Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series D Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series D Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series D Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series D Preferred Stock at the time outstanding, the shares of Series D Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series D Preferred Stock in proportion to the number of Series D Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series D Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the “*Depository Company*”) in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights.

(a) General. The holders of Series D Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by Delaware law.

(b) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series D Preferred Stock or any other class or series of preferred stock that ranks on parity with Series D Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(b) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not), the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series D Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of the such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series D Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series D Preferred Stock as to payment of dividends is a “*Preferred Director*”.

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series D Preferred Stock and any other class or series of our stock that ranks on parity with Series D Preferred Stock as to payment of dividends and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(b)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series D Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series D Preferred Stock and any other class or series of preferred stock that ranks on parity with Series D Preferred Stock as to payment of dividends and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(b)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice of Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series D Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 7(b)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 7(b)(iv). In case any vacancy in the

office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series D Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series D Preferred Stock and any other class or series of preferred stock that ranks on parity with Series D Preferred Stock as to payment of dividends, if any, for at least four quarterly Dividend Periods, then the right of the holders of Series D Preferred Stock to elect the Preferred Directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate, and the number of directors constituting the board of directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series D Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(b).

Section 8. Preemption and Conversion. The holders of Series D Preferred Stock shall not have any rights of preemption or rights to convert such Series D Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series D Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series D Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series D Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series D Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series D Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS
OF
FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES E
OF
BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. At a meeting duly convened and held on July 26, 2006, the Board of Directors of the Corporation (the "Board") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Committee (the "Committee") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on October 30, 2006, the Committee duly adopted the following resolution by written consent:

"RESOLVED, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series E, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in Exhibit A hereto, which is incorporated herein by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 3rd day of November, 2006.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER

Name: Teresa M. Brenner

Title: Associate General Counsel

EXHIBIT A
TO
CERTIFICATE OF DESIGNATIONS
OF
FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES E
OF
BANK OF AMERICA CORPORATION

Section 1. Designation. The designation of the series of preferred stock shall be “Floating Rate Non-Cumulative Preferred Stock, Series E” (the “*Series E Preferred Stock*”). Each share of Series E Preferred Stock shall be identical in all respects to every other share of Series E Preferred Stock. Series E Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series E Preferred Stock shall be 85,100. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series E Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series E Preferred Stock.

Section 3. Definitions. As used herein with respect to Series E Preferred Stock:

“*Business Day*” means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

“*Calculation Agent*” shall mean The Bank of New York Trust Company, N.A., or such other bank or entity as may be appointed by the Corporation to act as calculation agent for the Series E Preferred Stock.

“*Depository Company*” shall have the meaning set forth in Section 6(d) hereof.

“*Dividend Determination Date*” shall have the meaning set forth below in the definition of “Three-Month LIBOR.”

“*Dividend Payment Date*” shall have the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” shall have the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Junior Stock*” means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series E Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*London Banking Day*” means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

“*Parity Stock*” means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D and (c) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series E Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

“*Senior Stock*” means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series E Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*Series E Preferred Stock*” shall have the meaning set forth in Section 1 hereof.

“*Telerate Page 3750*” means the display page so designated on the Moneyline/Telerate Service (or any other page as may replace that page on that service, or any other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

“*Three-Month LIBOR*” means, with respect to any Dividend Period, the offered rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Telerate Page 3750 as of 11:00 a.m. (London time) on the second London Banking Day immediately preceding the first day of that Dividend Period (the “*Dividend Determination Date*”). If such rate does not appear on Telerate Page 3750, Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than \$1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 A.M., London time on the second London Banking Day immediately preceding the first day of that Dividend Period. The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the Corporation, at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than \$1,000,000. However, if fewer than three banks selected by the Corporation to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had Series E Preferred Stock been outstanding. The calculation agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series E Preferred Stock upon request and will be final and binding in the absence of manifest error.

Section 4. Dividends.

(a) Rate. Holders of Series E Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of \$25,000 per share of Series E Preferred Stock, and no more, payable quarterly in arrears on each February 15, May 15, August 15 and November 15; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a “*Dividend Payment Date*”). The period from and including the date of issuance of the Series E Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a “*Dividend Period*.” Dividends on each share of Series E Preferred Stock will accrue on the liquidation preference of \$25,000 per share at a rate per annum equal to the greater of (i) Three-Month LIBOR plus a spread of 0.35% and (ii) 4.00%. The record date for payment of dividends on the Series E Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year and the actual number of days elapsed in a Dividend Period.

(b) Non-Cumulative Dividends. Dividends on shares of Series E Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series E Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series E Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series E Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series E Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into other Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of

other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series E Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series E Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series E Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series E Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series E Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation will allocate the dividend payments on a pro rata basis among the holders of the shares of Series E Preferred Stock and the holders of any Parity Stock. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series E Preferred Stock and the aggregate of the current and accrued dividends due on the Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series E Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series E Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series E Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series E Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series E Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any dividends which have been declared but not yet paid to all holders of Series E Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series E Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences plus any dividends which have been declared but not yet paid of Series E Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series E Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of Series E Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after the Dividend Payment Date on November 15, 2011, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series E Preferred Stock shall be \$25,000 per share plus dividends that have been declared but not paid.

(b) Notice of Redemption. Notice of every redemption of shares of Series E Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series E Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series E Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series E Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series E Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series E Preferred Stock at the time outstanding, the shares of Series E Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series E Preferred Stock in proportion to the number of Series E Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series E Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the “*Depository Company*”) in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights.

(a) General. The holders of Series E Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by Delaware law.

(b) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series E Preferred Stock or any other class or series of preferred stock that ranks on parity with Series E Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(b) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not), the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series E Preferred Stock (together with holders of any class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of the such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such

director elected by the holders of shares of Series E Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series E Preferred Stock as to payment of dividends is a “*Preferred Director*.”

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series E Preferred Stock and any other class or series of our stock that ranks on parity with Series E Preferred Stock as to payment of dividends and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(b)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series E Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series E Preferred Stock and any other class or series of preferred stock that ranks on parity with Series E Preferred Stock as to payment of dividends and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(b)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice of Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series E Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 7(b)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 7(b)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series E Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series E Preferred Stock and any other class or series of preferred stock that ranks on parity with Series E Preferred Stock as to payment of dividends, if any, for at least four quarterly Dividend Periods, then the right of the holders of Series E Preferred Stock to elect the Preferred Directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate and the number of directors constituting the board of directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series E Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(b).

Section 8. Preemption and Conversion. The holders of Series E Preferred Stock shall not have any rights of preemption or rights to convert such Series E Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series E Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series E Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series E Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series E Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series E Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS
OF
FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES F
OF
BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "*Corporation*"), does hereby certify that:

1. At a meeting duly convened and held on April 26, 2006, the Board of Directors of the Corporation (the "*Board*") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Committee (the "*Committee*") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on February 12, 2007, the Committee duly adopted the following resolution by written consent:

"**RESOLVED**, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series F, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in Exhibit A hereto, which is incorporated herein by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 15th day of February, 2007.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER

Name: Teresa M. Brenner

Title: Associate General Counsel

EXHIBIT A
TO
CERTIFICATE OF DESIGNATIONS
OF
FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES F
OF
BANK OF AMERICA CORPORATION

Section 1. Designation. The designation of the series of preferred stock shall be “Floating Rate Non-Cumulative Preferred Stock, Series F” (the “*Series F Preferred Stock*”). Each share of Series F Preferred Stock shall be identical in all respects to every other share of Series F Preferred Stock. Series F Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series F Preferred Stock shall be 7,001. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series F Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series F Preferred Stock.

Section 3. Definitions. As used herein with respect to Series F Preferred Stock:

“*Business Day*” means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

“*Calculation Agent*” shall mean The Bank of New York Trust Company, N.A., or such other bank or entity as may be appointed by the Corporation to act as calculation agent for the Series F Preferred Stock.

“*Depository Company*” shall have the meaning set forth in Section 6(d) hereof.

“*Dividend Determination Date*” shall have the meaning set forth below in the definition of “Three-Month LIBOR.”

“*Dividend Payment Date*” shall have the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” shall have the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Junior Stock*” means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series F Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*London Banking Day*” means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

“*Parity Stock*” means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D, (c) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series E, (d) the Corporation's Adjustable Rate Non-Cumulative Preferred Stock, Series G and (e) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series F Preferred Stock in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

“*Senior Stock*” means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series F Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“Series F Preferred Stock” shall have the meaning set forth in Section 1 hereof.

“Telerate Page 3750” means the display page so designated on the Moneyline/Telerate Service (or any other page as may replace that page on that service, or any other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

“Three-Month LIBOR” means, with respect to any Dividend Period, the offered rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Telerate Page 3750 as of 11:00 a.m. (London time) on the second London Banking Day immediately preceding the first day of that Dividend Period (the “Dividend Determination Date”). If such rate does not appear on Telerate Page 3750, Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than \$1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 a.m., London time on the second London Banking Day immediately preceding the first day of that Dividend Period. The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the Corporation, at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than \$1,000,000. However, if fewer than three banks selected by the Corporation to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had Series F Preferred Stock been outstanding. The Calculation Agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series F Preferred Stock upon request and will be final and binding in the absence of manifest error.

Section 4. Dividends.

(a) Rate. Holders of Series F Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of \$100,000 per share of Series F Preferred Stock, and no more, payable quarterly in arrears on each March 15, June 15, September 15 and December 15; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a “Dividend Payment Date”). The period from and including the date of issuance of the Series F Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a “Dividend Period.” Dividends on each share of Series F Preferred Stock will accrue on the liquidation preference of \$100,000 per share for each Dividend Period (1) from the date of issuance to, but excluding, the Dividend Payment Date in March 2012 (if issued prior to that date) at a rate per annum equal to Three-Month LIBOR plus a spread of 0.40% and (2) thereafter at a rate per annum equal to the greater of (i) Three-Month LIBOR plus a spread of 0.40% and (ii) 4.00%. The record date for payment of dividends on the Series F Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year and the actual number of days elapsed in a Dividend Period.

(b) Non-Cumulative Dividends. Dividends on shares of Series F Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series F Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series F Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series F Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series F Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased,

redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into other Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series F Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series F Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series F Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series F Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series F Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation will allocate the dividend payments on a *pro rata* basis among the holders of the shares of Series F Preferred Stock and the holders of any Parity Stock. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series F Preferred Stock and the aggregate of the current and accrued dividends due on the Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series F Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series F Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series F Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series F Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of \$100,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series F Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any dividends which have been declared but not yet paid to all holders of Series F Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series F Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences plus any dividends which have been declared but not yet paid of Series F Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series F Preferred Stock and all holders of any Parity Stock, then the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of

Series F Preferred Stock at the time outstanding, at any time on or after the later of March 15, 2012 and the date of original issuance of the Series F Preferred Stock, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series F Preferred Stock shall be \$100,000 per share plus dividends that have been declared but not paid plus accrued and unpaid dividends for the then-current Dividend Period to the redemption date.

(b) Notice of Redemption. Notice of every redemption of shares of Series F Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 15 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series F Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series F Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series F Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series F Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series F Preferred Stock at the time outstanding, the shares of Series F Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series F Preferred Stock in proportion to the number of Series F Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series F Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the “*Depository Company*”) in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights. The holders of the Series F Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law.

Section 8. Preemption and Conversion. The holders of Series F Preferred Stock shall not have any rights of preemption or rights to convert such Series F Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series F Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series F Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series F Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the

Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series F Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series F Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS
OF
ADJUSTABLE RATE NON-CUMULATIVE PREFERRED STOCK, SERIES G
OF
BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "*Corporation*"), does hereby certify that:

1. At a meeting duly convened and held on April 26, 2006, the Board of Directors of the Corporation (the "*Board*") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Committee (the "*Committee*") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on February 12, 2007, the Committee duly adopted the following resolution by written consent:

"**RESOLVED**, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's Adjustable Rate Non-Cumulative Preferred Stock, Series G, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in Exhibit A hereto, which is incorporated herein by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 15th day of February, 2007.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER

Name: Teresa M. Brenner

Title: Associate General Counsel

EXHIBIT A
TO
CERTIFICATE OF DESIGNATIONS
OF
ADJUSTABLE RATE NON-CUMULATIVE PREFERRED STOCK, SERIES G
OF
BANK OF AMERICA CORPORATION

Section 1. Designation. The designation of the series of preferred stock shall be “Adjustable Rate Non-Cumulative Preferred Stock, Series G” (the “*Series G Preferred Stock*”). Each share of Series G Preferred Stock shall be identical in all respects to every other share of Series G Preferred Stock. Series G Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series G Preferred Stock shall be 8,501. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series G Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series G Preferred Stock.

Section 3. Definitions. As used herein with respect to Series G Preferred Stock:

“*Business Day*” means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

“*Calculation Agent*” shall mean The Bank of New York Trust Company, N.A., or such other bank or entity as may be appointed by the Corporation to act as calculation agent for the Series G Preferred Stock.

“*Depository Company*” shall have the meaning set forth in Section 6(d) hereof.

“*Dividend Determination Date*” shall have the meaning set forth below in the definition of “Three-Month LIBOR.”

“*Dividend Payment Date*” shall have the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” shall have the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Junior Stock*” means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series G Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*London Banking Day*” means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

“*Parity Stock*” means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D, (c) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series E, (d) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series F and (e) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series G Preferred Stock in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

“*Senior Stock*” means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series G Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“Series G Preferred Stock” shall have the meaning set forth in Section 1 hereof.

“Telerate Page 3750” means the display page so designated on the Moneyline/Telerate Service (or any other page as may replace that page on that service, or any other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

“Three-Month LIBOR” means, with respect to any Dividend Period, the offered rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Telerate Page 3750 as of 11:00 a.m. (London time) on the second London Banking Day immediately preceding the first day of that Dividend Period (the “Dividend Determination Date”). If such rate does not appear on Telerate Page 3750, Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than \$1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 a.m., London time on the second London Banking Day immediately preceding the first day of that Dividend Period. The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the Corporation, at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than \$1,000,000. However, if fewer than three banks selected by the Corporation to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had Series G Preferred Stock been outstanding. The Calculation Agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series G Preferred Stock upon request and will be final and binding in the absence of manifest error.

Section 4. Dividends.

(a) Rate. Holders of Series G Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of \$100,000 per share of Series G Preferred Stock, and no more, payable as follows: (i) if the Series G Preferred Stock is issued prior to March 15, 2012, semi-annually in arrears on each March 15 and September 15 through March 15, 2012; and (ii) from and including the later of March 15, 2012 and the date of issuance, quarterly in arrears on each March 15, June 15, September 15 and December 15; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a “Dividend Payment Date”). The period from and including the date of issuance of the Series G Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a “Dividend Period.” Dividends on each share of Series G Preferred Stock will accrue on the liquidation preference of \$100,000 per share for each Dividend Period (1) from the date of issuance to, but excluding, the Dividend Payment Date in March 2012 (if issued prior to that date) at a rate per annum equal to 5.63% and (2) thereafter at a rate per annum equal to the greater of (x) Three-Month LIBOR plus a spread of 0.40% and (y) 4.00%. The record date for payment of dividends on the Series G Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year and the actual number of days elapsed in a Dividend Period.

(b) Non-Cumulative Dividends. Dividends on shares of Series G Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series G Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series G Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series G Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series G Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into other Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or *apro rata* portion, of the Series G Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series G Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series G Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series G Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series G Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation will allocate the dividend payments on a *pro rata* basis among the holders of the shares of Series G Preferred Stock and the holders of any Parity Stock. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series G Preferred Stock and the aggregate of the current and accrued dividends due on the Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series G Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series G Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series G Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series G Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of \$100,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series G Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any dividends which have been declared but not yet paid to all holders of Series G Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series G Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences plus any dividends which have been declared but not yet paid of Series G Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series G Preferred Stock and all holders of any Parity Stock, then the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of Series G Preferred Stock at the time outstanding, at any time on or after the later of March 15, 2012 and the date of original issuance of the Series G Preferred Stock, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series G Preferred Stock shall be \$100,000 per share plus dividends that have been declared but not paid plus accrued and unpaid dividends for the then-current Dividend Period to the redemption date.

(b) Notice of Redemption. Notice of every redemption of shares of Series G Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 15 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series G Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series G Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series G Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series G Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series G Preferred Stock at the time outstanding, the shares of Series G Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series G Preferred Stock in proportion to the number of Series G Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series G Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the “*Depository Company*”) in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights. The holders of the Series G Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law.

Section 8. Preemption and Conversion. The holders of Series G Preferred Stock shall not have any rights of preemption or rights to convert such Series G Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series G Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series G Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series G Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series G Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series G Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS
OF
6.625% NON-CUMULATIVE PREFERRED STOCK, SERIES I
OF
BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. At a meeting duly convened and held on January 24, 2007, the Board of Directors of the Corporation (the "Board") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Special Committee (the "Committee") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on September 20, 2007, the Committee duly adopted the following resolution by written consent:

"**RESOLVED**, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's 6.625% Non-Cumulative Preferred Stock, Series I, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in the Certificate of Designations attached hereto as Exhibit A, which is incorporated herein and made a part of these resolutions by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 25th day of September, 2007.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER

Name: Teresa M. Brenner
Title: Associate General Counsel

EXHIBIT A
CERTIFICATE OF DESIGNATIONS
OF
6.625% NON-CUMULATIVE PREFERRED STOCK, SERIES I
OF
BANK OF AMERICA CORPORATION

Section 1. Designation. The designation of the series of preferred stock shall be “6.625% Non-Cumulative Preferred Stock, Series I” (the “*Series I Preferred Stock*”). Each share of Series I Preferred Stock shall be identical in all respects to every other share of Series I Preferred Stock. Series I Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series I Preferred Stock shall be 25,300. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series I Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series I Preferred Stock.

Section 3. Definitions. As used herein with respect to Series I Preferred Stock:

“*Business Day*” means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

“*Depository Company*” shall have the meaning set forth in Section 6(d) hereof.

“*Dividend Payment Date*” shall have the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” shall have the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Junior Stock*” means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series I Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation. *Parity Stock*” means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D, (c) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series E, (d) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series F (if and when issued and outstanding), (e) the Corporation's Adjustable Rate Non-Cumulative Preferred Stock, Series G (if and when issued and outstanding) and (f) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series I Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

“*Senior Stock*” means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series I Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*Series I Preferred Stock*” shall have the meaning set forth in Section 1 hereof.

Section 4. Dividends.

(a) Rate. Holders of Series I Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of \$25,000 per share of Series I Preferred Stock, and no more, payable quarterly in arrears on each January 1, April 1, July 1, and October 1; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on

the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a “*Dividend Payment Date*”). The period from and including the date of issuance of the Series I Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a “*Dividend Period*.” Dividends on each share of Series I Preferred Stock will accrue on the liquidation preference of \$25,000 per share at a rate per annum equal to 6.625%. The record date for payment of dividends on the Series I Preferred Stock shall be the fifteenth day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) Non-Cumulative Dividends. Dividends on shares of Series I Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series I Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series I Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series I Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series I Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into other Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or *apro rata* portion, of the Series I Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series I Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series I Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series I Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series I Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation will allocate the dividend payments on a *pro rata* basis among the holders of the shares of Series I Preferred Stock and the holders of any Parity Stock then outstanding. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series I Preferred Stock and the aggregate of the current and accrued dividends due on the outstanding Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series I Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series I Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series I Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series I Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series I Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any dividends which have been declared but not yet paid to all holders of Series I Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series I Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences plus any dividends which have been declared but not yet paid of Series I Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series I Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of Series I Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after the Dividend Payment Date on October 1, 2017, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series I Preferred Stock shall be \$25,000 per share plus dividends that have been declared but not paid.

(b) Notice of Redemption. Notice of every redemption of shares of Series I Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series I Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series I Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series I Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series I Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series I Preferred Stock at the time outstanding, the shares of Series I Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series I Preferred Stock in proportion to the number of Series I Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series I Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the “*Depository Company*”) in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no

claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights.

(a) General. The holders of Series I Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by Delaware law.

(b) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series I Preferred Stock or any other class or series of preferred stock that ranks on parity with Series I Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(b)(i) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not), the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series I Preferred Stock (together with holders of any class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of the such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series I Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series I Preferred Stock as to payment of dividends and having equivalent voting rights is a "*Preferred Director*."

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series I Preferred Stock and any other class or series of our stock that ranks on parity with Series I Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(b)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series I Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series I Preferred Stock and any other class or series of preferred stock that ranks on parity with Series I Preferred Stock as to payment of dividends and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(b)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice of Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series I Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 7(b)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 7(b)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series I Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series I Preferred Stock and any other class or series of preferred stock that ranks on parity with Series I Preferred Stock as to payment of dividends, if any, for at least four quarterly Dividend Periods, then the right of the holders of Series I Preferred Stock to elect the Preferred Directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate, and the number of directors constituting the board of directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series I Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent

voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(b).

Section 8. Preemption and Conversion. The holders of Series I Preferred Stock shall not have any rights of preemption or rights to convert such Series I Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series I Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series I Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series I Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series I Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series I Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS
OF
7.25% NON-CUMULATIVE PREFERRED STOCK, SERIES J
OF
BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. At a meeting duly convened and held on January 24, 2007, the Board of Directors of the Corporation (the "Board") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Special Committee (the "Committee") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on November 14, 2007, the Committee duly adopted the following resolution by written consent:

"RESOLVED, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's 7.25% Non-Cumulative Preferred Stock, Series J, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in the Certificate of Designations attached hereto as Exhibit A, which is incorporated herein and made a part of these resolutions by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 19th day of November, 2007.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER

Name: Teresa M. Brenner

Title: Associate General Counsel

EXHIBIT A
CERTIFICATE OF DESIGNATIONS
OF
7.25% NON-CUMULATIVE PREFERRED STOCK, SERIES J
OF
BANK OF AMERICA CORPORATION

Section 1. Designation. The designation of the series of preferred stock shall be “7.25% Non-Cumulative Preferred Stock, Series J” (the “*Series J Preferred Stock*”). Each share of Series J Preferred Stock shall be identical in all respects to every other share of Series J Preferred Stock. Series J Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series J Preferred Stock shall be 41,400. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series J Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series J Preferred Stock.

Section 3. Definitions. As used herein with respect to Series J Preferred Stock:

“*Business Day*” means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

“*Depository Company*” shall have the meaning set forth in Section 6(d) hereof.

“*Dividend Payment Date*” shall have the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” shall have the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Junior Stock*” means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series J Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation. “*Parity Stock*” means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D, (c) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series E, (d) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series F (if and when issued and outstanding), (e) the Corporation's Adjustable Rate Non-Cumulative Preferred Stock, Series G (if and when issued and outstanding), (f) the Corporation's 6.625% Non-Cumulative Preferred Stock, Series I and (g) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series J Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

“*Senior Stock*” means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series J Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*Series J Preferred Stock*” shall have the meaning set forth in Section 1 hereof.

Section 4. Dividends.

(a) Rate. Holders of Series J Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of \$25,000 per share of Series J Preferred Stock, and no more, payable quarterly in arrears on each February 1, May 1, August 1 and November 1; provided,

however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a “*Dividend Payment Date*”). The period from and including the date of issuance of the Series J Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a “*Dividend Period*.” Dividends on each share of Series J Preferred Stock will accrue on the liquidation preference of \$25,000 per share at a rate per annum equal to 7.25%. The record date for payment of dividends on the Series J Preferred Stock shall be the fifteenth day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) Non-Cumulative Dividends. Dividends on shares of Series J Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series J Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series J Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series J Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series J Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into other Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or *apro rata* portion, of the Series J Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series J Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series J Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series J Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series J Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation will allocate the dividend payments on a *pro rata* basis among the holders of the shares of Series J Preferred Stock and the holders of any Parity Stock then outstanding. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series J Preferred Stock and the aggregate of the current and accrued dividends due on the outstanding Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series J Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series J Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series J Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series J Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series J Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any dividends which have been declared but not yet paid to all holders of Series J Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series J Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences, plus any dividends which have been declared but not yet paid, of Series J Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series J Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of Series J Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after the Dividend Payment Date on November 1, 2012, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series J Preferred Stock shall be \$25,000 per share plus dividends that have been declared but not paid.

(b) Notice of Redemption. Notice of every redemption of shares of Series J Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series J Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series J Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series J Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series J Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series J Preferred Stock at the time outstanding, the shares of Series J Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series J Preferred Stock in proportion to the number of Series J Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series J Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to

the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights.

(a) General. The holders of Series J Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by Delaware law.

(b) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series J Preferred Stock or any other class or series of preferred stock that ranks on parity with Series J Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(b)(i) have been conferred and are exercisable, have not been paid in an aggregate amount equal, as to any class or series, to at least six quarterly Dividend Periods (whether consecutive or not), the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series J Preferred Stock (together with holders of any class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of the such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series J Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series J Preferred Stock as to payment of dividends and having equivalent voting rights is a "*Preferred Director*."

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series J Preferred Stock and any other class or series of our stock that ranks on parity with Series J Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(b)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series J Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series J Preferred Stock and any other class or series of preferred stock that ranks on parity with Series J Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(b)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice of Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series J Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 7(b)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 7(b)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series J Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series J Preferred Stock and any other class or series of preferred stock that ranks on parity with Series J Preferred Stock as to payment of dividends, if any, for at least four quarterly Dividend Periods, then the right of the holders of Series J Preferred Stock to elect the Preferred Directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately

terminate, and the number of directors constituting the Board of Directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series J Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(b).

Section 8. Preemption and Conversion. The holders of Series J Preferred Stock shall not have any rights of preemption or rights to convert such Series J Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series J Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series J Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series J Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series J Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series J Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS
OF
FIXED-TO-FLOATING RATE
NON-CUMULATIVE PREFERRED STOCK, SERIES K
OF
BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. At meetings duly convened and held on December 11, 2007 and January 23, 2008, the Board of Directors of the Corporation (the "Board") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Special Committee (the "Committee") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on January 25, 2008, the Committee duly adopted the following resolution by written consent:

"**RESOLVED**, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in the Certificate of Designations attached hereto as Exhibit A, which is incorporated herein and made a part of these resolutions by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 28th day of January, 2008.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER

Name: Teresa M. Brenner
Title: Associate General Counsel

EXHIBIT A
CERTIFICATE OF DESIGNATIONS
OF
FIXED-TO-FLOATING RATE
NON-CUMULATIVE PREFERRED STOCK, SERIES K
OF
BANK OF AMERICA CORPORATION

Section 1. Designation. The designation of the series of preferred stock shall be “Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K” (the “*Series K Preferred Stock*”). Each share of Series K Preferred Stock shall be identical in all respects to every other share of Series K Preferred Stock. Series K Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series K Preferred Stock shall be 240,000. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series K Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series K Preferred Stock.

Section 3. Definitions. As used herein with respect to Series K Preferred Stock:

“*Business Day*” means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

“*Calculation Agent*” shall mean The Bank of New York Trust Company, N.A., or such other bank or entity as may be appointed by the Corporation to act as calculation agent for the Series K Preferred Stock during the Floating Rate Period (as defined below).

“*Depository Company*” shall have the meaning set forth in Section 6(d) hereof.

“*Dividend Determination Date*” shall have the meaning set forth below in the definition of “Three-Month LIBOR.”

“*Dividend Payment Date*” shall have the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” shall have the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Fixed Rate Period*” shall have the meaning set forth in Section 4(a) hereof.

“*Floating Rate Period*” shall have the meaning set forth in Section 4(a) hereof.

“*Junior Stock*” means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series K Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*London Banking Day*” means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

“*Parity Stock*” means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D, (c) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series E, (d) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series F (if and when issued and outstanding), (e) the Corporation's Adjustable Rate Non-Cumulative Preferred Stock, Series G (if and when issued and outstanding), (f) the Corporation's 6.625% Non-Cumulative Preferred Stock, Series I, (g) the Corporation's 7.25% Non-Cumulative Preferred Stock, Series J, (h) the Corporation's 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L (if and when issued and outstanding), and (i) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series K Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

“*Reuters Screen Page “LIBOR01”*” means the display page so designated on Reuters (or any other page as may replace that page on that service, or any other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

“*Senior Stock*” means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series K Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*Series K Preferred Stock*” shall have the meaning set forth in Section 1 hereof.

“*Three-Month LIBOR*” means, with respect to any Dividend Period in the Floating Rate Period, the offered rate (expressed as a percentage *per annum*) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Reuters Screen Page “LIBOR01” as of 11:00 a.m. (London time) on the second London Banking Day immediately preceding the first day of that Dividend Period (the “*Dividend Determination Date*”). If such rate does not appear on Reuters Screen Page “LIBOR01”, Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than \$1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 a.m., London time on the second London Banking Day immediately preceding the first day of that Dividend Period. The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the Corporation, at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than \$1,000,000. However, if fewer than three banks selected by the Corporation to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period in the Floating Rate Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had the dividend rate been a floating rate during the Fixed Rate Period (as defined below). The Calculation Agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period in the Floating Rate Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series K Preferred Stock upon request and will be final and binding in the absence of manifest error.

Section 4. Dividends.

(a) Rate. Holders of Series K Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of \$25,000 per share of Series K Preferred Stock, and no more, payable (x) for the Fixed Rate Period, semi-annually in arrears on each January 30 and July 30 and (y) for the Floating Rate Period, quarterly in arrears on each January 30, April 30, July 30 and October 30; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a “*Dividend Payment Date*”). The period from and including the date of issuance of the Series K Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a “*Dividend Period*.” Dividends on each share of Series K Preferred Stock will accrue on the liquidation preference of \$25,000 per share at a rate *per annum* equal to (1) 8.00%, for each Dividend Period from the issue date to, but excluding,

January 30, 2018 (the “*Fixed Rate Period*”), and (2) Three-Month LIBOR plus a spread of 3.63%, for each Dividend Period from January 30, 2018 to the date of redemption of the Series K Preferred Stock (the “*Floating Rate Period*”). The record date for payment of dividends on the Series K Preferred Stock shall be the fifteenth day of the calendar month in which the Dividend Payment Date falls. For the Fixed Rate Period, the amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. For the Floating Rate Period, the amount of dividends payable shall be computed on the basis of a 360-day year and the actual number of days elapsed in a Dividend Period.

(b) Non-Cumulative Dividends. Dividends on shares of Series K Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series K Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series K Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series K Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series K Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into other Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or *apro rata* portion, of the Series K Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series K Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series K Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series K Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series K Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation will allocate the dividend payments on a *pro rata* basis among the holders of the shares of Series K Preferred Stock and the holders of any Parity Stock then outstanding. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series K Preferred Stock and the aggregate of the current and accrued dividends due on the outstanding Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series K Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series K Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series K Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series K Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series K Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any dividends which have been declared but not yet paid to all holders of Series K Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series K Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in

accordance with the respective aggregate liquidation preferences, plus any dividends which have been declared but not yet paid, of Series K Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series K Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of Series K Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after the Dividend Payment Date on January 30, 2018, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series K Preferred Stock shall be \$25,000 per share plus dividends that have been declared but not paid.

(b) Notice of Redemption. Notice of every redemption of shares of Series K Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series K Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series K Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series K Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series K Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series K Preferred Stock at the time outstanding, the shares of Series K Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series K Preferred Stock in proportion to the number of Series K Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series K Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an

amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights.

(a) General. The holders of Series K Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by Delaware law.

(b) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series K Preferred Stock or any other class or series of preferred stock that ranks on parity with Series K Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(b)(i) have been conferred and are exercisable, have not been paid in an aggregate amount equal to, as to any class or series, the equivalent of at least three or more semi-annual or six or more quarterly Dividend Periods (whether consecutive or not), as applicable, the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series K Preferred Stock (together with holders of any class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of the such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series K Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series K Preferred Stock as to payment of dividends and having equivalent voting rights is a "*Preferred Director*."

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series K Preferred Stock and any other class or series of our stock that ranks on parity with Series K Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(b)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series K Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series K Preferred Stock and any other class or series of preferred stock that ranks on parity with Series K Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(b)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice of Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series K Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 7(b)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 7(b)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series K Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series K Preferred Stock and any other class or series of preferred stock that ranks on parity with Series K Preferred Stock as to payment of dividends, if any, for the equivalent of at least two semi-annual or four quarterly Dividend Periods, as applicable, then the right of the holders of Series K Preferred Stock to elect the Preferred Directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate, and the number of directors constituting the Board of Directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series K Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled

to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(b).

Section 8. Preemption and Conversion. The holders of Series K Preferred Stock shall not have any rights of preemption or rights to convert such Series K Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series K Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series K Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series K Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series K Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series K Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS
OF
7.25% NON-CUMULATIVE PERPETUAL
CONVERTIBLE PREFERRED STOCK, SERIES L
OF
BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. At meetings duly convened and held on December 11, 2007 and January 23, 2008, the Board of Directors of the Corporation (the "Board") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Special Committee (the "Committee") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on January 28, 2008, the Committee duly adopted the following resolution by written consent:

"RESOLVED, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in the Certificate of Designations attached hereto as Exhibit A, which is incorporated herein and made a part of these resolutions by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 28th day of January, 2008.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER

Name: Teresa M. Brenner
Title: Associate General Counsel

EXHIBIT A
CERTIFICATE OF DESIGNATIONS
OF
7.25% NON-CUMULATIVE PERPETUAL
CONVERTIBLE PREFERRED STOCK, SERIES L
OF
BANK OF AMERICA CORPORATION

Section 1. Designation. The designation of the series of preferred stock shall be “7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L”, \$0.01 par value, with a liquidation preference of \$1,000 per share (the “*Series L Preferred Stock*”). Each share of Series L Preferred Stock shall be identical in all respects to every other share of Series L Preferred Stock. Series L Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series L Preferred Stock shall be 6,900,000. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series L Preferred Stock then outstanding) by further resolution duly adopted by the Board, the Committee or any other duly authorized committee of the Board and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series L Preferred Stock.

Section 3. Definitions. As used herein with respect to Series L Preferred Stock:

“*Applicable Conversion Price*” at any given time means, for each share of Series L Preferred Stock, the price equal to \$1,000 divided by the Applicable Conversion Rate in effect at such time.

“*Applicable Conversion Rate*” means the Conversion Rate in effect at any given time.

“*Base Price*” has the meaning set forth in Section 6(d)(i).

“*Business Day*” means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or required by law or regulation to close in New York, New York or in Charlotte, North Carolina.

“*Closing Price*” of the Common Stock on any determination date means the closing sale price or, if no closing sale price is reported, the last reported sale price of the shares of the Common Stock on the New York Stock Exchange on such date. If the Common Stock is not traded on the New York Stock Exchange on any determination date, the Closing Price of the Common Stock on such determination date means the closing sale price as reported in the composite transactions for the principal U.S. national or regional securities exchange on which the Common Stock is so listed or quoted, or, if no closing sale price is reported, the last reported sale price on the principal U.S. national or regional securities exchange on which the Common Stock is so listed or quoted, or if the Common Stock is not so listed or quoted on a U.S. national or regional securities exchange, the last quoted bid price for the Common Stock in the over-the-counter market as reported by Pink Sheets LLC or a similar organization, or, if that bid price is not available, the market price of the Common Stock on that date as determined by a nationally recognized independent investment banking firm retained by the Corporation for this purpose.

For purposes of this Certificate of Designations, all references herein to the “Closing Price” and “last reported sale price” of the Common Stock on the New York Stock Exchange shall be such closing sale price and last reported sale price as reflected on the website of the New York Stock Exchange (<http://www.nyse.com>) and as reported by Bloomberg Professional Service; *provided* that in the event that there is a discrepancy between the closing sale price or last reported sale price as reflected on the website of the New York Stock Exchange and as reported by Bloomberg Professional Service, the closing sale price and last reported sale price on the website of the New York Stock Exchange will govern.

“*Common Stock*” means the common stock, \$0.01 par value, of the Corporation.

“*Conversion Agent*” shall mean Computershare Trust Company, N.A. and Computershare Inc. collectively acting in their capacity as conversion agent for the Series L Preferred Stock, and their respective successors and assigns.

“*Conversion Date*” has the meaning set forth in Section 6(a)(v)(B).

“*Conversion Rate*” means for each share of Series L Preferred Stock, 20 shares of Common Stock, plus cash in lieu of fractional shares, subject to adjustment as set forth herein.

“*Current Market Price*” of the Common Stock on any day, means the average of the VWAP of the Common Stock over each of the ten consecutive Trading Days ending on the earlier of the day in question and the day before the Ex-Date or other specified date with respect to the issuance or distribution requiring such computation, appropriately adjusted to take into account the occurrence during such period of any event described in Section 7(a)(i) through (vi).

“*Depository*” means DTC or its nominee or any successor depository appointed by the Corporation.

“*Dividend Payment Date*” has the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” has the meaning set forth in Section 4(a) hereof.

“*Dividend Threshold Amount*” has the meaning set forth in Section 7(a)(v).

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Exchange Property*” has the meaning set forth in Section 8(a).

“*Ex-Date*,” when used with respect to any issuance or distribution, means the first date on which the Common Stock or other securities trade without the right to receive the issuance or distribution.

“*Fundamental Change*” has the meaning set forth in Section 6(d)(i).

“*Holder*” means the Person in whose name the shares of Series L Preferred Stock are registered, which may be treated by the Corporation, Transfer Agent, Registrar, paying agent and Conversion Agent as the absolute owner of the shares of Series L Preferred Stock for the purpose of making payment and settling conversions and for all other purposes.

“*Junior Stock*” means the Common Stock and any other class or series of capital stock of the Corporation over which Series L Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

“*Make-Whole Acquisition*” means the occurrence, prior to any Conversion Date, of one of the following:

(a) a “person” or “group” within the meaning of Section 13(d) of the Exchange Act files a Schedule TO or any schedule, form, or report under the Exchange Act disclosing that such person or group has become the direct or indirect ultimate “beneficial owner,” as defined in Rule 13d-3 under the Exchange Act, of common equity of the Corporation representing more than 50% of the voting power of the Common Stock; or

(b) consummation of the Corporation's consolidation or merger or similar transaction or any sale, lease, or other transfer in one transaction or a series of related transactions of all or substantially all of the Corporation's and the Corporation's subsidiaries' consolidated assets, taken as a whole, to any Person other than one of the Corporation's subsidiaries, in each case pursuant to which the Common Stock will be converted into cash, securities, or other property, other than pursuant to a transaction in which the persons that “beneficially owned” (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly, voting shares immediately prior to such transaction beneficially own, directly or indirectly, voting shares representing a majority of the total voting power of all outstanding classes of voting shares of the continuing or surviving person immediately after the transaction;

provided, however that a Make-Whole Acquisition will not be deemed to have occurred if at least 90% of the consideration received by holders of the Common Stock in the transaction or transactions consists of shares of common stock or American Depositary Receipts in respect of common stock that are traded on a U.S. national securities exchange or securities exchange in the European Economic Area or that will be so traded when issued or exchanged in connection with a Make-Whole Acquisition.

“*Make-Whole Acquisition Conversion*” has the meaning set forth in Section 6(c)(i).

“*Make-Whole Acquisition Conversion Period*” has the meaning set forth in Section 6(c)(i).

“*Make-Whole Acquisition Effective Date*” has the meaning set forth in Section 6(c)(i).

“*Make-Whole Acquisition Stock Price*” means the price paid per share of Common Stock in the event of a Make-Whole Acquisition. If the holders of shares of Common Stock receive only cash in the Make-Whole Acquisition, the Make-Whole Acquisition Stock Price will be the cash amount paid per share of Common Stock. Otherwise, the Make-Whole Acquisition Stock Price shall be the average of the Closing Price per share of Common Stock on the ten Trading Days up to, but not including, the Make-Whole Acquisition Effective Date.

“*Make-Whole Shares*” has the meaning set forth in Section 6(c)(i).

“*Nonpayment*” has the meaning set forth in Section 11(b)(i).

“*Notice of Optional Conversion*” has the meaning set forth in Section 6(b)(iii).

“*Optional Conversion Date*” has the meaning set forth in Section 6(b)(iii).

“*Parity Stock*” means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D, (c) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series E, (d) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series F (if and when issued and outstanding), (e) the Corporation's Adjustable Rate Non-Cumulative Preferred Stock, Series G (if and when issued and outstanding), (f) the Corporation's 6.625% Non-Cumulative Preferred Stock, Series I, (g) the Corporation's 7.25% Non-Cumulative Preferred Stock, Series J, (h) the Corporation's Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K (if and when issued and outstanding) and (i) any other class or series of capital stock of the Corporation hereafter authorized that ranks on par with the Series L Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

“*Person*” means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company or trust.

“*Preferred Director*” has the meaning set forth in Section 11(b)(i).

“*Purchased Shares*” has the meaning set forth in Section 7(a)(vi).

“*Reference Price*” means the price paid per share of Common Stock in the event of a Fundamental Change. If the holders of shares of Common Stock receive only cash in the Fundamental Change, the Reference Price shall be the cash amount paid per share. Otherwise, the Reference Price will be the average of the Closing Price per share of Common Stock on the ten Trading Days up to, but not including, the effective date of the Fundamental Change.

“*Reorganization Event*” has the meaning set forth in Section 8.

“*Registrar*” means Computershare Trust Company, N.A. or its nominee or any successor or registrar appointed by the Corporation.

“*Senior Stock*” means any class or series of capital stock of the Corporation authorized which has preference or priority over the Series L Preferred Stock as to the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

“*Series L Preferred Stock*” has the meaning set forth in Section 1.

“*spin-off*” has the meaning set forth in Section 7(a)(iv).

“*Trading Day*” for purposes of determining the VWAP or Closing Price means a day on which the shares of Common Stock:

(a) are not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business; and

(b) have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the Common Stock.

“*Transfer Agent*” means Computershare Trust Company, N.A. acting as Transfer Agent, Registrar, and Conversion Agent for the Series L Preferred Stock, and its successors and assigns.

“*Voting Parity Securities*” has the meaning set forth in Section 11(b)(i).

“VWAP” means, per share of the Common Stock on any Trading Day, the per share volume-weighted average price as displayed under the heading “Bloomberg VWAP” on Bloomberg page “BAC UN <equity> AQR” (or its equivalent successor if such page is not available) in respect of the period from the open of trading on the relevant Trading Day until the close of trading on the relevant Trading Day (or if such volume-weighted average price is unavailable, the market price of one share of the Common Stock on such trading days determined, using a volume-weighted average method, by a nationally recognized investment banking firm (unaffiliated with the Corporation) retained for this purpose by the Corporation).

Section 4. Dividends.

(a) Rate. Holders of Series L Preferred Stock shall be entitled to receive, when, as and if declared by the Board or any duly authorized committee of the Board, but only out of assets legally available under Delaware law for payment, non-cumulative cash dividends on the liquidation preference of \$1,000 per share of Series L Preferred Stock, and no more, payable quarterly in arrears on each January 30, April 30, July 30 and October 30 of each year, beginning on April 30, 2008; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a “*Dividend Payment Date*”). The period from and including the date of issuance of the Series L Preferred Stock or any Dividend Payment Date to but excluding the next Dividend Payment Date is a “*Dividend Period*”. Dividends on each share of Series L Preferred Stock will accrue on the liquidation preference of \$1,000 per share at a rate per annum equal to 7.25%. The record date for payment of dividends on the Series L Preferred Stock shall be the first day of the calendar month in which the relevant Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. Dividends on the Series L Preferred Stock will cease to accrue after conversion, as described below. If the Corporation issues additional shares of the Series L Preferred Stock, dividends on those additional shares will accrue from the preceding scheduled Dividend Payment Date at the dividend rate.

(b) Non-Cumulative Dividends. Dividends on shares of Series L Preferred Stock shall be non-cumulative. Accordingly, if for any reason the Board or a duly authorized committee of the Board does not declare a dividend on the Series L Preferred Stock for a Dividend Period prior to the related Dividend Payment Date, that dividend will not accrue, and the Corporation will have no obligation to pay a dividend for that Dividend Period on the Dividend Payment Date or at any time in the future, whether or not the Board or a duly authorized committee of the Board declares a dividend on the Series L Preferred Stock or any other series of the Corporation's preferred stock or Common Stock for any future Dividend Period.

(c) Dividend Stopper. So long as any share of Series L Preferred Stock remains outstanding, (i) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock (other than a dividend payable solely in shares of Junior Stock), (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into other Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock will be repurchased, redeemed, or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or *apro rata* portion, of the Series L Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, during a Dividend Period, unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of Series L Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreements) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series L Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series L Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series L Preferred Stock and on any Parity Stock but does not make full payment of such declared dividends, the Corporation will allocate the dividend payments on a *pro rata* basis among the holders of the shares of Series L Preferred Stock and the holders of any Parity Stock then outstanding. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series L Preferred Stock and the aggregate of the current and accrued dividends due on the outstanding Parity Stock. The Corporation is not obligated to and will not pay Holders of the Series L Preferred Stock any interest or sum of money in lieu of interest on any dividend not paid on a Dividend Payment Date. The Corporation is not obligated to and will not pay Holders of the Series L Preferred Stock any dividend in excess of the dividends

on the Series L Preferred Stock that are payable as described herein. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board or any duly authorized committee of the Board may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series L Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Right to Convert. Each Holder shall have the right, at such Holder's option, at any time, to convert all or any portion of such Holder's Series L Preferred Stock into shares of Common Stock at the Applicable Conversion Rate (subject to the conversion procedures set forth in Section 6 herein) plus cash in lieu of fractional shares.

Section 6. Conversion.

(a) Conversion Procedures.

(i) Effective immediately prior to the close of business on the Optional Conversion Date or any applicable Conversion Date, dividends shall no longer be declared on any converted shares of Series L Preferred Stock and such shares of Series L Preferred Stock shall cease to be outstanding, in each case, subject to the right of Holders to receive any declared and unpaid dividends on such shares and any other payments to which they are otherwise entitled pursuant to Section 5, Section 6(b), Section 6(c), Section 6(d), Section 8 or Section 12 hereof, as applicable.

(ii) Prior to the close of business on the Optional Conversion Date or any applicable Conversion Date, shares of Common Stock issuable upon conversion of, or other securities issuable upon conversion of, any shares of Series L Preferred Stock shall not be deemed outstanding for any purpose, and Holders shall have no rights with respect to the Common Stock or other securities issuable upon conversion (including voting rights, rights to respond to tender offers for the Common Stock and rights to receive any dividends or other distributions on the Common Stock or other securities issuable upon conversion) by virtue of holding shares of Series L Preferred Stock.

(iii) Shares of Series L Preferred Stock duly converted in accordance with the terms hereof, or otherwise reacquired by the Corporation, will resume the status of authorized and unissued preferred stock, undesignated as to series and available for future issuance. The Corporation may from time-to-time take such appropriate action as may be necessary to reduce the authorized number of shares of Series L Preferred Stock.

(iv) The Person or Persons entitled to receive the Common Stock and/or securities issuable upon conversion of Series L Preferred Stock shall be treated for all purposes as the record holder(s) of such shares of Common Stock and/or securities as of the close of business on the Optional Conversion Date or any applicable Conversion Date. In the event that a Holder shall not by written notice designate the name in which shares of Common Stock and/or cash, securities or other property (including payments of cash in lieu of fractional shares) to be issued or paid upon conversion of shares of Series L Preferred Stock should be registered or paid or the manner in which such shares should be delivered, the Corporation shall be entitled to register and deliver such shares, and make such payment, in the name of the Holder and in the manner shown on the records of the Corporation or, in the case of global certificates, through book-entry transfer through the Depository.

(v) Conversion into shares of Common Stock will occur on the Optional Conversion Date or any applicable Conversion Date as follows:

(A) On the Optional Conversion Date, certificates representing shares of Common Stock shall be issued and delivered to Holders or their designee upon presentation and surrender of the certificate evidencing the Series L Preferred Stock to the Conversion Agent if shares of the Series L Preferred Stock are held in certificated form, and, if required, the furnishing of appropriate endorsements and transfer documents and the payment of all transfer and similar taxes. If a Holder's interest is a beneficial interest in a global certificate representing Series L Preferred Stock, a book-entry transfer through the Depository will be made by the Conversion Agent upon compliance with the Depository's procedures for converting a beneficial interest in a global security.

(B) On the date of any conversion at the option of Holders pursuant to Section 5, Section 6(b), Section 6(c) or Section 6(d), if a Holder's interest is in certificated form, a Holder must do each of the following in order to convert:

(1) complete and manually sign the conversion notice provided by the Conversion Agent, or a facsimile of the conversion notice, and deliver this irrevocable notice to the Conversion Agent;

(2) surrender the shares of Series L Preferred Stock to the Conversion Agent;

(3) if required, furnish appropriate endorsements and transfer documents;

(4) if required, pay all transfer or similar taxes; and

(5) if required, pay funds equal to any declared and unpaid dividend payable on the next Dividend Payment Date to which such Holder is entitled.

If a Holder's interest is a beneficial interest in a global certificate representing Series L Preferred Stock, in order to convert a Holder must comply with paragraphs (3) through (5) listed above and comply with the Depository's procedures for converting a beneficial interest in a global security.

The date on which a Holder complies with the procedures in this clause (v) is the "*Conversion Date*."

(C) The Conversion Agent shall, on a Holder's behalf, convert the Series L Preferred Stock into shares of Common Stock, in accordance with the terms of the notice delivered by such Holder described in clause (B) above. If the Conversion Date is prior to the record date relating to any declared dividend for the Dividend Period in which a Holder elects to convert, the Holder will not receive any declared dividends for that Dividend Period. If the Conversion Date is after the record date relating to any declared dividend and prior to the Dividend Payment Date, the Holder will receive that dividend on the relevant Dividend Payment Date if the Holder was the holder of record on the record date for that dividend. However, if the Conversion Date is after the record date and prior to the Dividend Payment Date, whether or not the Holder was the holder of record on the record date, the Holder must pay to the Conversion Agent when it converts its shares of Series L Preferred Stock an amount in cash equal to the full dividend actually paid on the Dividend Payment Date for the then-current Dividend Period on the shares of Series L Preferred Stock being converted, unless the Holder's shares of Series L Preferred Stock are being converted as a result of a conversion pursuant to Section 6(b), Section 6(c) or Section 6(d).

(b) Conversion at the Corporation's Option.

(i) On or after January 30, 2013, the Corporation may, at its option, at any time or from time to time, cause some or all of the Series L Preferred Stock to be converted into shares of Common Stock at the then-Applicable Conversion Rate if, for 20 Trading Days during any period of 30 consecutive Trading Days the Closing Price of the Common Stock exceeds 130% of the then-Applicable Conversion Price of the Series L Preferred Stock. If the Corporation exercises its optional conversion right on January 30, 2013, it will still pay any dividend payable (in accordance with Section 4) on January 30, 2013 to the applicable Holders of record. The Corporation will provide notice of its optional conversion within five Trading Days of the end of the 30 consecutive Trading Day period.

(ii) If the Corporation elects to cause less than all of the Series L Preferred Stock to be converted under clause (i) above, the Conversion Agent will select the Series L Preferred Stock to be converted by lot, or on a *pro rata* basis or by another method the Conversion Agent considers fair and appropriate, including any method required by DTC or any successor depository (so long as such method is not prohibited by the rules of any stock exchange or quotation association on which the Series L Preferred Stock is then traded or quoted). If the Conversion Agent selects a portion of a Holder's Series L Preferred Stock for partial conversion at the Corporation's option and such Holder converts a portion of its shares of Series L Preferred Stock, the converted portion will be deemed to be from the portion selected for conversion at the Corporation's option under this Section 6(b).

(iii) If the Corporation exercises the optional conversion right described in this Section 6(b), the Corporation shall provide notice of such conversion by first class mail to each Holder of record for the shares of Series L Preferred Stock to be converted (such notice a "*Notice of Optional Conversion*") or issue a press release for publication and make this information available on its website. The Conversion Date shall be a date selected by the Corporation (the "*Optional Conversion Date*"), and the Notice of Optional Conversion must be mailed, or the Corporation must issue the press release, not more than 20 days prior to the Optional Conversion Date. In addition to any information required by applicable law or regulation, the Notice of Optional Conversion or press release shall state, as appropriate:

(A) the Optional Conversion Date;

(B) the aggregate number of shares of Series L Preferred Stock to be converted and, if less than all of the shares of Series L Preferred Stock are to be converted, the percentage of shares of Series L Preferred Stock to be converted; and

(C) the number of shares of Common Stock to be issued upon conversion of each share of Series L Preferred Stock.

(c) Conversion Upon Make-Whole Acquisition.

(i) In the event of a Make-Whole Acquisition, each Holder shall have the option to convert its shares of Series L Preferred Stock (a "*Make-Whole Acquisition Conversion*") during the period (the "*Make-Whole Acquisition Conversion Period*") beginning on the effective date of the Make-Whole Acquisition (the "*Make-Whole Acquisition Effective Date*") and ending on the date that is 30 days after the Make-Whole Acquisition Effective Date and receive an additional number of shares of Common Stock (the "*Make-Whole Shares*") as set forth in clause (ii) below.

(ii) The number of Make-Whole Shares per share of Series L Preferred Stock shall be determined by reference to the table below for the applicable Make-Whole Acquisition Effective Date and the applicable Make-Whole Acquisition Stock Price:

Effective Date	\$40.00	\$41.00	\$42.00	\$44.00	\$47.00	\$50.00	\$60.00	\$80.00	\$110.00	\$150.00	\$200.00
1/24/2008	5.0000	4.7993	4.6190	4.2023	3.6851	3.2540	2.1450	1.0450	0.5164	0.2765	0.1468
1/30/2009	5.0000	4.7512	4.4643	4.1386	3.5702	3.1760	2.0317	0.9563	0.4682	0.2480	0.1285
1/30/2010	5.0000	4.6439	4.2929	3.9886	3.3830	2.9300	1.7617	0.6462	0.2287	0.1033	0.0390
1/30/2011	5.0000	4.6049	4.2429	3.9250	3.3170	2.8040	1.5650	0.5300	0.1964	0.1067	0.0500
1/30/2012	5.0000	4.5780	4.2405	3.8386	3.2596	2.5840	1.2667	0.2313	0.0755	0.0429	0.0206
1/30/2013	5.0000	4.5366	4.2214	3.7932	3.1660	2.5260	1.0217	—	—	—	—
Thereafter	5.0000	4.5366	4.2214	3.7932	3.1660	2.5260	1.0217	—	—	—	—

(A) The exact Make-Whole Acquisition Stock Prices and Make-Whole Acquisition Effective Dates may not be set forth in the table, in which case:

(1) if the Make-Whole Acquisition Stock Price is between two Make-Whole Acquisition Stock Price amounts in the table or the Make-Whole Acquisition Effective Date is between two dates in the table, the number of Make-Whole Shares will be determined by straight-line interpolation between the number of Make-Whole Shares set forth for the higher and lower Make-Whole Acquisition Stock Price amounts and the two Make-Whole Acquisition Effective Dates, as applicable, based on a 365-day year;

(2) if the Make-Whole Acquisition Stock Price is in excess of \$200.00 per share (subject to adjustment pursuant to Section 7 hereof), no Make-Whole Shares will be issued upon conversion of the Series L Preferred Stock; and

(3) if the Make-Whole Acquisition Stock Price is less than \$40.00 per share (subject to adjustment pursuant to Section 7 hereof), no Make-Whole Shares will be issued upon conversion of the Series L Preferred Stock.

(B) The Make-Whole Acquisition Stock Prices set forth in the table above are subject to adjustment pursuant to Section 7 hereof and shall be adjusted as of any date the Conversion Rate is adjusted. The adjusted Make-Whole Acquisition Stock Prices will equal the Make-Whole Acquisition Stock Prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to the Make-Whole Acquisition Stock Prices adjustment and the denominator of which is the Conversion Rate as so adjusted. Each of the number of Make-Whole Shares in the table shall also be subject to adjustment in the same manner as the Conversion Rate pursuant to Section 7.

(iii) On or before the twentieth day prior to the date the Corporation anticipates being the effective date for the Make-Whole Acquisition, a written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the anticipated effective date of the Make-Whole Acquisition; and

(B) the date, which shall be 30 days after the anticipated Make-Whole Acquisition Effective Date, by which a Make-Whole Acquisition Conversion must be exercised.

(iv) On the Make-Whole Acquisition Effective Date, another written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the date that shall be 30 days after the Make-Whole Acquisition Effective Date;

(B) the number of Make-Whole Shares;

(C) the amount of cash, securities and other consideration receivable by a Holder of Series L Preferred Stock upon conversion; and

(D) the instructions a Holder must follow to exercise its conversion option in connection with such Make-Whole Acquisition.

(v) To exercise a Make-Whole Acquisition Conversion option, a Holder must, no later than 5:00 p.m., New York City time on or before the date by which the Make-Whole Acquisition Conversion option must be exercised as specified in the notice delivered under clause (iv) above, comply with the procedures set forth in Section 6(a)(v)(B).

(vi) If a Holder does not elect to exercise the Make-Whole Acquisition Conversion option pursuant to this Section 6(c), the shares of Series L Preferred Stock or successor security held by it will remain outstanding, and the Holder will not be eligible to receive Make-Whole Shares.

(vii) Upon a Make-Whole Acquisition Conversion, the Conversion Agent shall, except as otherwise provided in the instructions provided by the Holder thereof in the written notice provided to the Corporation or its successor as set forth in Section 6(a)(iv) above, deliver to the Holder such cash, securities or other property as are issuable with respect to Make-Whole Shares in the Make-Whole Acquisition.

(viii) In the event that a Make-Whole Acquisition Conversion is effected with respect to shares of Series L Preferred Stock or a successor security representing less than all the shares of Series L Preferred Stock or a successor security held by a Holder, upon such Make-Whole Acquisition Conversion the Corporation or its successor shall execute and the Conversion Agent shall, unless otherwise instructed in writing, countersign and deliver to the Holder thereof, at the expense of the Corporation or its successors, a certificate evidencing the shares of Series L Preferred Stock or such successor security held by the Holder as to which a Make-Whole Acquisition Conversion was not effected.

(d) Conversion Upon Fundamental Change.

(i) In lieu of receiving the Make-Whole Shares, if the Reference Price in connection with a Make-Whole Acquisition is less than the Applicable Conversion Price (a “*Fundamental Change*”), a Holder may elect to convert each share of Series L Preferred Stock during the period beginning on the effective date of the Fundamental Change and ending on the date that is 30 days after the effective date of such Fundamental Change at an adjusted conversion price equal to the greater of (1) the Reference Price and (2) \$19.95, subject to adjustment as described in clause (ii) below (the “*Base Price*”). If the Reference Price is less than the Base Price, Holders will receive a maximum of 50.1253 shares of Common Stock per share of Series L Preferred Stock converted, subject to adjustment as described in clause (ii) below.

(ii) The Base Price shall be adjusted as of any date the Conversion Rate of the Series L Preferred Stock is adjusted pursuant to Section 7. The adjusted Base Price shall equal the Base Price applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to the Conversion Rate adjustment and the denominator of which is the Conversion Rate as so adjusted.

(iii) In lieu of issuing Common Stock upon conversion in the event of a Fundamental Change, the Corporation may at its option, and if it obtains Federal Reserve Board approval, pay an amount in cash (computed to the nearest cent) equal to the Reference Price for each share of Common Stock otherwise issuable upon conversion.

(iv) On or before the twentieth day prior to the date the Corporation anticipates being the effective date for the Fundamental Change, a written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the anticipated effective date of the Fundamental Change; and

(B) the date, which shall be 30 days after the anticipated effective date of a Fundamental Change, by which a Fundamental Change conversion must be exercised.

(v) On the effective date of a Fundamental Change, another written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the date that shall be 30 days after the effective date of the Fundamental Change;

(B) the adjusted conversion price following the Fundamental Change;

(C) the amount of cash, securities and other consideration received by a Holder of Series L Preferred Stock upon conversion; and

(D) the instructions a Holder must follow to exercise its conversion option in connection with such Fundamental Change.

(vi) To exercise its conversion option upon a Fundamental Change, a Holder must, no later than 5:00 p.m., New York City time on or before the date by which the conversion option upon the Fundamental Change must be exercised as specified in the notice delivered under clause (v) above, comply with the procedures set forth in Section 6(a)(v)(B) and indicate that it is exercising the Fundamental Change conversion option.

(vii) If a Holder does not elect to exercise its conversion option upon a Fundamental Change pursuant to this Section 6(d), the Holder will not be eligible to convert such Holder's shares at the Base Price and such Holder's shares of Series L Preferred Stock or successor security held by it will remain outstanding.

(viii) Upon a conversion upon a Fundamental Change, the Conversion Agent shall, except as otherwise provided in the instructions provided by the Holder thereof in the written notice provided to the Corporation or its successor as set forth in Section 6(a)(iv) above, deliver to the Holder such cash, securities or other property as are issuable with respect to the adjusted conversion price following the Fundamental Change.

(ix) In the event that a conversion upon a Fundamental Change is effected with respect to shares of Series L Preferred Stock or a successor security representing less than all the shares of Series L Preferred Stock or a successor security held by a Holder, upon such conversion the Corporation or its successor shall execute and the Conversion Agent shall, unless otherwise instructed in writing, countersign and deliver to the Holder thereof, at the expense of the Corporation, a certificate evidencing the shares of Series L Preferred Stock or such successor security held by the Holder as to which a conversion upon a Fundamental Change was not effected.

Section 7. Anti-Dilution Adjustments.

(a) The Conversion Rate shall be subject to the following adjustments.

(i) **Stock Dividend Distributions.** If the Corporation pays dividends or other distributions on the Common Stock in shares of Common Stock, then the Conversion Rate in effect immediately following the record date for such dividend or distribution will be multiplied by the following fraction:

$$\frac{OS1}{OS0}$$

Where,

OS0 = the number of shares of Common Stock outstanding immediately prior to the Ex-Date for such dividend or distribution.

OS1 = the sum of the number of shares of Common Stock outstanding immediately prior to the Ex-Date for such dividend or distribution plus the total number of shares of Common Stock constituting such dividend.

Notwithstanding the foregoing, no adjustment will be made for the issuance of the Common Stock as a dividend or distribution to all holders of Common Stock that is made in lieu of quarterly dividends or distributions to such holders, to the extent such dividend or distribution does not exceed the dividend threshold amount defined in clause (v) below. For purposes of this paragraph, the amount of any dividend or distribution will equal the number of shares being issued multiplied by the average VWAP of the Common Stock over each of the five consecutive Trading Days prior to the record date for such distribution.

(ii) **Subdivisions, Splits, and Combination of the Common Stock** If the Corporation subdivides, splits, or combines the shares of Common Stock, then the Conversion Rate in effect immediately following the effective date of such share subdivision, split, or combination will be multiplied by the following fraction:

$$\frac{OS1}{OS0}$$

Where,

OS0 = the number of shares of Common Stock outstanding immediately prior to the effective date of such share subdivision, split, or combination.

OS1 = the number of shares of Common Stock outstanding immediately after the opening of business on the effective date of such share subdivision, split, or combination.

(iii) **Issuance of Stock Purchase Rights.** If the Corporation issues to all holders of the shares of Common Stock rights or warrants (other than rights or warrants issued pursuant to a dividend reinvestment plan or share purchase plan or other similar plans) entitling them, for a period of up to 60 days from the date of issuance of such rights or warrants, to subscribe for or purchase the shares of Common Stock (or securities convertible into shares of Common Stock) at less than (or having a conversion price per share less than) the Current Market Price on the date fixed for the determination of stockholders entitled to receive such rights or warrants, then the Conversion Rate in effect immediately following the close of business on the record date for such distribution will be multiplied by the following fraction:

$$\frac{OS0 + X}{OS0 + Y}$$

Where,

OS0 = the number of shares of Common Stock outstanding at the close of business on the record date for such distribution.

X = the total number of shares of Common Stock issuable pursuant to such rights or warrants (or upon conversion of such securities).

Y = the number of shares of Common Stock equal to the aggregate price payable to exercise such rights or warrants (or the conversion price for such securities) divided by the Current Market Price.

To the extent that such rights or warrants are not exercised prior to their expiration or shares of Common Stock are otherwise not delivered pursuant to such rights or warrants upon the exercise of such rights or warrants, the Conversion Rate shall be readjusted to such Conversion Rate that would then be in effect had the adjustment made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock actually delivered. In determining the aggregate offering price payable for such shares of Common Stock, the Conversion Agent will take into account any consideration received for such rights or warrants and the value of such consideration (if other than cash, to be determined by the Board).

(iv) **Debt or Asset Distributions.** If the Corporation distributes to all holders of shares of Common Stock evidences of indebtedness, shares of capital stock (other than Common Stock), securities, or other assets (excluding any dividend or distribution referred to in clauses (i) or (ii) above, any rights or warrants referred to in clause (iii) above, any dividend or distribution paid exclusively in cash, any consideration payable in connection with a tender or exchange offer made by the Corporation or any of its subsidiaries, and any dividend of shares of capital stock of any class or series, or similar equity interests, of or relating to a subsidiary or other business unit in the case of certain spin-off transactions as described below), then the Conversion Rate in effect immediately following the close of business on the record date for such distribution will be multiplied by the following fraction:

$$\frac{SP0}{SP0 - FMV}$$

Where,

SP0 = the Current Market Price per share of Common Stock on the Ex-Date.

FMV = the fair market value of the portion of the distribution applicable to one share of Common Stock on the date immediately preceding the Ex-Date as determined by the Board.

In a spin-off, where the Corporation makes a distribution to all holders of shares of Common Stock consisting of capital stock of any class or series, or similar equity interests of, or relating to, a subsidiary or other business unit, the Conversion Rate will be adjusted on the fifteenth Trading Day after the effective date of the distribution by multiplying such Conversion Rate in effect immediately prior to such fifteenth Trading Day by the following fraction:

$$\frac{MP_0 + MP_s}{MP_0}$$

Where,

MP_0 = the average of the VWAP of the Common Stock over each of the first ten Trading Days commencing on and including the fifth Trading Day following the effective date of such distribution.

MP_s = the average of the VWAP of the capital stock or equity interests representing the portion of the distribution applicable to one share of Common Stock over each of the first ten Trading Days commencing on and including the fifth Trading Day following the effective date of such distribution, or, if not traded on a national or regional securities exchange or over-the-counter market, the fair market value of the capital stock or equity interests representing the portion of the distribution applicable to one share of Common Stock on such date as determined by the Board.

(v) **Cash Distributions.** If the Corporation makes a distribution consisting exclusively of cash to all holders of the Common Stock, excluding (a) any cash dividend on the Common Stock to the extent that the aggregate cash dividend per share of the Common Stock does not exceed \$0.64 in any fiscal quarter (the “*Dividend Threshold Amount*”), (b) any cash that is distributed in a Reorganization Event or as part of a spin-off referred to in clause (iv) above, (c) any dividend or distribution, in connection with the Corporation's liquidation, dissolution, or winding up, and (d) any consideration payable in connection with a tender or exchange offer made by the Corporation or any of its subsidiaries, then in each event, the Conversion Rate in effect immediately following the record date for such distribution will be multiplied by the following fraction:

$$\frac{SP_0}{SP_0 - DIV}$$

Where,

SP_0 = the VWAP per share of Common Stock on the Trading Day immediately preceding the Ex-Date.

DIV = the cash amount per share of Common Stock of the dividend or distribution, as determined pursuant to the following paragraph.

If an adjustment is required to be made as set forth in this clause as a result of a distribution (1) that is a regularly scheduled quarterly dividend, such adjustment would be based on the amount by which such dividend exceeds the Dividend Threshold Amount or (2) that is not a regularly scheduled quarterly dividend, such adjustment would be based on the full amount of such distribution.

The Dividend Threshold Amount is subject to adjustment on an inversely proportional basis whenever the Conversion Rate is adjusted; *provided* that no adjustment will be made to the Dividend Threshold Amount for any adjustment made to the Conversion Rate pursuant to this clause (v).

(vi) **Self-Tender Offers and Exchange Offers** If the Corporation or any of its subsidiaries successfully completes a tender or exchange offer for the Common Stock where the cash and the value of any other consideration included in the payment per share of the Common Stock exceeds the VWAP per share of the Common Stock on the Trading Day immediately succeeding the expiration of the tender or exchange offer, then the Conversion Rate in effect at the close of business on such immediately succeeding Trading Day will be multiplied by the following fraction:

$$\frac{AC + (SP_0 \times OS_1)}{OS_0 \times SP_0}$$

Where,

SP_0 = the VWAP per share of Common Stock on the Trading Day immediately succeeding the expiration of the tender or exchange offer.

OS0 = the number of shares of Common Stock outstanding immediately prior to the expiration of the tender or exchange offer, including any shares validly tendered and not withdrawn (the “*Purchased Shares*”).

OS1 = the number of shares of Common Stock outstanding immediately after the expiration of the tender or exchange offer, less any Purchased Shares.

AC = the aggregate cash and fair market value of the other consideration payable in the tender or exchange offer, as determined by the Board.

In the event that the Corporation, or one of its subsidiaries, is obligated to purchase shares of Common Stock pursuant to any such tender offer or exchange offer, but the Corporation, or such subsidiary, is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then the Conversion Rate shall be readjusted to be such Conversion Rate that would then be in effect if such tender offer or exchange offer had not been made.

(vii) **Rights Plans.** To the extent that the Corporation has a rights plan in effect with respect to the Common Stock on any Conversion Date, upon conversion of any shares of the Series L Preferred Stock, Holders will receive, in addition to the shares of Common Stock, the rights under the rights plan, unless, prior to such Conversion Date, the rights have separated from the shares of Common Stock, in which case the Conversion Rate will be adjusted at the time of separation as if the Corporation had made a distribution to all holders of the Common Stock as described in clause (iv) above, subject to readjustment in the event of the expiration, termination, or redemption of such rights.

(b) The Corporation may make such increases in the Conversion Rate, in addition to any other increases required by this Section 7, if the Corporation deems it advisable in order to avoid or diminish any income tax to holders of the Common Stock resulting from any dividend or distribution of shares of Common Stock (or issuance of rights or warrants to acquire shares of Common Stock) or from any event treated as such for income tax purposes or for any other reason.

(c)(i) All adjustments to the Conversion Rate shall be calculated to the nearest 1/10,000th of a share of Common Stock. No adjustment in the Conversion Rate will be made unless such adjustment would require an increase or decrease of at least one percent therein; *provided*, that any adjustments which by reason of this subparagraph are not required to be made shall be carried forward and taken into account in any subsequent adjustment; *provided further* that on the Optional Conversion Date, the Make-Whole Acquisition Effective Date or the effective date of a Fundamental Change, adjustments to the Conversion Rate will be made with respect to any such adjustment carried forward and which has not been taken into account before such date.

(ii) No adjustment to the Conversion Rate shall be made if Holders may participate in the transaction that would otherwise give rise to an adjustment, as a result of holding the Series L Preferred Stock, without having to convert the Series L Preferred Stock, as if they held the full number of shares of Common Stock into which their shares of the Series L Preferred Stock may then be converted.

(iii) The Applicable Conversion Rate will not be adjusted:

(A) upon the issuance of any shares of the Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Corporation's securities and the investment of additional optional amounts in shares of Common Stock under any plan;

(B) upon the issuance of any shares of the Common Stock or rights or warrants to purchase those shares pursuant to any present or future employee, director, or consultant benefit plan or program of or assumed by the Corporation or any of its subsidiaries;

(C) upon the issuance of any shares of the Common Stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the date the shares of the Series L Preferred Stock were first issued;

(D) for a change in the par value or no par value of the Common Stock; or

(E) for accrued and unpaid dividends on the Series L Preferred Stock.

(d) Whenever the Conversion Rate is to be adjusted in accordance with Section 7(a) or Section 7(b), the Corporation shall: (i) compute the Conversion Rate in accordance with Section 7(a) or Section 7(b), taking into account the one percent threshold set forth in Section 7(c) hereof, and prepare and transmit to the Transfer Agent an officer's certificate setting forth the Conversion Rate, the method of calculation thereof in reasonable detail, and the facts requiring such adjustment and upon which such adjustment is based; (ii) as soon as practicable following the occurrence of an event that requires an

adjustment to the Conversion Rate pursuant to Section 7(a) or Section 7(b), taking into account the one percent threshold set forth in Section 7(c) hereof (or if the Corporation is not aware of such occurrence, as soon as practicable after becoming so aware), provide, or cause to be provided, a written notice to the Holders of the occurrence of such event; and (iii) as soon as practicable following the determination of the revised Conversion Rate in accordance with Section 7(a) or Section 7(b) hereof, provide, or cause to be provided, a written notice to the Holders setting forth in reasonable detail the method by which the adjustment to the Conversion Rate was determined and setting forth the revised Conversion Rate.

Section 8. Reorganization Events.

(a) In the event of:

(i) the Corporation's consolidation or merger with or into another Person, in each case pursuant to which the Common Stock will be converted into cash, securities, or other property of the Corporation or another Person;

(ii) any sale, transfer, lease, or conveyance to another Person of all or substantially all of the Corporation's property and assets, in each case pursuant to which the Common Stock will be converted into cash, securities, or other property; or

(iii) any statutory exchange of the Corporation's securities with another Person (other than in connection with a merger or acquisition);

(any such event specified in this Section 8(a), a "*Reorganization Event*"); each share of Series L Preferred Stock outstanding immediately prior to such Reorganization Event will, without the consent of Holders, become convertible into the kind of securities, cash, and other property receivable in such Reorganization Event by a holder of the shares of Common Stock that was not the counterparty to the Reorganization Event or an affiliate of such other party (such securities, cash, and other property, the "*Exchange Property*").

(b) In the event that holders of the shares of the Common Stock have the opportunity to elect the form of consideration to be received in such transaction, the consideration that the Holders are entitled to receive will be deemed to be the types and amounts of consideration received by the majority of the holders of the shares of the Common Stock that affirmatively make an election (or of all such holders if none make an election). On each Conversion Date following a Reorganization Event, the Conversion Rate then in effect will be applied to the value on such Conversion Date of the securities, cash, or other property received per share of Common Stock, determined as set forth above. The amount of Exchange Property receivable upon conversion of any Series L Preferred Stock in accordance with Section 5, Section 6(b), Section 6(c) or Section 6(d) hereof shall be determined based upon the then Applicable Conversion Rate.

(c) The above provisions of this Section 8 shall similarly apply to successive Reorganization Events and the provisions of Section 7 shall apply to any shares of capital stock of the Corporation (or any successor) received by the holders of the Common Stock in any such Reorganization Event.

(d) The Corporation (or any successor) shall, within 20 days of the occurrence of any Reorganization Event, provide written notice to the Holders of such occurrence of such event and of the kind and amount of the cash, securities or other property that constitutes the Exchange Property. Failure to deliver such notice shall not affect the operation of this Section 8.

Section 9. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series L Preferred Stock shall be entitled, out of assets legally available for distribution to stockholders before any distribution of the assets of the Corporation may be made to the Holders of any Junior Stock to receive in full a liquidating distribution in the amount of the liquidation preference of \$1,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. After payment of this liquidating distribution, the holders of Series L Preferred Stock will not be entitled to any further participation in any distribution of the Corporation's assets in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation. Distributions will be made only to the extent of the Corporation's assets remaining available after satisfaction of all liabilities to creditors and subject to the rights of holders of any securities ranking senior to the Series L Preferred Stock and *pro rata* as to the Series L Preferred Stock and any other shares of the Corporation's stock ranking equally as to such distribution.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any dividends which have been declared but not yet paid to all holders of Series L Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series L Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences, plus any dividends which have been declared but not yet paid, of Series L Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series L Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 9, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or business of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 10. Redemption.

The Series L Preferred Stock shall not be redeemable either at the Corporation's option or at the option of the Holders at any time.

Section 11. Voting Rights.

(a) General. The holders of Series L Preferred Stock shall not be entitled to vote on any matter except as set forth in Section 11(b) below or as required by Delaware law.

(b) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series L Preferred Stock or any other class or series of preferred stock ranking equally with Series L Preferred Stock as to payment of dividends and upon which voting rights equivalent to those granted by this Section 11 have been conferred ("*Voting Parity Securities*"), and are exercisable, have not been declared and paid for the equivalent of at least six or more quarterly Dividend Periods (whether consecutive or not (a "*Nonpayment*")), the number of directors constituting the Board shall be increased by two, and the Holders of the outstanding shares of Series L Preferred Stock voting as a class with holders of any series of the Corporation's preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist, shall have the right, voting separately as a single class without regard to series, with voting rights allocated *pro rata* based on liquidation preference, to the exclusion of the holders of Common Stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and provided further that the Board shall at no time include more than two such directors. Each such director elected by the holders of shares of Series L Preferred Stock and any Voting Parity Securities is a "*Preferred Director*." Any Preferred Director elected by the holders of the Series L Preferred Stock and any Parity Stock may only be removed by the vote of the holders of record of the outstanding Series L Preferred Stock and any such Parity Stock, voting together as a single and separate class, at a meeting of the Corporation's stockholders called for that purpose. Any vacancy created by the removal of any Preferred Director may be filled only by the vote of the holders of the outstanding Series L Preferred Stock and any such Parity Stock, voting together as a single and separate class.

Notwithstanding the foregoing, without the consent of the Holders, so long as such action does not adversely affect the interests of the Holders, the Corporation may amend, alter, supplement, or repeal any terms of the Series L Preferred Stock for the following purposes:

(1) to cure any ambiguity, or to cure, correct, or supplement any provision contained in this Certificate of Designations that may be ambiguous, defective, or inconsistent; or

(2) to make any provision with respect to matters or questions relating to the Series L Preferred Stock that is not inconsistent with the provisions of this Certificate of Designations.

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the Holders Series L Preferred Stock and any Voting Parity Securities with exercisable voting rights, called as provided herein. At any time after the special voting right has vested pursuant to Section 11(b)(i) above, the secretary of the Corporation may, and upon the written request of any Holder of Series L Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series L Preferred Stock and any Voting Parity Securities with

exercisable voting rights, for the election of the two directors to be elected by them as provided in Section 11(b)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice of Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any Holder of Series L Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 11(b)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 11(b)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the Holders of the Series L Preferred Stock (voting together on a single and separate class with holders of any Voting Parity Securities, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. The voting rights described above will terminate, except as provided by law, upon the earlier of (A) the conversion of all of the Series L Preferred Stock or (B) the payment of full dividends on the Series L Preferred Stock and any other series of the Corporation's preferred stock, if any, for the equivalent of at least four quarterly Dividend Periods (but subject to vesting in the case of any similar non-payment of dividends in respect of future Dividend Periods) following a Nonpayment on the Series L Preferred Stock and any other series of the Corporation's preferred stock. Upon termination of the special voting right described above, the terms of office of the Preferred Directors will immediately terminate, and the number of directors constituting the Board will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series L Preferred Stock (voting together as a single and separate class with holders of any Voting Parity Securities, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist).

Section 12. Fractional Shares.

(a) No fractional shares of Common Stock will be issued as a result of any conversion of shares of Series L Preferred Stock.

(b) In lieu of any fractional share of Common Stock otherwise issuable in respect of any conversion at the Corporation's option pursuant to Section 5 hereof or any conversion at the option of the Holder pursuant to Section 6(b), Section 6(c) or Section 6(d) hereof, the Corporation shall pay an amount in cash (computed to the nearest cent) equal to the same fraction of the Closing Price of the Common Stock determined as of the second Trading Day immediately preceding the effective date of conversion.

(c) If more than one share of the Series L Preferred Stock is surrendered for conversion at one time by or for the same Holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of the Series L Preferred Stock so surrendered.

Section 13. Reservation of Common Stock.

(a) The Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock or shares held in the treasury by the Corporation, solely for issuance upon the conversion of shares of Series L Preferred Stock as provided in this Certificate of Designations, free from any preemptive or other similar rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of Series L Preferred Stock then outstanding, at the Applicable Conversion Price subject to adjustment as described under Section 7. For purposes of this Section 13(a), the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding shares of Series L Preferred Stock shall be computed as if at the time of computation all such outstanding shares were held by a single Holder.

(b) Notwithstanding the foregoing, the Corporation shall be entitled to deliver upon conversion of shares of Series L Preferred Stock, as herein provided, shares of Common Stock acquired by the Corporation (in lieu of the issuance of authorized and unissued shares of Common Stock), so long as any such acquired shares are free and clear of all liens, charges, security interests or encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders).

(c) All shares of Common Stock delivered upon conversion of the Series L Preferred Stock shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders).

(d) Prior to the delivery of any securities that the Corporation shall be obligated to deliver upon conversion of the Series L Preferred Stock, the Corporation shall use its reasonable best efforts to comply with all federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority.

(e) The Corporation hereby covenants and agrees that, if at any time the Common Stock shall be listed on the New York Stock Exchange or any other national securities exchange or automated quotation system, the Corporation will, if permitted by the rules of such exchange or automated quotation system, list and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, all the Common Stock issuable upon conversion of the Series L Preferred Stock; *provided, however*, that if the rules of such exchange or automated quotation system permit the Corporation to defer the listing of such Common Stock until the first conversion of Series L Preferred Stock into Common Stock in accordance with the provisions hereof, the Corporation covenants to list such Common Stock issuable upon conversion of the Series L Preferred Stock in accordance with the requirements of such exchange or automated quotation system at such time.

Section 14. Preemption. The Holders of Series L Preferred Stock shall not have any rights of preemption.

Section 15. Rank. Notwithstanding anything set forth in the Corporation's Amended and Restated Certificate of Incorporation or this Certificate of Designations to the contrary, the Board, the Committee or any authorized committee of the Board, without the vote of the Holders of the Series L Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series L Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 16. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell shares of Series L Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board or any duly authorized committee of the Board may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 17. Unissued or Reacquired Shares. Shares of Series L Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series and shall be available for subsequent issuance.

Section 18. No Sinking Fund. Shares of Series L Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS
OF
FIXED-TO-FLOATING RATE
NON-CUMULATIVE PREFERRED STOCK, SERIES M
OF
BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. At meetings duly convened and held on December 11, 2007, January 23, 2008 and April 23, 2008, the Board of Directors of the Corporation (the "Board") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Special Committee (the "Committee") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on April 25, 2008, the Committee duly adopted the following resolution by written consent:

"**RESOLVED**, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in the Certificate of Designations attached hereto as Exhibit A, which is incorporated herein and made a part of these resolutions by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 29th day of April, 2008.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER

Name: Teresa M. Brenner

Title: Associate General Counsel

EXHIBIT A

CERTIFICATE OF DESIGNATIONS
OF
FIXED-TO-FLOATING RATE
NON-CUMULATIVE PREFERRED STOCK, SERIES M
OF
BANK OF AMERICA CORPORATION

Section 1. Designation. The designation of the series of preferred stock shall be “Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M” (the “*Series M Preferred Stock*”). Each share of Series M Preferred Stock shall be identical in all respects to every other share of Series M Preferred Stock. Series M Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series M Preferred Stock shall be 160,000. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series M Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series M Preferred Stock.

Section 3. Definitions. As used herein with respect to Series M Preferred Stock:

“*Business Day*” means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

“*Calculation Agent*” shall mean The Bank of New York Trust Company, N.A., or such other bank or entity as may be appointed by the Corporation to act as calculation agent for the Series M Preferred Stock during the Floating Rate Period (as defined below).

“*Depository Company*” shall have the meaning set forth in Section 6(d) hereof.

“*Dividend Determination Date*” shall have the meaning set forth below in the definition of “Three-Month LIBOR.”

“*Dividend Payment Date*” shall have the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” shall have the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Fixed Rate Period*” shall have the meaning set forth in Section 4(a) hereof.

“*Floating Rate Period*” shall have the meaning set forth in Section 4(a) hereof.

“*Junior Stock*” means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series M Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*London Banking Day*” means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

“*Parity Stock*” means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D, (c) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series E, (d) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series F (if and when issued and outstanding), (e) the Corporation's Adjustable Rate Non-Cumulative Preferred Stock, Series G (if and when issued and outstanding), (f) the Corporation's 6.625% Non-Cumulative Preferred Stock, Series I, (g) the Corporation's 7.25% Non-Cumulative Preferred Stock,

Series J, (h) the Corporation's Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, (i) the Corporation's 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L, and (j) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series M Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"Reuters Screen Page *"LIBOR01"*" means the display page so designated on Reuters (or any other page as may replace that page on that service, or any other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

"*Senior Stock*" means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series M Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

"*Series M Preferred Stock*" shall have the meaning set forth in Section 1 hereof.

"*Three-Month LIBOR*" means, with respect to any Dividend Period in the Floating Rate Period, the offered rate (expressed as a percentage *per annum*) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Reuters Screen Page "LIBOR01" as of 11:00 a.m. (London time) on the second London Banking Day immediately preceding the first day of that Dividend Period (the "*Dividend Determination Date*"). If such rate does not appear on Reuters Screen Page "LIBOR01", Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than \$1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 a.m., London time on the second London Banking Day immediately preceding the first day of that Dividend Period. The Calculation Agent will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the Corporation, at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than \$1,000,000. However, if fewer than three banks selected by the Corporation to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period in the Floating Rate Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had the dividend rate been a floating rate during the Fixed Rate Period (as defined below). The Calculation Agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period in the Floating Rate Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series M Preferred Stock upon request and will be final and binding in the absence of manifest error.

Section 4. Dividends.

(a) **Rate.** Holders of Series M Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference of \$25,000 per share of Series M Preferred Stock, and no more, payable (x) for the Fixed Rate Period, semi-annually in arrears on each May 15 and November 15, beginning on November 15, 2008, and (y) for the Floating Rate Period, quarterly in arrears on each February 15, May 15, August 15, and November 15, beginning on August 15, 2018; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a "*Dividend Payment Date*"). The period from, and including, the date of issuance of the Series M Preferred Stock or any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a "*Dividend Period*." Dividends on each share of Series M Preferred Stock will accrue on the liquidation preference of \$25,000 per share at a rate *per annum* equal to (1) 8.125%, for each Dividend Period from the issue date to, but excluding, May 15, 2018 (the "*Fixed Rate Period*"), and (2) Three-Month LIBOR plus a spread of 3.64%, for each Dividend Period from, and including, May 15, 2018 to the date of redemption of the Series M Preferred Stock (the "*Floating Rate Period*"). The record date for payment of dividends on the Series M Preferred Stock shall be the last day of the calendar month immediately preceding the month in which the Dividend Payment Date falls. For the Fixed Rate Period, the amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. For the Floating Rate Period, the amount of dividends payable shall be computed on the basis of a 360-day year and the actual number of days elapsed in a Dividend Period.

(b) Non-Cumulative Dividends. Dividends on shares of Series M Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series M Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series M Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series M Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series M Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into other Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or *apro rata* portion, of the Series M Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series M Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series M Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series M Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series M Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation will allocate the dividend payments on a *pro rata* basis among the holders of the shares of Series M Preferred Stock and the holders of any Parity Stock then outstanding. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series M Preferred Stock and the aggregate of the current and accrued dividends due on the outstanding Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series M Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series M Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series M Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series M Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series M Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any dividends which have been declared but not yet paid to all holders of Series M Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series M Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences, plus any dividends which have been declared but not yet paid, of Series M Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series M Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of Series M Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after the Dividend Payment Date on May 15, 2018, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series M Preferred Stock shall be \$25,000 per share plus dividends that have been declared but not paid.

(b) Notice of Redemption. Notice of every redemption of shares of Series M Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series M Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series M Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series M Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series M Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series M Preferred Stock at the time outstanding, the shares of Series M Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series M Preferred Stock in proportion to the number of Series M Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series M Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depository Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights.

(a) General. The holders of Series M Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by Delaware law.

(b) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series M Preferred Stock or any other class or series of preferred stock that ranks on parity with Series M Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(b)(i) have been conferred and are exercisable, have not been paid in an aggregate amount equal to, as to any class or series, the equivalent of at least three or more semi-annual or six or more quarterly Dividend Periods (whether consecutive or not), as applicable, the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series M Preferred Stock (together with holders of any class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of the such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series M Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series M Preferred Stock as to payment of dividends and having equivalent voting rights is a "*Preferred Director*."

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series M Preferred Stock and any other class or series of our stock that ranks on parity with Series M Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(b)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series M Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series M Preferred Stock and any other class or series of preferred stock that ranks on parity with Series M Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(b)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice of Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series M Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 7(b)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 7(b)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series M Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series M Preferred Stock and any other class or series of preferred stock that ranks on parity with Series M Preferred Stock as to payment of dividends, if any, for the equivalent of at least two semi-annual or four quarterly Dividend Periods, as applicable, then the right of the holders of Series M Preferred Stock to elect the Preferred Directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate, and the number of directors constituting the Board of Directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series M Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(b).

Section 8. Preemption and Conversion. The holders of Series M Preferred Stock shall not have any rights of preemption or rights to convert such Series M Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the

Board of Directors of the Corporation, without the vote of the holders of the Series M Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series M Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series M Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series M Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series M Preferred Stock are not subject to the operation of a sinking fund.

**CERTIFICATE OF DESIGNATIONS
OF
8.20% NON-CUMULATIVE PREFERRED STOCK, SERIES H
OF
BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. At meetings duly convened and held on December 11, 2007, January 23, 2008 and April 23, 2008, the Board of Directors of the Corporation (the "Board") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Special Committee (the "Committee") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on May 21, 2008, the Committee duly adopted the following resolution by written consent:

"**RESOLVED**, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's 8.20% Non-Cumulative Preferred Stock, Series H, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in the Certificate of Designations attached hereto as Exhibit A, which is incorporated herein and made a part of these resolutions by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 22nd day of May, 2008.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER

Name: Teresa M. Brenner

Title: Associate General Counsel

EXHIBIT A

CERTIFICATE OF DESIGNATIONS

OF

8.20% NON-CUMULATIVE PREFERRED STOCK, SERIES H

OF

BANK OF AMERICA CORPORATION

Section 1. Designation. The designation of the series of preferred stock shall be “8.20% Non-Cumulative Preferred Stock, Series H” (the “*Series H Preferred Stock*”). Each share of Series H Preferred Stock shall be identical in all respects to every other share of Series H Preferred Stock. Series H Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of authorized shares of Series H Preferred Stock shall be 124,200. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series H Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation, the Committee or any other duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase or reduction, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series H Preferred Stock.

Section 3. Definitions. As used herein with respect to Series H Preferred Stock:

“*Business Day*” means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina.

“*Depository Company*” shall have the meaning set forth in Section 6(d) hereof.

“*Dividend Payment Date*” shall have the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” shall have the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Junior Stock*” means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series H Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*Parity Stock*” means (a) the Corporation's 7% Cumulative Redeemable Preferred Stock, Series B, (b) the Corporation's 6.204% Non-Cumulative Preferred Stock, Series D, (c) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series E, (d) the Corporation's Floating Rate Non-Cumulative Preferred Stock, Series F (if and when issued and outstanding), (e) the Corporation's Adjustable Rate Non-Cumulative Preferred Stock, Series G (if and when issued and outstanding), (f) the Corporation's 6.625% Non-Cumulative Preferred Stock, Series I, (g) the Corporation's 7.25% Non-Cumulative Preferred Stock, Series J, (h) the Corporation's Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, (i) the Corporation's 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L, (j) the Corporation's Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M, and (k) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series H Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

“*Senior Stock*” means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series H Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*Series H Preferred Stock*” shall have the meaning set forth in Section 1 hereof.

Section 4. Dividends.

(a) Rate. Holders of Series H Preferred Stock shall be entitled to receive, if, as and when declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends at a rate per annum equal to 8.20% on the liquidation preference of \$25,000 per share of Series H Preferred Stock, and no more, payable quarterly in arrears on each February 1, May 1, August 1 and November 1; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise declared and payable on that date will be made on the next succeeding day that is a Business Day, unless that day falls in the next calendar year, in which case payment of such dividend will occur on the immediately preceding Business Day (in either case, without any interest or other payment in respect of such delay) (each such day on which dividends are payable a “*Dividend Payment Date*”). The period from, and including, the date of issuance of the Series H Preferred Stock or any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a “*Dividend Period*.” Dividends on each share of Series H Preferred Stock will accrue on the liquidation preference of \$25,000 per share at a rate per annum equal to 8.20%. The record date for payment of dividends on the Series H Preferred Stock shall be the fifteenth day of the calendar month immediately preceding the month during which the Dividend Payment Date falls. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) Non-Cumulative Dividends. Dividends on shares of Series H Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series H Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series H Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series H Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series H Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into other Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or *apro rata* portion, of the Series H Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in each case unless full dividends on all outstanding shares of Series H Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series H Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series H Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series H Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation will allocate the dividend payments on a *pro rata* basis among the holders of the shares of Series H Preferred Stock and the holders of any Parity Stock then outstanding. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series H Preferred Stock and the aggregate of the current and accrued dividends due on the outstanding Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series H Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on any Junior Stock from time to time out of any assets legally available therefor, and the shares of Series H Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series H Preferred Stock shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series H Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series H Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any dividends which have been declared but not yet paid to all holders of Series H Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series H Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences plus any dividends which have been declared but not yet paid of Series H Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series H Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem out of funds legally available therefor, in whole or in part, the shares of Series H Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after the Dividend Payment Date on May 1, 2013, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series H Preferred Stock shall be \$25,000 per share plus dividends that have been declared but not paid.

(b) Notice of Redemption. Notice of every redemption of shares of Series H Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series H Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series H Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series H Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series H Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series H Preferred Stock at the time outstanding, the shares of Series H Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series H Preferred Stock in proportion to the number of Series H Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation, the Committee or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series H Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the “*Depository Company*”) in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights.

(a) General. The holders of Series H Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by Delaware law.

(b) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series H Preferred Stock or any other class or series of preferred stock that ranks on parity with Series H Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(b)(i) have been conferred and are exercisable, have not been paid, as to any class or series, for the equivalent of at least six quarterly Dividend Periods (whether consecutive or not), the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series H Preferred Stock (together with holders of any class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of the such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors of the Corporation shall at no time include more than two such directors. Each such director elected by the holders of shares of Series H Preferred Stock and any other class or series of preferred stock that ranks on parity with the Series H Preferred Stock as to payment of dividends and having equivalent voting rights is a “*Preferred Director*.”

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series H Preferred Stock and any other class or series of our stock that ranks on parity with Series H Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(b)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series H Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series H Preferred Stock and any other class or series of preferred stock that ranks on parity with Series H Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(b)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice of Special Meeting. Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series H Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 7(b)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 7(b)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be

filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series H Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series H Preferred Stock and any other class or series of preferred stock that ranks on parity with Series H Preferred Stock as to payment of dividends, if any, for at least four quarterly Dividend Periods, then the right of the holders of Series H Preferred Stock to elect the Preferred Directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate and the number of directors constituting the Board of Directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series H Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(b).

Section 8. Preemptive Rights and Conversion. The holders of Series H Preferred Stock shall not have any preemptive rights or rights to convert such Series H Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors of the Corporation, the Committee or any authorized committee of the Board of Directors of the Corporation, without the vote of the holders of the Series H Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class or series of Senior Stock or any other securities ranking senior to the Series H Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series H Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series H Preferred Stock not issued or which have been redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series H Preferred Stock are not subject to the operation of a sinking fund.

CERTIFICATE OF DESIGNATIONS
OF
FIXED RATE CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES N
OF
BANK OF AMERICA CORPORATION

Bank of America Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), in accordance with the provisions of Sections 141 and 151 of the General Corporation Law of the State of Delaware, does hereby certify:

At meetings duly convened and held by the board of directors of the Corporation (the "Board of Directors") on July 23, 2008 and October 15, 2008, the Board of Directors duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's Preferred Stock, and (b) appointing a Special Committee (the "Committee") of the Board of Directors to act on behalf of the Board of Directors in establishing the number of authorized shares, the dividend rate, the voting and other powers, designations, preferences and rights, and the qualifications, limitations and restrictions thereof, of such series of Preferred Stock.

Thereafter, on October 26, 2008, the Committee duly adopted the following resolution creating a series of 600,000 shares of Preferred Stock of the Corporation designated as "Fixed Rate Cumulative Perpetual Preferred Stock, Series N" by written consent

RESOLVED, that pursuant to the provisions of the certificate of incorporation and the bylaws of the Corporation and applicable law, and the resolutions adopted by the Board of Directors, a series of Preferred Stock, par value \$0.01 per share, of the Corporation be, and hereby is, created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Part 1. Designation and Number of Shares. There is hereby created out of the authorized and unissued shares of preferred stock of the Corporation a series of preferred stock designated as the "Fixed Rate Cumulative Perpetual Preferred Stock, Series N" (the "Designated Preferred Stock"). The authorized number of shares of Designated Preferred Stock shall be 600,000.

Part 2. Standard Provisions. The Standard Provisions contained in Annex A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Certificate of Designations to the same extent as if such provisions had been set forth in full herein.

Part 3. Definitions. The following terms are used in this Certificate of Designations (including the Standard Provisions in Annex A hereto) as defined below:

- (a) "Common Stock" means the common stock, par value \$0.01 per share, of the Corporation.
 - (b) "Dividend Payment Date" means February 15, May 15, August 15 and November 15 of each year.
 - (c) "Junior Stock" means the Common Stock, and any other class or series of stock of the Corporation the terms of which expressly provide that it ranks junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Corporation.
 - (d) "Liquidation Amount" means \$25,000 per share of Designated Preferred Stock.
 - (e) "Minimum Amount" means \$3,750,000,000.
 - (f) "Parity Stock" means any class or series of stock of the Corporation (other than Designated Preferred Stock) the terms of which do not expressly provide that such class or series will rank senior or junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Corporation (in each case without regard to whether dividends accrue cumulatively or non-cumulatively). Without limiting the foregoing, Parity Stock shall include the Corporation's (i) 7% Cumulative Redeemable Preferred Stock, Series B; (ii) 6.204% Non-Cumulative Preferred Stock, Series D; (iii) Floating Rate Non-Cumulative Preferred Stock, Series E; (iv) Floating Rate Non-Cumulative Preferred Stock, Series F (if and when issued and outstanding); (v) Adjustable Rate Non-Cumulative Preferred Stock, Series G (if and when issued and outstanding); (vi) 8.20% Non-Cumulative Preferred Stock, Series H; (vii) 6.625% Non-Cumulative Preferred Stock, Series I; (viii) 7.25% Non-Cumulative Preferred Stock, Series J; (ix) Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K;
-

(x) 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L; and (xi) Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M.

(g) "Signing Date" means October 26, 2008.

Part. 4. Certain Voting Matters. Holders of shares of Designated Preferred Stock will be entitled to one vote for each such share on any matter on which holders of Designated Preferred Stock are entitled to vote, including any action by written consent.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Bank of America Corporation has caused this Certificate of Designations to be signed by Teresa M. Brenner, its Associate General Counsel, this 27th day of October, 2008.

BANK OF AMERICA CORPORATION

By: /s/ TERESA M. BRENNER

Name: Teresa M. Brenner

Title: Associate General Counsel

STANDARD PROVISIONS

Section 1. General Matters. Each share of Designated Preferred Stock shall be identical in all respects to every other share of Designated Preferred Stock. The Designated Preferred Stock shall be perpetual, subject to the provisions of Section 5 of these Standard Provisions that form a part of the Certificate of Designations. The Designated Preferred Stock shall rank equally with Parity Stock and shall rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Corporation.

Section 2. Standard Definitions. As used herein with respect to Designated Preferred Stock:

(a) “Applicable Dividend Rate” means (i) during the period from the Original Issue Date to, but excluding, the first day of the first Dividend Period commencing on or after the fifth anniversary of the Original Issue Date, 5% per annum and (ii) from and after the first day of the first Dividend Period commencing on or after the fifth anniversary of the Original Issue Date, 9% per annum.

(b) “Appropriate Federal Banking Agency” means the “appropriate Federal banking agency” with respect to the Corporation as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

(c) “Business Combination” means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Corporation's stockholders.

(d) “Business Day” means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close.

(e) “Bylaws” means the bylaws of the Corporation, as they may be amended from time to time.

(f) “Certificate of Designations” means the Certificate of Designations or comparable instrument relating to the Designated Preferred Stock, of which these Standard Provisions form a part, as it may be amended from time to time.

(g) “Charter” means the Corporation's certificate or articles of incorporation, articles of association, or similar organizational document.

(h) “Dividend Period” has the meaning set forth in Section 3(a).

(i) “Dividend Record Date” has the meaning set forth in Section 3(a).

(j) “Liquidation Preference” has the meaning set forth in Section 4(a).

(k) “Original Issue Date” means the date on which shares of Designated Preferred Stock are first issued.

(l) “Preferred Director” has the meaning set forth in Section 7(b).

(m) “Preferred Stock” means any and all series of preferred stock of the Corporation, including the Designated Preferred Stock.

(n) “Qualified Equity Offering” means the sale and issuance for cash by the Corporation to persons other than the Corporation or any of its subsidiaries after the Original Issue Date of shares of perpetual Preferred Stock, Common Stock or any combination of such stock, that, in each case, qualify as and may be included in Tier 1 capital of the Corporation at the time of issuance under the applicable risk-based capital guidelines of the Corporation's Appropriate Federal Banking Agency (other than any such sales and issuances made pursuant to agreements or arrangements entered into, or pursuant to financing plans which were publicly announced, on or prior to October 13, 2008).

(o) “Share Dilution Amount” has the meaning set forth in Section 3(b).

(p) “Standard Provisions” mean these Standard Provisions that form a part of the Certificate of Designations relating to the Designated Preferred Stock.

(q) “Successor Preferred Stock” has the meaning set forth in Section 5(a).

(r) “Voting Parity Stock” means, with regard to any matter as to which the holders of Designated Preferred Stock are entitled to vote as specified in Sections 7(a) and 7(b) of these Standard Provisions that form a part of the Certificate of Designations, any and all series of Parity Stock upon which like voting rights have been conferred and are exercisable with respect to such matter.

Section 3. Dividends.

(a) Rate. Holders of Designated Preferred Stock shall be entitled to receive, on each share of Designated Preferred Stock if, as and when declared by the Board of Directors or any duly authorized committee of the Board of Directors, but only out of assets legally available therefor, cumulative cash dividends with respect to each Dividend Period (as defined below) at a rate per annum equal to the Applicable Dividend Rate on (i) the Liquidation Amount per share of Designated Preferred Stock and (ii) the amount of accrued and unpaid dividends for any prior Dividend Period on such share of Designated Preferred Stock, if any. Such dividends shall begin to accrue and be cumulative from the Original Issue Date, shall compound on each subsequent Dividend Payment Date (*i.e.*, no dividends shall accrue on other dividends unless and until the first Dividend Payment Date for such other dividends has passed without such other dividends having been paid on such date) and shall be payable quarterly in arrears on each Dividend Payment Date, commencing with the first such Dividend Payment Date to occur at least 20 calendar days after the Original Issue Date. In the event that any Dividend Payment Date would otherwise fall on a day that is not a Business Day, the dividend payment due on that date will be postponed to the next day that is a Business Day and no additional dividends will accrue as a result of that postponement. The period from and including any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a “Dividend Period”, provided that the initial Dividend Period shall be the period from and including the Original Issue Date to, but excluding, the next Dividend Payment Date.

Dividends that are payable on Designated Preferred Stock in respect of any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of dividends payable on Designated Preferred Stock on any date prior to the end of a Dividend Period, and for the initial Dividend Period, shall be computed on the basis of a 360-day year consisting of twelve 30-day months, and actual days elapsed over a 30-day month.

Dividends that are payable on Designated Preferred Stock on any Dividend Payment Date will be payable to holders of record of Designated Preferred Stock as they appear on the stock register of the Corporation on the applicable record date, which shall be the 15th calendar day immediately preceding such Dividend Payment Date or such other record date fixed by the Board of Directors or any duly authorized committee of the Board of Directors that is not more than 60 nor less than 10 days prior to such Dividend Payment Date (each, a “Dividend Record Date”). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day.

Holders of Designated Preferred Stock shall not be entitled to any dividends, whether payable in cash, securities or other property, other than dividends (if any) declared and payable on Designated Preferred Stock as specified in this Section 3 (subject to the other provisions of the Certificate of Designations).

(b) Priority of Dividends. So long as any share of Designated Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than dividends payable solely in shares of Common Stock) or Parity Stock, subject to the immediately following paragraph in the case of Parity Stock, and no Common Stock, Junior Stock or Parity Stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by the Corporation or any of its subsidiaries unless all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been or are contemporaneously declared and paid in full (or have been declared and a sum sufficient for the payment thereof has been set aside for the benefit of the holders of shares of Designated Preferred Stock on the applicable record date). The foregoing limitation shall not apply to (i) redemptions, purchases or other acquisitions of shares of Common Stock or other Junior Stock in connection with the administration of any employee benefit plan in the ordinary course of business (including purchases to offset the Share Dilution Amount (as defined below) pursuant to a publicly announced repurchase plan) and consistent with past practice, *provided* that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount; (ii) purchases or other acquisitions by a broker-dealer subsidiary of the Corporation solely for the purpose of market-making, stabilization or customer facilitation transactions in Junior Stock or Parity Stock in the ordinary course of its business; (iii) purchases by a broker-dealer subsidiary of the Corporation of capital stock of the Corporation for resale pursuant to an offering by the Corporation of such capital stock underwritten by such broker-dealer subsidiary; (iv) any dividends or distributions of rights or Junior Stock in connection with a stockholders' rights plan or any redemption or repurchase of rights pursuant to any stockholders' rights plan; (v) the acquisition by the Corporation or any of its subsidiaries of record ownership in Junior Stock or Parity Stock for the beneficial ownership of any other persons (other than the Corporation or any of its subsidiaries), including as trustees or custodians; and (vi) the exchange or conversion of Junior Stock for or into other Junior Stock or of Parity Stock for or into

other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to the Signing Date or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for Common Stock. “Share Dilution Amount” means the increase in the number of diluted shares outstanding (determined in accordance with generally accepted accounting principles in the United States, and as measured from the date of the Corporation's consolidated financial statements most recently filed with the Securities and Exchange Commission prior to the Original Issue Date) resulting from the grant, vesting or exercise of equity-based compensation to employees and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction.

When dividends are not paid (or declared and a sum sufficient for payment thereof set aside for the benefit of the holders thereof on the applicable record date) on any Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within a Dividend Period related to such Dividend Payment Date) in full upon Designated Preferred Stock and any shares of Parity Stock, all dividends declared on Designated Preferred Stock and all such Parity Stock and payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) shall be declared *pro rata* so that the respective amounts of such dividends declared shall bear the same ratio to each other as all accrued and unpaid dividends per share on the shares of Designated Preferred Stock (including, if applicable as provided in Section 3(a) above, dividends on such amount) and all Parity Stock payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) (subject to their having been declared by the Board of Directors or a duly authorized committee of the Board of Directors out of legally available funds and including, in the case of Parity Stock that bears cumulative dividends, all accrued but unpaid dividends) bear to each other. If the Board of Directors or a duly authorized committee of the Board of Directors determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide written notice to the holders of Designated Preferred Stock prior to such Dividend Payment Date.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors or any duly authorized committee of the Board of Directors may be declared and paid on any securities, including Common Stock and other Junior Stock, from time to time out of any funds legally available for such payment, and holders of Designated Preferred Stock shall not be entitled to participate in any such dividends.

Section 4. Liquidation Rights.

(a) Voluntary or Involuntary Liquidation. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, holders of Designated Preferred Stock shall be entitled to receive for each share of Designated Preferred Stock, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, subject to the rights of any creditors of the Corporation, before any distribution of such assets or proceeds is made to or set aside for the holders of Common Stock and any other stock of the Corporation ranking junior to Designated Preferred Stock as to such distribution, payment in full in an amount equal to the sum of (i) the Liquidation Amount per share and (ii) the amount of any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount), whether or not declared, to the date of payment (such amounts collectively, the “Liquidation Preference”).

(b) Partial Payment. If in any distribution described in Section 4(a) above the assets of the Corporation or proceeds thereof are not sufficient to pay in full the amounts payable with respect to all outstanding shares of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Corporation ranking equally with Designated Preferred Stock as to such distribution, holders of Designated Preferred Stock and the holders of such other stock shall share ratably in any such distribution in proportion to the full respective distributions to which they are entitled.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Corporation ranking equally with Designated Preferred Stock as to such distribution has been paid in full, the holders of other stock of the Corporation shall be entitled to receive all remaining assets of the Corporation (or proceeds thereof) according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 4, the merger or consolidation of the Corporation with any other corporation or other entity, including a merger or consolidation in which the holders of Designated Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding up of the Corporation.

Section 5. Redemption.

(a) Optional Redemption. Except as provided below, the Designated Preferred Stock may not be redeemed prior to the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date. On or after the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date, the Corporation, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, in whole or in part, at any time and from time to time, out of funds legally available therefor, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in Section 5(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption.

Notwithstanding the foregoing, prior to the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date, the Corporation, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, in whole or in part, at any time and from time to time, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in Section 5(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption; *provided* that (x) the Corporation (or any successor by Business Combination) has received aggregate gross proceeds of not less than the Minimum Amount (plus the “Minimum Amount” as defined in the relevant certificate of designations for each other outstanding series of preferred stock of such successor that was originally issued to the United States Department of the Treasury (the “Successor Preferred Stock”) in connection with the Troubled Asset Relief Program Capital Purchase Program) from one or more Qualified Equity Offerings (including Qualified Equity Offerings of such successor), and (y) the aggregate redemption price of the Designated Preferred Stock (and any Successor Preferred Stock) redeemed pursuant to this paragraph may not exceed the aggregate net cash proceeds received by the Corporation (or any successor by Business Combination) from such Qualified Equity Offerings (including Qualified Equity Offerings of such successor).

The redemption price for any shares of Designated Preferred Stock shall be payable on the redemption date to the holder of such shares against surrender of the certificate(s) evidencing such shares to the Corporation or its agent. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the Dividend Record Date for a Dividend Period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such Dividend Record Date relating to the Dividend Payment Date as provided in Section 3 above.

(b) No Sinking Fund. The Designated Preferred Stock will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Designated Preferred Stock will have no right to require redemption or repurchase of any shares of Designated Preferred Stock.

(c) Notice of Redemption. Notice of every redemption of shares of Designated Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Designated Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Designated Preferred Stock. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Corporation or any other similar facility, notice of redemption may be given to the holders of Designated Preferred Stock at such time and in any manner permitted by such facility. Each notice of redemption given to a holder shall state: (1) the redemption date; (2) the number of shares of Designated Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price.

(d) Partial Redemption. In case of any redemption of part of the shares of Designated Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or in such other manner as the Board of Directors or a duly authorized committee thereof may determine to be fair and equitable. Subject to the provisions hereof, the Board of Directors or a duly authorized committee thereof shall have full power and authority to prescribe the terms and conditions upon which shares of Designated Preferred Stock shall be redeemed from time to time. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

(e) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been deposited by the Corporation, in trust for the *pro rata* benefit of the holders of the shares called for redemption, with a bank or trust company doing business in the Borough of Manhattan, The City of New York, and having a capital and surplus of at least \$500 million and selected by the Board of Directors, so as to be and continue to be available solely therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company, without interest. Any funds unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

(f) Status of Redeemed Shares. Shares of Designated Preferred Stock that are redeemed, repurchased or otherwise acquired by the Corporation shall revert to authorized but unissued shares of Preferred Stock (*provided* that any such cancelled shares of Designated Preferred Stock may be reissued only as shares of any series of Preferred Stock other than Designated Preferred Stock).

Section 6. Conversion. Holders of Designated Preferred Stock shares shall have no right to exchange or convert such shares into any other securities.

Section 7. Voting Rights.

(a) General. The holders of Designated Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law.

(b) Preferred Stock Directors. Whenever, at any time or times, dividends payable on the shares of Designated Preferred Stock have not been paid for an aggregate of six quarterly Dividend Periods or more, whether or not consecutive, the authorized number of directors of the Corporation shall automatically be increased by two and the holders of the Designated Preferred Stock shall have the right, with holders of shares of any one or more other classes or series of Voting Parity Stock outstanding at the time, voting together as a class, to elect two directors (hereinafter the "Preferred Directors" and each a "Preferred Director") to fill such newly created directorships at the Corporation's next annual meeting of stockholders (or at a special meeting called for that purpose prior to such next annual meeting) and at each subsequent annual meeting of stockholders until all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been declared and paid in full at which time such right shall terminate with respect to the Designated Preferred Stock, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned; *provided* that it shall be a qualification for election for any Preferred Director that the election of such Preferred Director shall not cause the Corporation to violate any corporate governance requirements of any securities exchange or other trading facility on which securities of the Corporation may then be listed or traded that listed or traded companies must have a majority of independent directors. Upon any termination of the right of the holders of shares of Designated Preferred Stock and Voting Parity Stock as a class to vote for directors as provided above, the Preferred Directors shall cease to be qualified as directors, the term of office of all Preferred Directors then in office shall terminate immediately and the authorized number of directors shall be reduced by the number of Preferred Directors elected pursuant hereto. Any Preferred Director may be removed at any time, with or without cause, and any vacancy created thereby may be filled, only by the affirmative vote of the holders a majority of the shares of Designated Preferred Stock at the time outstanding voting separately as a class together with the holders of shares of Voting Parity Stock, to the extent the voting rights of such holders described above are then exercisable. If the office of any Preferred Director becomes vacant for any reason other than removal from office as aforesaid, the remaining Preferred Director may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) Class Voting Rights as to Particular Matters. So long as any shares of Designated Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter, the vote or consent of the holders of at least 66 2/3% of the shares of Designated Preferred Stock at the time outstanding, voting as a separate class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Authorization of Senior Stock. Any amendment or alteration of the Certificate of Designations for the Designated Preferred Stock or the Charter to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of capital stock of

the Corporation ranking senior to Designated Preferred Stock with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding up of the Corporation;

(ii) Amendment of Designated Preferred Stock. Any amendment, alteration or repeal of any provision of the Certificate of Designations for the Designated Preferred Stock or the Charter (including, unless no vote on such merger or consolidation is required by Section 7(c)(iii) below, any amendment, alteration or repeal by means of a merger, consolidation or otherwise) so as to adversely affect the rights, preferences, privileges or voting powers of the Designated Preferred Stock; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange or reclassification involving the Designated Preferred Stock, or of a merger or consolidation of the Corporation with another corporation or other entity, unless in each case (x) the shares of Designated Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of Designated Preferred Stock immediately prior to such consummation, taken as a whole;

provided, however, that for all purposes of this Section 7(c), any increase in the amount of the authorized Preferred Stock, including any increase in the authorized amount of Designated Preferred Stock necessary to satisfy preemptive or similar rights granted by the Corporation to other persons prior to the Signing Date, or the creation and issuance, or an increase in the authorized or issued amount, whether pursuant to preemptive or similar rights or otherwise, of any other series of Preferred Stock, or any securities convertible into or exchangeable or exercisable for any other series of Preferred Stock, ranking equally with and/or junior to Designated Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the rights, preferences, privileges or voting powers, and shall not require the affirmative vote or consent of, the holders of outstanding shares of the Designated Preferred Stock.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Designated Preferred Stock shall be required pursuant to Section 7(c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of the Designated Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been deposited in trust for such redemption, in each case pursuant to Section 5 above.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Designated Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules of the Board of Directors or any duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Charter, the Bylaws, and applicable law and the rules of any national securities exchange or other trading facility on which Designated Preferred Stock is listed or traded at the time.

Section 8. Record Holders. To the fullest extent permitted by applicable law, the Corporation and the transfer agent for Designated Preferred Stock may deem and treat the record holder of any share of Designated Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

Section 9. Notices. All notices or communications in respect of Designated Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Certificate of Designations, in the Charter or Bylaws or by applicable law. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Corporation or any similar facility, such notices may be given to the holders of Designated Preferred Stock in any manner permitted by such facility.

Section 10. No Preemptive Rights. No share of Designated Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

Section 11. Replacement Certificates. The Corporation shall replace any mutilated certificate at the holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates that become destroyed, stolen or lost at the holder's expense upon delivery to the Corporation of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Corporation.

Section 12. Other Rights. The shares of Designated Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Charter or as provided by applicable law.

**CERTIFICATE OF AMENDMENT
TO THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
BANK OF AMERICA CORPORATION**

Pursuant to Section 242
of the General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation duly organized and existing under the General Corporation Law of the State of Delaware (the "Company"), does hereby certify that:

1. The Amended and Restated Certificate of Incorporation of the Company is hereby amended by changing the number of shares of stock the Company is authorized to issue, so that, the first sentence of Article 3 thereof shall read as follows:

"3. The number of shares, par value \$0.01 per share, the Company is authorized to issue is Ten Billion One Hundred Million (10,100,000,000), divided into the following classes:

<u>Class</u>	<u>Number of Shares</u>
Common	10,000,000,000
Preferred	100,000,000."

2. The foregoing amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Certificate of Amendment to be executed by a duly authorized officer on this 9th day of December, 2008.

BANK OF AMERICA CORPORATION

By: /s/ Teresa M. Brenner
Name: Teresa M. Brenner
Title: Associate General Counsel

BANK OF AMERICA CORPORATION

CERTIFICATE OF DESIGNATIONS

**Pursuant to Section 151 of the
General Corporation Law of the State of Delaware**

**FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES 1
(Par Value \$0.01 Per Share)**

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), hereby certifies that the following resolutions were adopted by the Board of Directors of the Corporation (the "Board of Directors") pursuant to the authority of the Board of Directors conferred by Section 151 of the General Corporation Law of the State of Delaware, at a meeting duly convened and held on December 9, 2008:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors by the Amended and Restated Certificate of Incorporation of the Corporation, the Board of Directors hereby creates a series of the Corporation's previously authorized preferred stock, par value \$0.01 per share (the "Preferred Stock"), and hereby states the designation and number of shares thereof and establishes the voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, as follows:

FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES 1

(1) Number of Shares and Designation. 21,000 shares of the preferred stock, par value \$0.01 per share, of the Corporation are hereby constituted as a series of preferred stock, par value \$0.01 per share, designated as Floating Rate Non-Cumulative Preferred Stock, Series 1 (hereinafter called the "Preferred Stock, Series 1").

(2) Dividends. (a) The holders of shares of the Preferred Stock, Series 1, shall be entitled to receive, as, if and when declared by the Board of Directors of the Corporation (or a duly authorized committee thereof), out of assets of the Corporation legally available under Delaware law for the payment of dividends, non-cumulative cash dividends at the rate set forth below in this Section (2) applied to the amount of \$30,000 per share. Such dividends shall be payable quarterly, as, if and when declared by the Board of Directors of the Corporation (or a duly authorized committee thereof), on February 28, May 28, August 28 and November 28 (the "Payment Dates") commencing on February 28, 2009; provided that if any such Payment Date is not a New York Business Day and London Business Day, dividends (if declared) on the Preferred Stock, Series 1, will be paid on the immediately succeeding New York Business Day and London Business Day, without interest, unless such day falls in the next calendar month, in which case the Payment Date will be the immediately preceding New York Business Day and London Business Day. Each such dividend shall be payable to the holders of record of shares of the Preferred Stock, Series 1, as they appear on the stock register of the Corporation on such record dates, which shall be a date not more than 30 nor less than 10 days preceding the applicable Payment Dates, as shall be fixed by the Board of Directors of the Corporation (or a duly authorized committee thereof). "London Business Day" means a day other than a Saturday or Sunday on which dealings in deposits in U.S. dollars are transacted, or with respect to any future date are expected to be transacted, in the London interbank market. A "New York Business Day" means any day that is not a Saturday or Sunday and that, in New York City, is not a day on which banking institutions generally are authorized or obligated by law or executive order to be closed.

(b) (i) Dividend periods ("Dividend Periods") shall commence on each Payment Date (other than the initial Dividend Period which shall be deemed to have commenced on November 28, 2008) and shall end on and include the calendar day next preceding the first day of the next Dividend Period. The dividend rate on the shares of Preferred Stock, Series 1 for each Dividend Period shall be a floating rate per annum equal to three-month U.S. dollar LIBOR plus 0.75%, but in no event will the rate be less than 3.00% per annum, of the \$30,000 liquidation preference per share of Preferred Stock, Series 1.

LIBOR, with respect to a Dividend Period, means the rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three month period that normally appears on Moneyline Telerate Page 3750, as displayed on page "BBAM" (British Bankers Association Official BBA LIBOR Fixings) in the Bloomberg Professional Service (or any other service that may replace Moneyline Telerate, Inc. on page BBAM or any other page that may replace page BBAM on the Bloomberg Professional Service or a successor service, in each case, for the purpose of displaying London interbank offered rates of major banks) as of 11:00 a.m. (London time) on the second London Business Day immediately preceding the first day of such Dividend Period.

If LIBOR cannot be determined as described above, the Corporation will select four major banks in the London interbank market. The Corporation will request that the principal London offices of those four selected banks provide their offered quotations to prime banks in the London interbank market at approximately 11:00 a.m., London time, on the second London Business Day immediately preceding the first day of such Dividend Period. These quotations will be for deposits in U.S. dollars for a three month period. Offered quotations must be based on a principal amount equal to an amount that is representative of a single transaction in U.S. dollars in the market at the time.

If two or more quotations are provided, LIBOR for the Dividend Period will be the arithmetic mean of the quotations. If fewer than two quotations are provided, the Corporation will select three major banks in New York City and will then determine LIBOR for the Dividend Period as the arithmetic mean of rates quoted by those three major banks in New York City to leading European banks at approximately 3:00 p.m., New York City time, on the second London Business Day immediately preceding the first day of such Dividend Period. The rates quoted will be for loans in U.S. dollars, for a three month period. Rates quoted must be based on a principal amount equal to an amount that is representative of a single transaction in U.S. dollars in the market at the time. If fewer than three New York City banks selected by the Corporation are quoting rates, LIBOR for the applicable period will be the same as for the immediately preceding Dividend Period.

(ii) The amount of dividends payable for each full Dividend Period (including the initial Dividend Period) for the Preferred Stock, Series 1, shall (if and when declared, as herein provided) be computed by dividing the dividend rate by four, rounded to the nearest one-hundredth of a percent, with five one-thousandths rounded upwards, and applying the resulting rate to the amount of \$30,000 per share. The amount of dividends payable for any period shorter than a full Dividend Period on the Preferred Stock, Series 1, shall (if and when declared, as herein provided) be computed on the basis of 30-day months, a 360-day year and the actual number of days elapsed in any period of less than one month. The amount of dividends payable on the Preferred Stock, Series 1, shall be rounded to the nearest cent, with one-half cent being rounded upwards.

(c) So long as any shares of the Preferred Stock, Series 1 are outstanding, the Corporation may not declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to the preferred stock of the Corporation of any series and any other stock of the Corporation ranking, as to dividends, on a parity with the Preferred Stock, Series 1 unless for such Dividend Period full dividends on all outstanding shares of Preferred Stock, Series 1 have been declared, paid or set aside for payment. When dividends are not paid in full, as aforesaid, upon the shares of the Preferred Stock, Series 1, and any other preferred stock and other stock of the Corporation ranking on a parity as to dividends with the Preferred Stock, Series 1, all dividends declared upon shares of the Preferred Stock, Series 1, and any other preferred stock and other stock of the Corporation ranking on a parity as to dividends (whether cumulative or non-cumulative) shall be declared pro rata so that the amount of dividends declared per share on the Preferred Stock, Series 1, and all such other stock of the Corporation shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of the Preferred Stock, Series 1 (but without, in the case of any non-cumulative preferred stock, accumulation of unpaid dividends for prior Dividend Periods) and all such other stock bear to each other.

(d) So long as any shares of the Preferred Stock, Series 1 are outstanding, the Corporation may not, at any time, declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any Common Stock or any other stock of the Corporation ranking as to dividends or distribution of assets junior to the Preferred Stock, Series 1 unless full dividends on all outstanding shares of Preferred Stock, Series 1 has been declared, paid or set aside for payment for the immediately preceding Dividend Period (except for (x) dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, the Common Stock or other of the Corporation's capital stock ranking junior to Preferred Stock, Series 1 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation, (y) redemptions or purchases of any rights pursuant to the Amended and Restated Rights Agreement, adopted on December 2, 1997 or any agreement that replaces such Amended and Restated Rights Agreement, or by conversion or exchange for the Corporation's capital stock ranking junior to Preferred Stock, Series 1 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation and (z) purchases by the Corporation or its affiliates in connection with transactions effected by or for the account of customers of the Corporation or customers of any of its subsidiaries or in connection with the distribution or trading of such capital stock); provided, however, that the foregoing dividend preference shall not be cumulative and shall not in any way create any claim or right in favor of the holders of Preferred Stock, Series 1 in the event that dividends have not been declared or paid on the Preferred Stock, Series 1 in respect of any prior Dividend Period. If the full dividend on the Preferred Stock, Series 1 is not paid for any Dividend Period, the holders of Preferred Stock, Series 1 will have no claim in respect of the unpaid amount so long as no dividend (other than those referred to above) is paid on the Common Stock or other of the Corporation's capital stock ranking junior to Preferred Stock, Series 1 as to dividends and dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation.

(e) No dividends may be declared or paid or set aside for payment on any shares of Preferred Stock, Series 1 if at the same time any arrears exists in the payment of dividends on any outstanding class or series of stock of the Corporation ranking, as to the payment of dividends, prior to the Preferred Stock, Series 1.

(f) Holders of shares of the Preferred Stock, Series 1, shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full dividends, as herein provided, on the Preferred Stock, Series 1. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Preferred Stock, Series 1, which may be in arrears.

(3) Liquidation Preference. (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation or proceeds thereof (whether capital or surplus) shall be made to or set apart for the holders of any series or class or classes of stock of the Corporation ranking junior to the Preferred Stock, Series 1, upon liquidation, dissolution, or winding up, the holders of the shares of the Preferred Stock, Series 1, shall be entitled to receive \$30,000 per share plus an amount equal to declared and unpaid dividends, without accumulation of undeclared dividends. If, upon any liquidation, dissolution, or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of the Preferred Stock, Series 1, shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of preferred stock ranking, as to liquidation, dissolution or winding up, on a parity with the Preferred Stock, Series 1, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Preferred Stock, Series 1, and any such other preferred stock ratably in accordance with the respective amounts which would be payable on such shares of Preferred Stock, Series 1, and any such other preferred stock if all amounts payable thereon were paid in full. For the purposes of this Section (3), neither the sale, lease or exchange (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation, nor the consolidation, merger or combination of the Corporation into or with one or more corporations or the consolidation, merger or combination of any other corporation or entity into or with the Corporation, shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation for purposes of this Section (3).

(b) After payment shall have been made in full to the holders of Preferred Stock, Series 1, as provided in this Section (3), the holders of Preferred Stock, Series 1 will not be entitled to any further participation in any distribution of assets of the Corporation. Subject to the rights of the holders of shares of any series or class or classes of stock ranking on a parity with or prior to the Preferred Stock, Series 1, upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of Preferred Stock, Series 1, as provided in this Section (3), but not prior thereto, any other series or class or classes of stock ranking junior to the Preferred Stock, Series 1, shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Preferred Stock, Series 1, shall not be entitled to share therein.

(4) Redemption. (a) The Preferred Stock, Series 1, may not be redeemed prior to November 28, 2009. On and after November 28, 2009, the Corporation, at its option, may redeem shares of the Preferred Stock, Series 1, as a whole at any time or in part from time to time, at a redemption price of \$30,000 per share, together in each case with declared and unpaid dividends, without accumulation of any undeclared dividends. The Chief Financial Officer or the Treasurer may exercise the Corporation's right to redeem the Preferred Stock, Series 1 as a whole at any time without further action of the Board of Directors or a duly authorized committee thereof. The Corporation may only elect to redeem the Preferred Stock, Series 1 in part pursuant to a resolution by the Board of Directors or a duly authorized committee thereof.

(b) In the event the Corporation shall redeem shares of Preferred Stock, Series 1, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock register of the Corporation. Each such notice shall state: (1) the redemption date; (2) the number of shares of Preferred Stock, Series 1, to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price. Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the payment of the redemption price) said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. The Corporation's obligation to provide moneys in accordance with the preceding sentence shall be deemed fulfilled if, on or before the redemption date, the Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) having an office in the Borough of Manhattan, City of New York, having a capital and surplus of at least \$50,000,000, funds necessary for such redemption, in trust, with irrevocable instructions that such funds be applied to the redemption of the shares of Preferred Stock, Series 1, so called for redemption. Any interest accrued on such funds shall be paid to the Corporation from time to time. Any funds so deposited and unclaimed at the end of two years from such redemption date shall be released or repaid to the Corporation, after which the holder or holders

of such shares of Preferred Stock, Series 1, so called for redemption shall look only to the Corporation for payment of the redemption price.

Upon surrender, in accordance with said notice, of the certificates for any such shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the applicable redemption price aforesaid. If less than all the outstanding shares of Preferred Stock, Series 1, are to be redeemed, shares to be redeemed shall be selected by the Board of Directors of the Corporation (or a duly authorized committee thereof) from outstanding shares of Preferred Stock, Series 1, not previously called for redemption by lot or pro rata or by any other method determined by the Board of Directors of the Corporation (or a duly authorized committee thereof) to be equitable. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

The Preferred Stock, Series 1 will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Preferred Stock, Series 1 will have no right to require redemption of any shares of Preferred Stock, Series 1.

(5) Terms Dependent on Regulatory Changes. If, (a) after the date of the issuance of the Preferred Stock, Series 1, the Corporation (by election or otherwise) becomes subject to any law, rule, regulation or guidance (together, "Regulations") relating to its capital adequacy which Regulation (x) provides for a type or level of capital characterized as "Tier 1" in, or pursuant to Regulations of any governmental agency, authority or body having regulatory jurisdiction over the Corporation and implementing, the capital standards published by the Basel Committee on Banking Supervision, the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System, or any other United States national governmental agency, authority or body, or (y) provides for a type or level of capital that in the judgment of the Board of Directors (or a duly authorized committee thereof) after consultation with legal counsel of recognized standing is substantially equivalent to such "Tier 1" capital (such capital described in either (x) or (y) is referred to below as "Tier 1 Capital"), and (b) the Board of Directors (or a duly authorized committee thereof) affirmatively elects to qualify the Preferred Stock, Series 1 for such Tier 1 Capital treatment without any sublimit or other quantitative restrictions on the inclusion of such Preferred Stock, Series 1 in Tier 1 Capital (other than any limitation requiring that common equity or a specified form of common equity constitute the dominant form of Tier 1 Capital) under such Regulations, then, upon such affirmative election, the terms of the Preferred Stock, Series 1 shall automatically be amended to reflect the following modifications (without any action or consent by the holders of the Preferred Stock, Series 1 or any other vote of stockholders of the Corporation):

(i) If and to the extent such modification is a Required Unrestricted Tier 1 Provision (as defined below), the Corporation's right to redeem the Preferred Stock, Series 1 on and after November 28, 2009 pursuant to Section 4 hereof shall be restricted (such restrictions including but not limited to any requirement that the Corporation receive prior approval for such redemption from any applicable governmental agency, authority or body or that such redemption be prohibited);

(ii) If and to the extent such modification is a Required Unrestricted Tier 1 Provision, the Corporation's right to make distributions with respect to, or redeem, purchase or acquire or make payments on, securities junior to the Preferred Stock, Series 1 (upon a non-payment of dividends on the Preferred Stock, Series 1) shall become subject to additional restrictions (other than those set forth in Section 2(d) hereof) pursuant to the terms of the Preferred Stock, Series 1; and

(iii) If and to the extent such modification is a Required Unrestricted Tier 1 Provision, any other new provisions or terms shall be added to the Preferred Stock, Series 1, or existing terms shall be modified; provided, however, that no such provision or term shall be added, and no such modification shall be made pursuant to the terms of this Section 5(iii), if it would alter or change the rights, powers or preferences of the shares of the Preferred Stock, Series 1 so as to affect the shares of the Preferred Stock, Series 1 adversely.

As used above, the term "Required Unrestricted Tier 1 Provision" means a term which is, in the written opinion of legal counsel of recognized standing and delivered to the Corporation, required for the Preferred Stock, Series 1 to be treated as Tier 1 Capital of the Corporation without any sublimit or other quantitative restriction on the inclusion of such Preferred Stock, Series 1 in Tier 1 Capital (other than any limitation requiring that common equity or a specified form of common equity constitute the dominant form of Tier 1 Capital) pursuant to the applicable Regulations. The Corporation shall provide notice to holders of any Preferred Stock, Series 1 of any such changes in the terms of the Preferred Stock, Series 1 made pursuant to the terms of this Section 5 on or about the date of effectiveness of any such modification and shall maintain a copy of such notice on file at the principal offices of the Corporation. A copy of the relevant Regulations shall also be on file at the principal offices of the Corporation and, upon request, will be made available to such holders.

(6) Voting Rights. The Preferred Stock, Series 1, shall have no voting rights, except as hereinafter set forth or as otherwise from time to time required by law.

The holders of the Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation, voting together with the holders of Common Stock as one class. Each share of Preferred Stock shall be entitled to 150 votes.

Whenever dividends payable on the Preferred Stock, Series 1, have not been declared or paid for such number of Dividend Periods, whether or not consecutive, which in the aggregate is equivalent to six Dividend Periods (a "Nonpayment"), the holders of outstanding shares of the Preferred Stock, Series 1, shall have the exclusive right, voting as a class with holders of shares of all other series of preferred stock ranking on a parity with the Preferred Stock, Series 1, either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable (to the extent such other series of preferred stock are entitled to vote pursuant to the terms thereof), to vote for the election of two additional directors at the next annual meeting of stockholders and at each subsequent annual meeting of stockholders. At elections for such directors, each holder of the Preferred Stock, Series 1, shall be entitled to three votes for each share of Preferred Stock, Series 1 held (the holders of shares of any other series of preferred stock ranking on such a parity being entitled to such number of votes, if any, for each share of stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of Preferred Stock, Series 1, (either alone or together with the holders of shares of all other series of preferred stock ranking on such a parity) as hereinafter set forth. The right of such holders of such shares of the Preferred Stock, Series 1, voting as a class with holders of shares of all other series of preferred stock ranking on such a parity, to elect members of the Board of Directors of the Corporation as aforesaid shall continue until all dividends on such shares of Preferred Stock, Series 1, shall have been paid in full for at least four Dividend Periods following the Nonpayment. Upon payment in full of such dividends, such voting rights shall terminate except as expressly provided by law, subject to re-vesting in the event of each and every subsequent Nonpayment in the payment of dividends as aforesaid.

Upon termination of the right of the holders of the Preferred Stock, Series 1, to vote for directors as provided in the previous paragraph, the term of office of all directors then in office elected by such holders will terminate immediately. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the remaining director elected by such holders voting as a class may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting rights shall have expired, the number of directors shall be such number as may be provided for in the By-laws irrespective of any increase made pursuant to the provisions hereof.

So long as any shares of the Preferred Stock, Series 1, remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of the shares of the Preferred Stock, Series 1, outstanding at the time (voting as a class with all other series of preferred stock ranking on a parity with the Preferred Stock, Series 1, either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable), given in person or by proxy, either in writing or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to the Preferred Stock, Series 1, with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up; or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Certificate of Incorporation, as amended, or of the resolutions set forth in a Certificate of Designations for such Preferred Stock, Series 1, which would adversely affect any right, preference, privilege or voting power of the Preferred Stock, Series 1, or of the holders thereof;

provided, however, that any increase in the amount of issued Preferred Stock, Series 1 or authorized preferred stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock, in each case ranking on a parity with or junior to the Preferred Stock, Series 1, with respect to the payment of dividends (whether such dividends were cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to adversely affect such rights, preferences, privileges or voting powers.

Without the consent of the holders of the Preferred Stock, Series 1, so long as such action does not adversely affect the interests of holders of Preferred Stock, Series 1, the Corporation may amend, alter, supplement or repeal any terms of the Preferred Stock, Series 1:

(i) to cure any ambiguity, or to cure, correct or supplement any provision contained in a Certificate of Designations for such Preferred Stock, Series 1 that may be defective or inconsistent; or

(ii) to make any provision with respect to matters or questions arising with respect to the Preferred Stock, Series 1 that is not inconsistent with the provisions of a Certificate of Designations for such Preferred Stock, Series 1.

The rules and procedures for calling and conducting any meeting of the holders of Preferred Stock, Series 1 (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents, and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors of the Corporation, or a duly authorized committee thereof, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of any national securities exchange on which the Preferred Stock, Series 1 are listed at the time.

The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Preferred Stock, Series 1, shall have been redeemed or sufficient funds shall have been deposited in trust to effect such a redemption which is scheduled to be consummated within three months after the time that such rights would otherwise be exercisable.

(7) Record Holders. The Corporation and the transfer agent for the Preferred Stock, Series 1, may deem and treat the record holder of any share of such Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

(8) Ranking. Any class or classes of stock of the Corporation shall be deemed to rank:

(i) on a parity with the Preferred Stock, Series 1, as to dividends or as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the Preferred Stock, Series 1, if the holders of such class of stock and the Preferred Stock, Series 1, shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective dividend rates (whether cumulative or non-cumulative) or liquidation prices, without preference or priority one over the other; and

(ii) junior to the Preferred Stock, Series 1, as to dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such stock shall be Common Stock or if the holders of Preferred Stock, Series 1, shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up, as the case may be, in preference or priority to the holders of shares of such stock.

(iii) The Shares of Preferred Stock of the Corporation designated "Floating Rate Non-Cumulative Preferred Stock, Series 2," "6.375% Non-Cumulative Preferred Stock, Series 3," "Floating Rate Non-Cumulative Preferred Stock, Series 4," "Floating Rate Non-Cumulative Preferred Stock, Series 5," "6.70% Non-Cumulative Perpetual Preferred Stock, Series 6," "6.25% Non-Cumulative Perpetual Preferred Stock, Series 7," "8.625% Non-Cumulative Preferred Stock, Series 8," "Cumulative Redeemable Preferred Stock, Series B," "Floating Rate Non-Cumulative Preferred Stock, Series E," "6.204% Non-Cumulative Preferred Stock, Series D," "Floating Rate Non-Cumulative Preferred Stock, Series F," "Adjustable Rate Non-Cumulative Preferred Stock, Series G," "8.20% Non-Cumulative Preferred Stock, Series H," "6.625% Non-Cumulative Preferred Stock, Series I," "7.25% Non-Cumulative Preferred Stock, Series J," "7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L," "Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K," and "Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M," and any other class or series of stock of the Corporation hereafter authorized that ranks on parity with the Preferred Stock, Series 1, as to dividends and distribution of assets upon liquidation, dissolution or winding up of the Corporation, shall be deemed to rank on a parity with the shares of the Preferred Stock, Series 1, as to dividends and distribution of assets upon the liquidation, dissolution or winding up of the Corporation.

(9) Exclusion of Other Rights. Unless otherwise required by law, shares of Preferred Stock, Series 1, shall not have any rights, including preemptive rights, or preferences other than those specifically set forth herein or as provided by applicable law.

(10) Notices. All notices or communications unless otherwise specified in the By-laws of the Corporation or the Amended and Restated Certificate of Incorporation, as amended, shall be sufficiently given if in writing and delivered in person or by first class mail, postage prepaid. Notice shall be deemed given on the earlier of the date received or the date such notice is mailed.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, does hereby affirm, under penalties of perjury, that this certificate is the act and deed of the Corporation and that the facts herein stated are true, and accordingly has hereunto set her hand this 31st day of December, 2008.

BANK OF AMERICA CORPORATION

By: /s/ Teresa M. Brenner
Name: Teresa M. Brenner
Title: Associate General Counsel

[Signature Page to Certificate of Designations, Series I]

BANK OF AMERICA CORPORATION

CERTIFICATE OF DESIGNATIONS

**Pursuant to Section 151 of the
General Corporation Law of the State of Delaware**

**FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES 2
(Par Value \$0.01 Per Share)**

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), hereby certifies that the following resolutions were adopted by the Board of Directors of the Corporation (the "Board of Directors") pursuant to the authority of the Board of Directors as conferred by Section 151 of the General Corporation Law of the State of Delaware, at a meeting duly convened and held on December 9, 2008:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors by the provisions of the Amended and Restated Certificate of Incorporation of the Corporation, the Board of Directors hereby creates a series of the Corporation's previously authorized preferred stock, par value \$0.01 per share (the "Preferred Stock"), and hereby states the designation and number of shares thereof and establishes the voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, as follows:

FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES 2

(1) Number of Shares and Designation. 37,000 shares of the preferred stock, par value \$0.01 per share, of the Corporation are hereby constituted as a series of preferred stock, par value \$0.01 per share, designated as Floating Rate Non-Cumulative Preferred Stock, Series 2 (hereinafter called the "Preferred Stock, Series 2").

(2) Dividends. (a) The holders of shares of the Preferred Stock, Series 2, shall be entitled to receive, as, if and when declared by the Board of Directors of the Corporation (or a duly authorized committee thereof), out of assets of the Corporation legally available under Delaware law for the payment of dividends, non-cumulative cash dividends at the rate set forth below in this Section (2) applied to the amount of \$30,000 per share. Such dividends shall be payable quarterly, in arrears, as, if and when declared by the Board of Directors of the Corporation (or a duly authorized committee thereof), on February 28, May 28, August 28 and November 28 (the "Payment Dates"); provided that if any such Payment Date is not a New York Business Day and London Business Day, the Payment Date will be the next succeeding day that is a New York Business Day and London Business Day, unless such day falls in the next calendar month, in which case the Payment Date will be the immediately preceding New York Business Day and London Business Day. The dividend, if declared, for the initial Dividend Period (as defined below) shall be paid on February 28, 2009. Each such dividend shall be payable to the holders of record of shares of the Preferred Stock, Series 2, as they appear on the stock register of the Corporation on such record dates, which shall be a date not more than 30 days nor less than 10 days preceding the applicable Payment Dates, as shall be fixed by the Board of Directors of the Corporation (or a duly authorized committee thereof). "London Business Day" means a day other than a Saturday or Sunday on which dealings in deposits in U.S. dollars are transacted, or with respect to any future date are expected to be transacted, in the London interbank market. A "New York Business Day" means any day that is not a Saturday or Sunday and that, in New York City, is not a day on which banking institutions generally are authorized or obligated by law or executive order to be closed.

(b) (i) Dividend periods ("Dividend Periods") shall commence on each Payment Date (other than the initial Dividend Period which shall be deemed to have commenced on November 28, 2008) and shall end on and exclude the next succeeding Payment Date. The dividend rate on the shares of Preferred Stock, Series 2, for each Dividend Period shall be a floating rate *per annum* equal to three-month U.S. dollar LIBOR plus 0.65%, but in no event will the rate be less than 3.00% per annum, of the \$30,000 liquidation preference per share of Preferred Stock, Series 2.

The "three-month U.S. dollar LIBOR", with respect to a Dividend Period, means the rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three month period that normally appears on Moneyline Telerate Page 3750, as displayed on page "BBAM" (British Bankers Association Official BBA LIBOR Fixings) in the Bloomberg Professional Service (or any other service that may replace Moneyline Telerate, Inc. on page BBAM or any other page that may replace page BBAM on the Bloomberg Professional Service or a successor service, in each case, for the purpose of displaying London interbank offered rates of major banks) as of 11:00 a.m. (London time) on the second London Business Day immediately preceding the first day of such Dividend Period.

If three-month U.S. dollar LIBOR cannot be determined as described above, the Corporation will select four major banks in the London interbank market. The Corporation will request that the principal London offices of those four selected banks

provide their offered quotations to prime banks in the London interbank market at approximately 11:00 a.m., London time, on the second London Business Day immediately preceding the first day of such Dividend Period. These quotations will be for deposits in U.S. dollars for a three month period. Offered quotations must be based on a principal amount equal to an amount that is representative of a single transaction in U.S. dollars in the market at the time.

If two or more quotations are provided, three-month U.S. dollar LIBOR for the Dividend Period will be the arithmetic mean of the quotations. If fewer than two quotations are provided, the Corporation will select three major banks in New York City and will then determine three-month U.S. dollar LIBOR for the Dividend Period as the arithmetic mean of rates quoted by those three major banks in New York City to leading European banks at approximately 3:00 p.m., New York City time, on the second London Business Day immediately preceding the first day of such Dividend Period. The rates quoted will be for loans in U.S. dollars, for a three month period. Rates quoted must be based on a principal amount equal to an amount that is representative of a single transaction in U.S. dollars in the market at the time. If fewer than three New York City banks selected by the Corporation are quoting rates, three-month U.S. dollar LIBOR for the applicable period will be the same as for the immediately preceding Dividend Period.

(ii) Dividends on the Preferred Stock, Series 2, shall (if and when declared, as herein provided) be computed on the basis of a 360-day year and the actual number of days elapsed in each Dividend Period. Accordingly, the amount of dividends payable per share for each Dividend Period (including the initial Dividend Period) for the Preferred Stock, Series 2 shall (if and when declared, as herein provided) equal the product of (i) the applicable dividend rate, (ii) \$30,000 and (iii) a fraction (A) the numerator of which will be the actual number of days elapsed in such Dividend Period, and (B) the denominator of which will be 360. The amount of dividends payable on the Preferred Stock, Series 2, shall be rounded to the nearest cent, with one-half cent being rounded upwards.

(c) So long as any shares of the Preferred Stock, Series 2 are outstanding, the Corporation may not declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire (except for purchases by the Corporation or its affiliates in connection with transactions effected by or for the account of customers of the Corporation or customers of any of its subsidiaries or in connection with the distribution or trading of such stock), or make a liquidation payment with respect to the preferred stock of the Corporation of any series and any other stock of the Corporation ranking, as to dividends, on a parity with the Preferred Stock, Series 2 unless for such Dividend Period full dividends on all outstanding shares of Preferred Stock, Series 2 have been declared, paid or set aside for payment. When dividends are not paid in full, as aforesaid, upon the shares of the Preferred Stock, Series 2, and any other preferred stock and other stock of the Corporation ranking on a parity as to dividends with the Preferred Stock, Series 2, all dividends declared upon shares of the Preferred Stock, Series 2, and any other preferred stock and other stock of the Corporation ranking on a parity as to dividends (whether cumulative or non-cumulative) shall be declared *pro rata* so that the amount of dividends declared per share on the Preferred Stock, Series 2, and all such other stock of the Corporation shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of the Preferred Stock, Series 2 (but without, in the case of any non-cumulative preferred stock, accumulation of unpaid dividends for prior Dividend Periods) and all such other stock bear to each other.

(d) So long as any shares of the Preferred Stock, Series 2 are outstanding, the Corporation may not, at any time, declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any Common Stock or any other stock of the Corporation ranking as to dividends or distribution of assets junior to the Preferred Stock, Series 2 unless full dividends on all outstanding shares of Preferred Stock, Series 2 have been declared, paid or set aside for payment for the immediately preceding Dividend Period (except for (x) dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, the Common Stock or other of the Corporation's capital stock ranking junior to Preferred Stock, Series 2 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation, (y) redemptions or purchases of any rights pursuant to the Amended and Restated Rights Agreement, adopted on December 2, 1997 or any agreement that replaces such Amended and Restated Rights Agreement, or by conversion or exchange for the Corporation's capital stock ranking junior to Preferred Stock, Series 2 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation and (z) purchases by the Corporation or its affiliates in connection with transactions effected by or for the account of customers of the Corporation or customers of any of its subsidiaries or in connection with the distribution or trading of such capital stock); provided, however, that the foregoing dividend preference shall not be cumulative and shall not in any way create any claim or right in favor of the holders of Preferred Stock, Series 2 in the event that dividends have not been declared or paid on the Preferred Stock, Series 2 in respect of any prior Dividend Period. If the full dividend on the Preferred Stock, Series 2 is not paid for any Dividend Period, the holders of Preferred Stock, Series 2 will have no claim in respect of the unpaid amount so long as no dividend (other than those referred to above) is paid on the Common Stock or other of the Corporation's capital stock ranking junior to Preferred Stock, Series 2 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation.

(e) No dividends may be declared or paid or set aside for payment on any shares of Preferred Stock, Series 2 if at the same time any arrears exists in the payment of dividends on any outstanding class or series of stock of the Corporation ranking, as to the payment of dividends, prior to the Preferred Stock, Series 2.

(f) Holders of shares of the Preferred Stock, Series 2, shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full dividends, as herein provided, on the Preferred Stock, Series 2. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Preferred Stock, Series 2, which may be in arrears.

(3) Liquidation Preference. (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation or proceeds thereof (whether capital or surplus) shall be made to or set apart for the holders of any series or class or classes of stock of the Corporation ranking junior to the Preferred Stock, Series 2, upon liquidation, dissolution, or winding up, the holders of the shares of the Preferred Stock, Series 2, shall be entitled to receive \$30,000 per share plus an amount equal to declared and unpaid dividends, without accumulation of undeclared dividends. If, upon any liquidation, dissolution, or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of the Preferred Stock, Series 2, shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of preferred stock ranking, as to liquidation, dissolution or winding up, on a parity with the Preferred Stock, Series 2, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Preferred Stock, Series 2, and any such other preferred stock ratably in accordance with the respective amounts which would be payable on such shares of Preferred Stock, Series 2, and any such other preferred stock if all amounts payable thereon were paid in full. For the purposes of this Section (3), neither the sale, lease or exchange (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation, nor the consolidation, merger or combination of the Corporation into or with one or more corporations or the consolidation, merger or combination of any other corporation or entity into or with the Corporation, shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation for purposes of this Section (3).

(b) After payment shall have been made in full to the holders of Preferred Stock, Series 2, as provided in this Section (3), the holders of Preferred Stock, Series 2 will not be entitled to any further participation in any distribution of assets of the Corporation. Subject to the rights of the holders of shares of any series or class or classes of stock ranking on a parity with or prior to the Preferred Stock, Series 2, upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of Preferred Stock, Series 2, as provided in this Section (3), but not prior thereto, any other series or class or classes of stock ranking junior to the Preferred Stock, Series 2, shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Preferred Stock, Series 2, shall not be entitled to share therein.

(4) Redemption. (a) The Preferred Stock, Series 2, may not be redeemed prior to November 28, 2009. On and after November 28, 2009, the Corporation, at its option, may redeem shares of the Preferred Stock, Series 2, as a whole at any time or in part from time to time, at a redemption price of \$30,000 per share, together in each case with declared and unpaid dividends, without accumulation of any undeclared dividends. The Chief Financial Officer or the Treasurer may exercise the Corporation's right to redeem the Preferred Stock, Series 2 as a whole at any time without further action of the Board of Directors or a duly authorized committee thereof. The Corporation may only elect to redeem the Preferred Stock, Series 2 in part pursuant to a resolution by the Board of Directors or a duly authorized committee thereof.

(b) In the event the Corporation shall redeem shares of Preferred Stock, Series 2, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 days nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock register of the Corporation. Each such notice shall state: (1) the redemption date; (2) the number of shares of Preferred Stock, Series 2, to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price. Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the payment of the redemption price) said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. The Corporation's obligation to provide moneys in accordance with the preceding sentence shall be deemed fulfilled if, on or before the redemption date, the Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) having an office in the Borough of Manhattan, City of New York, having a capital and surplus of at least \$50,000,000, funds necessary for such redemption, in trust, with irrevocable instructions that such funds be applied to the redemption of the shares of Preferred Stock, Series 2, so called for redemption. Any interest accrued on such funds shall be paid to the Corporation from time to time. Any funds so deposited and unclaimed at the end of two years from such redemption date shall be released or repaid to the Corporation, after which the holder or holders

of such shares of Preferred Stock, Series 2, so called for redemption shall look only to the Corporation for payment of the redemption price.

Upon surrender, in accordance with said notice, of the certificates for any such shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the applicable redemption price aforesaid. If less than all the outstanding shares of Preferred Stock, Series 2, are to be redeemed, shares to be redeemed shall be selected by the Board of Directors of the Corporation (or a duly authorized committee thereof) from outstanding shares of Preferred Stock, Series 2, not previously called for redemption by lot or *pro rata* or by any other method determined by the Board of Directors of the Corporation (or a duly authorized committee thereof) to be equitable. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

The Preferred Stock, Series 2 will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Preferred Stock, Series 2 will have no right to require redemption of any shares of Preferred Stock, Series 2.

(5) Terms Dependent on Regulatory Changes. If, (a) the Corporation (by election or otherwise) is subject to any law, rule, regulation or guidance (together, "Regulations") relating to its capital adequacy which Regulation (x) provides for a type or level of capital characterized as "Tier 1" in, or pursuant to Regulations of any governmental agency, authority or body having regulatory jurisdiction over the Corporation and implementing, the capital standards published by the Basel Committee on Banking Supervision, the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System, or any other United States national governmental agency, authority or body, or (y) provides for a type or level of capital that in the judgment of the Board of Directors (or a duly authorized committee thereof) after consultation with legal counsel of recognized standing is substantially equivalent to such "Tier 1" capital (such capital described in either (x) or (y) is referred to below as "Tier 1 Capital"), and (b) the Board of Directors (or a duly authorized committee thereof) affirmatively elects to qualify the Preferred Stock, Series 2 for such Tier 1 Capital treatment without any sublimit or other quantitative restrictions on the inclusion of such Preferred Stock, Series 2 in Tier 1 Capital (other than any limitation requiring that common equity or a specified form of common equity constitute the dominant form of Tier 1 Capital) under such Regulations, then, upon such affirmative election, the terms of the Preferred Stock, Series 2 shall automatically be amended to reflect the following modifications (without any action or consent by the holders of the Preferred Stock, Series 2 or any other vote of stockholders of the Corporation):

(i) If and to the extent such modification is a Required Unrestricted Tier 1 Provision (as defined below), the Corporation's right to redeem the Preferred Stock, Series 2 on and after November 28, 2009 pursuant to Section 4 hereof shall be restricted (such restrictions including but not limited to any requirement that the Corporation receive prior approval for such redemption from any applicable governmental agency, authority or body or that such redemption be prohibited);

(ii) If and to the extent such modification is a Required Unrestricted Tier 1 Provision, the Corporation's right to make distributions with respect to, or redeem, purchase or acquire or make payments on, securities junior to the Preferred Stock, Series 2 (upon a non-payment of dividends on the Preferred Stock, Series 2) shall become subject to additional restrictions (other than those set forth in Section 2(d) hereof) pursuant to the terms of the Preferred Stock, Series 2; and

(iii) If and to the extent such modification is a Required Unrestricted Tier 1 Provision, any other new provisions or terms shall be added to the Preferred Stock, Series 2, or existing terms shall be modified; provided, however, that no such provision or term shall be added, and no such modification shall be made pursuant to the terms of this Section 5(iii), if it would alter or change the rights, powers or preferences of the shares of the Preferred Stock, Series 2 so as to affect the shares of the Preferred Stock, Series 2 adversely.

As used above, the term "Required Unrestricted Tier 1 Provision" means a term which is, in the written opinion of legal counsel of recognized standing and delivered to the Corporation, required for the Preferred Stock, Series 2 to be treated as Tier 1 Capital of the Corporation without any sublimit or other quantitative restriction on the inclusion of such Preferred Stock, Series 2 in Tier 1 Capital (other than any limitation requiring that common equity or a specified form of common equity constitute the dominant form of Tier 1 Capital) pursuant to the applicable Regulations. The Corporation shall provide notice to holders of any Preferred Stock, Series 2 of any such changes in the terms of the Preferred Stock, Series 2 made pursuant to the terms of this Section 5 on or about the date of effectiveness of any such modification and shall maintain a copy of such notice on file at the principal offices of the Corporation. A copy of the relevant Regulations shall also be on file at the principal offices of the Corporation and, upon request, will be made available to such holders.

(6) Voting Rights. The Preferred Stock, Series 2, shall have no voting rights, except as hereinafter set forth or as otherwise from time to time required by law.

The holders of the Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation, voting together with the holders of Common Stock as one class. Each share of Preferred Stock shall be entitled to 150 votes.

Whenever dividends payable on the Preferred Stock, Series 2, have not been declared or paid for such number of Dividend Periods, whether or not consecutive, which in the aggregate is equivalent to six Dividend Periods (a “Nonpayment”), the holders of outstanding shares of the Preferred Stock, Series 2, shall have the exclusive right, voting as a class with holders of shares of all other series of preferred stock ranking on a parity with the Preferred Stock, Series 2, either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable (to the extent such other series of preferred stock are entitled to vote pursuant to the terms thereof), to vote for the election of two additional directors at the next annual meeting of stockholders and at each subsequent annual meeting of stockholders on the terms set forth below. At elections for such directors, each holder of the Preferred Stock, Series 2, shall be entitled to three votes for each share of Preferred Stock, Series 2 held (the holders of shares of any other series of preferred stock ranking on such a parity being entitled to such number of votes, if any, for each share of stock held as may be granted to them).

Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of Preferred Stock, Series 2, (either alone or together with the holders of shares of all other series of preferred stock ranking on such a parity) as hereinafter set forth. The right of such holders of such shares of the Preferred Stock, Series 2, voting as a class with holders of shares of all other series of preferred stock ranking on such a parity, to elect members of the Board of Directors of the Corporation as aforesaid shall continue until all dividends on such shares of Preferred Stock, Series 2, shall have been paid in full for at least four Dividend Periods following the Nonpayment. Upon payment in full of such dividends, such voting rights shall terminate except as expressly provided by law, subject to re-vesting in the event of each and every subsequent Nonpayment in the payment of dividends as aforesaid.

Upon termination of the right of the holders of the Preferred Stock, Series 2, to vote for directors as provided in the previous paragraph, the term of office of all directors then in office elected by such holders will terminate immediately. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the remaining director elected by such holders voting as a class may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting rights shall have expired, the number of directors shall be such number as may be provided for in the By-laws irrespective of any increase made pursuant to the provisions hereof.

So long as any shares of the Preferred Stock, Series 2, remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of the shares of the Preferred Stock, Series 2, outstanding at the time (voting as a class with all other series of preferred stock ranking on a parity with the Preferred Stock, Series 2, either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable), given in person or by proxy, either in writing or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to the Preferred Stock, Series 2, with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up; or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Certificate of Incorporation, as amended, or of the resolutions set forth in a Certificate of Designations for such Preferred Stock, Series 2, which would adversely affect any right, preference, privilege or voting power of the Preferred Stock, Series 2, or of the holders thereof;

provided, however, that any increase in the amount of issued Preferred Stock, Series 2 or authorized preferred stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock, in each case ranking on a parity with or junior to the Preferred Stock, Series 2, with respect to the payment of dividends (whether such dividends were cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to adversely affect such rights, preferences, privileges or voting powers.

Without the consent of the holders of the Preferred Stock, Series 2, so long as such action does not adversely affect the interests of holders of Preferred Stock, Series 2, the Corporation may amend, alter, supplement or repeal any terms of the Preferred Stock, Series 2:

(i) to cure any ambiguity, or to cure, correct or supplement any provision contained in a Certificate of Designations for such Preferred Stock, Series 2 that may be defective or inconsistent; or

(ii) to make any provision with respect to matters or questions arising with respect to the Preferred Stock, Series 2 that is not inconsistent with the provisions of a Certificate of Designations for such Preferred Stock, Series 2.

The rules and procedures for calling and conducting any meeting of the holders of Preferred Stock, Series 2 (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents, and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors of the Corporation, or a duly authorized committee thereof, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of any national securities exchange on which the Preferred Stock, Series 2 are listed at the time.

The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Preferred Stock, Series 2, shall have been redeemed or sufficient funds shall have been deposited in trust to effect such a redemption which is scheduled to be consummated within three months after the time that such rights would otherwise be exercisable.

(7) Record Holders. The Corporation and the transfer agent for the Preferred Stock, Series 2, may deem and treat the record holder of any share of such Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

(8) Ranking. Any class or classes of stock of the Corporation shall be deemed to rank:

(i) on a parity with the Preferred Stock, Series 2, as to dividends or as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the Preferred Stock, Series 2, if the holders of such class of stock and the Preferred Stock, Series 2, shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective dividend rates (whether cumulative or non-cumulative) or liquidation prices, without preference or priority one over the other; and

(ii) junior to the Preferred Stock, Series 2, as to dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such stock shall be Common Stock or if the holders of Preferred Stock, Series 2, shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up, as the case may be, in preference or priority to the holders of shares of such stock.

(iii) The Shares of Preferred Stock of the Corporation designated "Floating Rate Non-Cumulative Preferred Stock, Series 1," "6.375% Non-Cumulative Preferred Stock, Series 3," "Floating Rate Non-Cumulative Preferred Stock, Series 4," "Floating Rate Non-Cumulative Preferred Stock, Series 5," "6.70% Non-Cumulative Perpetual Preferred Stock, Series 6," "6.25% Non-Cumulative Perpetual Preferred Stock, Series 7," "8.625% Non-Cumulative Preferred Stock, Series 8," "Cumulative Redeemable Preferred Stock, Series B," "Floating Rate Non-Cumulative Preferred Stock, Series E," "6.204% Non-Cumulative Preferred Stock, Series D" "Floating Rate Non-Cumulative Preferred Stock, Series F," "Adjustable Rate Non-Cumulative Preferred Stock, Series G," "8.20% Non-Cumulative Preferred Stock, Series H," "6.625% Non-Cumulative Preferred Stock, Series I," "7.25% Non-Cumulative Preferred Stock, Series J," "7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L," "Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K," and "Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M," and any other class or series of stock of the Corporation hereafter authorized that ranks on parity with the Preferred Stock, Series 2, as to dividends and distribution of assets upon liquidation, dissolution or winding up of the Corporation, shall be deemed to rank on a parity with the shares of the Preferred Stock, Series 2, as to dividends and distribution of assets upon the liquidation, dissolution or winding up of the Corporation.

(9) Exclusion of Other Rights. Unless otherwise required by law, shares of Preferred Stock, Series 2, shall not have any rights, including preemptive rights, or preferences other than those specifically set forth herein or as provided by applicable law.

(10) Notices. All notices or communications unless otherwise specified in the By-laws of the Corporation or the Amended and Restated Certificate of Incorporation, as amended, shall be sufficiently given if in writing and delivered in person or by first class mail, postage prepaid. Notice shall be deemed given on the earlier of the date received or the date such notice is mailed.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, does hereby affirm, under penalties of perjury, that this certificate is the act and deed of the Corporation and that the facts herein stated are true, and accordingly has hereunto set her hand this 31st day of December, 2008.

BANK OF AMERICA CORPORATION

By: /s/ Teresa M. Brenner
Name: Teresa M. Brenner
Title: Associate General Counsel

[Signature Page to Certificate of Designations, Series 2]

BANK OF AMERICA CORPORATION

CERTIFICATE OF DESIGNATIONS

**Pursuant to Section 151 of the
General Corporation Law of the State of Delaware**

**6.375% NON-CUMULATIVE PREFERRED STOCK, SERIES 3
(Par Value \$0.01 Per Share)**

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), hereby certifies that the following resolutions were adopted by the Board of Directors of the Corporation (the "Board of Directors") pursuant to the authority of the Board of Directors as required by Section 151 of the General Corporation Law of the State of Delaware, at a meeting duly convened and held on December 9, 2008:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors by the Amended and Restated Certificate of Incorporation of the Corporation, the Board of Directors hereby creates a series of the Corporation's previously authorized preferred stock, par value \$0.01 per share (the "Preferred Stock"), and hereby states the designation and number of shares thereof and establishes the voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, as follows:

6.375% NON-CUMULATIVE PREFERRED STOCK, SERIES 3

(1) Number of Shares and Designation. 27,000 shares of the preferred stock, par value \$0.01 per share, of the Corporation are hereby constituted as a series of preferred stock, par value \$0.01 per share, designated as 6.375% Non-Cumulative Preferred Stock, Series 3 (hereinafter called the "Preferred Stock, Series 3").

(2) Dividends. (a) The holders of shares of the Preferred Stock, Series 3, shall be entitled to receive, as, if and when declared by the Board of Directors of the Corporation (or a duly authorized committee thereof), out of assets of the Corporation legally available under Delaware law for the payment of dividends, non-cumulative cash dividends at the rate set forth below in this Section (2) applied to the amount of \$30,000 per share. Such dividends shall be payable quarterly, in arrears, as, if and when declared by the Board of Directors of the Corporation (or a duly authorized committee thereof), on February 28, May 28, August 28 and November 28 (the "Payment Dates") commencing on February 28, 2009; provided that if any such Payment Date is not a New York Business Day, the Payment Date will be the next succeeding day that is a New York Business Day. Each such dividend shall be payable to the holders of record of shares of the Preferred Stock, Series 3, as they appear on the stock register of the Corporation on such record dates, which shall be a date not more than 30 days nor less than 10 days preceding the applicable Payment Dates, as shall be fixed by the Board of Directors of the Corporation (or a duly authorized committee thereof). A "New York Business Day" means any day that is not a Saturday or Sunday and that, in New York City, is not a day on which banking institutions generally are authorized or obligated by law or executive order to be closed.

(b) (i) Dividend periods ("Dividend Periods") shall commence on each Payment Date (other than the initial Dividend Period which shall be deemed to have commenced on November 28, 2008) and shall end on and exclude the next succeeding Payment Date. The dividend rate on the shares of Preferred Stock, Series 3, for each Dividend Period shall be 6.375% per annum, of the \$30,000 liquidation preference per share of Preferred Stock, Series 3.

(ii) The amount of dividends payable for each full Dividend Period (including the initial Dividend Period) for the Preferred Stock, Series 3, shall be computed by dividing the dividend rate of 6.375% per annum by four and applying the resulting rate to the amount of \$30,000 per share. The amount of dividends payable for any period shorter than a full Dividend Period on the Preferred Stock, Series 3, shall be computed on the basis of 30-day months, a 360-day year and the actual number of days elapsed in any period of less than one month. The amount of dividends payable on the Preferred Stock, Series 3, shall be rounded to the nearest cent, with one-half cent being rounded upwards.

(c) So long as any shares of the Preferred Stock, Series 3 are outstanding, the Corporation may not declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire (except for purchases by the Corporation or its affiliates in connection with transactions effected by or for the account of customers of the Corporation or customers of any of its subsidiaries or in connection with the distribution or trading of such stock), or make a liquidation payment with respect to the preferred stock of the Corporation of any series and any other stock of the Corporation ranking, as to dividends, on a parity with the Preferred Stock, Series 3 unless for such Dividend Period full dividends on all outstanding shares of Preferred Stock, Series 3 have been declared, paid or set aside for payment. When dividends are not paid in full, as aforesaid, upon the shares of the Preferred Stock, Series 3, and any other preferred stock and other stock of the Corporation ranking on a parity as to dividends with the Preferred Stock, Series 3, all dividends declared upon shares of the Preferred Stock, Series 3, and any other

preferred stock and other stock of the Corporation ranking on a parity as to dividends (whether cumulative or non-cumulative) shall be declared pro rata so that the amount of dividends declared per share on the Preferred Stock, Series 3, and all such other stock of the Corporation shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of the Preferred Stock, Series 3 (but without, in the case of any non-cumulative preferred stock, accumulation of unpaid dividends for prior Dividend Periods) and all such other stock bear to each other.

(d) So long as any shares of the Preferred Stock, Series 3 are outstanding, the Corporation may not, at any time, declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any Common Stock or any other stock of the Corporation ranking as to dividends or distribution of assets junior to the Preferred Stock, Series 3 unless full dividends on all outstanding shares of Preferred Stock, Series 3 have been declared, paid or set aside for payment for the immediately preceding Dividend Period (except for (x) dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, the Common Stock or other of the Corporation's capital stock ranking junior to Preferred Stock, Series 3 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation, (y) redemptions or purchases of any rights pursuant to the Amended and Restated Rights Agreement, adopted on December 2, 1997 or any agreement that replaces such Amended and Restated Rights Agreement, or by conversion or exchange for the Corporation's capital stock ranking junior to Preferred Stock, Series 3 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation and (z) purchases by the Corporation or its affiliates in connection with transactions effected by or for the account of customers of the Corporation or customers of any of its subsidiaries or in connection with the distribution or trading of such capital stock); provided, however, that the foregoing dividend preference shall not be cumulative and shall not in any way create any claim or right in favor of the holders of Preferred Stock, Series 3 in the event that dividends have not been declared or paid on the Preferred Stock, Series 3 in respect of any prior Dividend Period. If the full dividend on the Preferred Stock, Series 3 is not paid for any Dividend Period, the holders of Preferred Stock, Series 3 will have no claim in respect of the unpaid amount so long as no dividend (other than those referred to above) is paid on the Common Stock or other of the Corporation's capital stock ranking junior to Preferred Stock, Series 3 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation.

(e) No dividends may be declared or paid or set aside for payment on any shares of Preferred Stock, Series 3 if at the same time any arrears exists in the payment of dividends on any outstanding class or series of stock of the Corporation ranking, as to the payment of dividends, prior to the Preferred Stock, Series 3.

(f) Holders of shares of the Preferred Stock, Series 3, shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full dividends, as herein provided, on the Preferred Stock, Series 3. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Preferred Stock, Series 3, which may be in arrears.

(3) Liquidation Preference. (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation or proceeds thereof (whether capital or surplus) shall be made to or set apart for the holders of any series or class or classes of stock of the Corporation ranking junior to the Preferred Stock, Series 3, upon liquidation, dissolution, or winding up, the holders of the shares of the Preferred Stock, Series 3, shall be entitled to receive \$30,000 per share plus an amount equal to declared and unpaid dividends, without accumulation of undeclared dividends. If, upon any liquidation, dissolution, or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of the Preferred Stock, Series 3, shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of preferred stock ranking, as to liquidation, dissolution or winding up, on a parity with the Preferred Stock, Series 3, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Preferred Stock, Series 3, and any such other preferred stock ratably in accordance with the respective amounts which would be payable on such shares of Preferred Stock, Series 3, and any such other preferred stock if all amounts payable thereon were paid in full. For the purposes of this Section (3), neither the sale, lease or exchange (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation, nor the consolidation, merger or combination of the Corporation into or with one or more corporations or the consolidation, merger or combination of any other corporation or entity into or with the Corporation, shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation for purposes of this Section (3).

(b) After payment shall have been made in full to the holders of Preferred Stock, Series 3, as provided in this Section (3), the holders of Preferred Stock, Series 3 will not be entitled to any further participation in any distribution of assets of the Corporation. Subject to the rights of the holders of shares of any series or class or classes of stock ranking on a parity with or prior to the Preferred Stock, Series 3, upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of Preferred Stock, Series 3, as provided in this Section (3), but not prior thereto, any other series or class or classes of stock ranking junior to the Preferred

Stock, Series 3, shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Preferred Stock, Series 3, shall not be entitled to share therein.

(4) Redemption. (a) The Preferred Stock, Series 3, may not be redeemed prior to November 28, 2010. On and after November 28, 2010, the Corporation, at its option, may redeem shares of the Preferred Stock, Series 3, as a whole at any time or in part from time to time, at a redemption price of \$30,000 per share, together in each case with declared and unpaid dividends, without accumulation of any undeclared dividends. The Chief Financial Officer or the Treasurer may exercise the Corporation's right to redeem the Preferred Stock, Series 3 as a whole at any time without further action of the Board of Directors or a duly authorized committee thereof. The Corporation may only elect to redeem the Preferred Stock, Series 3 in part pursuant to a resolution by the Board of Directors or a duly authorized committee thereof.

(b) In the event the Corporation shall redeem shares of Preferred Stock, Series 3, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 days nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock register of the Corporation. Each such notice shall state: (1) the redemption date; (2) the number of shares of Preferred Stock, Series 3, to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price. Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the payment of the redemption price) said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. The Corporation's obligation to provide moneys in accordance with the preceding sentence shall be deemed fulfilled if, on or before the redemption date, the Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) having an office in the Borough of Manhattan, City of New York, having a capital and surplus of at least \$50,000,000, funds necessary for such redemption, in trust, with irrevocable instructions that such funds be applied to the redemption of the shares of Preferred Stock, Series 3, so called for redemption. Any interest accrued on such funds shall be paid to the Corporation from time to time. Any funds so deposited and unclaimed at the end of two years from such redemption date shall be released or repaid to the Corporation, after which the holder or holders of such shares of Preferred Stock, Series 3, so called for redemption shall look only to the Corporation for payment of the redemption price.

Upon surrender, in accordance with said notice, of the certificates for any such shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the applicable redemption price aforesaid. If less than all the outstanding shares of Preferred Stock, Series 3, are to be redeemed, shares to be redeemed shall be selected by the Board of Directors of the Corporation (or a duly authorized committee thereof) from outstanding shares of Preferred Stock, Series 3, not previously called for redemption by lot or pro rata or by any other method determined by the Board of Directors of the Corporation (or a duly authorized committee thereof) to be equitable. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

The Preferred Stock, Series 3 will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Preferred Stock, Series 3 will have no right to require redemption of any shares of Preferred Stock, Series 3.

(5) Terms Dependent on Regulatory Changes. If, (a) the Corporation (by election or otherwise) is subject to any law, rule, regulation or guidance (together, "Regulations") relating to its capital adequacy which Regulation (x) provides for a type or level of capital characterized as "Tier 1" in, or pursuant to Regulations of any governmental agency, authority or body having regulatory jurisdiction over the Corporation and implementing, the capital standards published by the Basel Committee on Banking Supervision, the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System, or any other United States national governmental agency, authority or body, or (y) provides for a type or level of capital that in the judgment of the Board of Directors (or a duly authorized committee thereof) after consultation with legal counsel of recognized standing is substantially equivalent to such "Tier 1" capital (such capital described in either (x) or (y) is referred to below as "Tier 1 Capital"), and (b) the Board of Directors (or a duly authorized committee thereof) affirmatively elects to qualify the Preferred Stock, Series 3 for such Tier 1 Capital treatment without any sublimit or other quantitative restrictions on the inclusion of such Preferred Stock, Series 3 in Tier 1 Capital (other than any limitation requiring that common equity or a specified form of common equity constitute the dominant form of Tier 1 Capital) under such Regulations, then, upon such affirmative election, the terms of the Preferred Stock, Series 3 shall automatically be amended to reflect the following modifications (without any action or consent by the holders of the Preferred Stock, Series 3 or any other vote of stockholders of the Corporation):

(i) If and to the extent such modification is a Required Unrestricted Tier 1 Provision (as defined below), the Corporation's right to redeem the Preferred Stock, Series 3 on and after November 28, 2010 pursuant to Section 3 hereof shall be restricted (such restrictions including but not limited to any requirement that the Corporation receive prior approval for such redemption from any applicable governmental agency, authority or body or that such redemption be prohibited);

(ii) If and to the extent such modification is a Required Unrestricted Tier 1 Provision, the Corporation's right to make distributions with respect to, or redeem, purchase or acquire or make payments on, securities junior to the Preferred Stock, Series 3 (upon a non-payment of dividends on the Preferred Stock, Series 3) shall become subject to additional restrictions (other than those set forth in Section 2(d) hereof) pursuant to the terms of the Preferred Stock, Series 3; and

(iii) If and to the extent such modification is a Required Unrestricted Tier 1 Provision, any other new provisions or terms shall be added to the Preferred Stock, Series 3, or existing terms shall be modified; provided, however, that no such provision or term shall be added, and no such modification shall be made pursuant to the terms of this Section 5(iii), if it would alter or change the rights, powers or preferences of the shares of the Preferred Stock, Series 3 so as to affect the shares of the Preferred Stock, Series 3 adversely.

As used above, the term "Required Unrestricted Tier 1 Provision" means a term which is, in the written opinion of legal counsel of recognized standing and delivered to the Corporation, required for the Preferred Stock, Series 3 to be treated as Tier 1 Capital of the Corporation without any sublimit or other quantitative restriction on the inclusion of such Preferred Stock, Series 3 in Tier 1 Capital (other than any limitation requiring that common equity or a specified form of common equity constitute the dominant form of Tier 1 Capital) pursuant to the applicable Regulations. The Corporation shall provide notice to holders of any Preferred Stock, Series 3 of any such changes in the terms of the Preferred Stock, Series 3 made pursuant to the terms of this Section 5 on or about the date of effectiveness of any such modification and shall maintain a copy of such notice on file at the principal offices of the Corporation. A copy of the relevant Regulations shall also be on file at the principal offices of the Corporation and, upon request, will be made available to such holders.

For the avoidance of doubt, "amend", "modify", "change" and words of similar effect used in this Section (5) mean that the Preferred Stock, Series 3 shall have such additional or different rights, powers and preferences, and such qualifications, limitations and restrictions as may be established by the Board of Directors (or a duly authorized committee thereof) pursuant to this Section (5), subject to the limitations set forth herein.

(6) Voting Rights. The Preferred Stock, Series 3, shall have no voting rights, except as hereinafter set forth or as otherwise from time to time required by law.

The holders of the Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation, voting together with the holders of Common Stock as one class. Each share of Preferred Stock shall be entitled to 150 votes.

Whenever dividends payable on the Preferred Stock, Series 3, have not been declared or paid for such number of Dividend Periods, whether or not consecutive, which in the aggregate is equivalent to six Dividend Periods (a "Nonpayment"), the holders of outstanding shares of the Preferred Stock, Series 3, shall have the exclusive right, voting as a class with holders of shares of all other series of preferred stock ranking on a parity with the Preferred Stock, Series 3, either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable (to the extent such other series of preferred stock are entitled to vote pursuant to the terms thereof), to vote for the election of two additional directors at the next annual meeting of stockholders and at each subsequent annual meeting of stockholders on the terms set forth below. At elections for such directors, each holder of the Preferred Stock, Series 3, shall be entitled to three votes for each share of Preferred Stock, Series 3 held (the holders of shares of any other series of preferred stock ranking on such a parity being entitled to such number of votes, if any, for each share of stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of Preferred Stock, Series 3, (either alone or together with the holders of shares of all other series of preferred stock ranking on such a parity) as hereinafter set forth. The right of such holders of such shares of the Preferred Stock, Series 3, voting as a class with holders of shares of all other series of preferred stock ranking on such a parity, to elect members of the Board of Directors of the Corporation as aforesaid shall continue until all dividends on such shares of Preferred Stock, Series 3, shall have been paid in full for at least four Dividend Periods following the Nonpayment. Upon payment in full of such dividends, such voting rights shall terminate except as expressly provided by law, subject to re-vesting in the event of each and every subsequent Nonpayment in the payment of dividends as aforesaid.

Upon termination of the right of the holders of the Preferred Stock, Series 3, to vote for directors as provided in the previous paragraph, the term of office of all directors then in office elected by such holders will terminate immediately. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, retirement,

disqualification, removal from office or otherwise, the remaining director elected by such holders voting as a class may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting rights shall have expired, the number of directors shall be such number as may be provided for in the By-laws irrespective of any increase made pursuant to the provisions hereof.

So long as any shares of the Preferred Stock, Series 3, remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of the shares of the Preferred Stock, Series 3, outstanding at the time (voting as a class with all other series of preferred stock ranking on a parity with the Preferred Stock, Series 3, either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable), given in person or by proxy, either in writing or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following:

- (i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to the Preferred Stock, Series 3, with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up; or
- (ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Certificate of Incorporation, as amended, or of the resolutions set forth in a Certificate of Designations for such Preferred Stock, Series 3, which would adversely affect any right, preference, privilege or voting power of the Preferred Stock, Series 3, or of the holders thereof; provided, however, that any increase in the amount of issued Preferred Stock, Series 3 or authorized preferred stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock, in each case ranking on a parity with or junior to the Preferred Stock, Series 3, with respect to the payment of dividends (whether such dividends were cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to adversely affect such rights, preferences, privileges or voting powers.

Without the consent of the holders of the Preferred Stock, Series 3, so long as such action does not adversely affect the interests of holders of Preferred Stock, Series 3, the Corporation may amend, alter, supplement or repeal any terms of the Preferred Stock, Series 3:

- (i) to cure any ambiguity, or to cure, correct or supplement any provision contained in a Certificate of Designations for such Preferred Stock, Series 3 that may be defective or inconsistent; or
- (ii) to make any provision with respect to matters or questions arising with respect to the Preferred Stock, Series 3 that is not inconsistent with the provisions of a Certificate of Designations for such Preferred Stock, Series 3.

The rules and procedures for calling and conducting any meeting of the holders of Preferred Stock, Series 3 (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents, and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors of the Corporation, or a duly authorized committee thereof, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of any national securities exchange on which the Preferred Stock, Series 3 are listed at the time.

The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Preferred Stock, Series 3, shall have been redeemed or sufficient funds shall have been deposited in trust to effect such a redemption which is scheduled to be consummated within three months after the time that such rights would otherwise be exercisable.

(7) Record Holders. The Corporation and the transfer agent for the Preferred Stock, Series 3, may deem and treat the record holder of any share of such Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

(8) Ranking. Any class or classes of stock of the Corporation shall be deemed to rank:

- (i) on a parity with the Preferred Stock, Series 3, as to dividends or as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the Preferred Stock, Series 3, if the holders of such class of stock and the Preferred Stock, Series 3, shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective dividend rates (whether cumulative or non-cumulative) or liquidation prices, without preference or priority one over the other; and
-

(ii) junior to the Preferred Stock, Series 3, as to dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such stock shall be Common Stock or if the holders of Preferred Stock, Series 3, shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up, as the case may be, in preference or priority to the holders of shares of such stock.

(iii) The Shares of Preferred Stock of the Corporation designated "Floating Rate Non-Cumulative Preferred Stock, Series 1," "Floating Rate Non-Cumulative Preferred Stock, Series 2," "Floating Rate Non-Cumulative Preferred Stock, Series 4," "Floating Rate Non-Cumulative Preferred Stock, Series 5," "6.70% Non-Cumulative Perpetual Preferred Stock, Series 6," "6.25% Non-Cumulative Perpetual Preferred Stock, Series 7," "8.625% Non-Cumulative Preferred Stock, Series 8," "Cumulative Redeemable Preferred Stock, Series B," "Floating Rate Non-Cumulative Preferred Stock, Series E," "6.204% Non-Cumulative Preferred Stock, Series D" "Floating Rate Non-Cumulative Preferred Stock, Series F," "Adjustable Rate Non-Cumulative Preferred Stock, Series G," "8.20% Non-Cumulative Preferred Stock, Series H," "6.625% Non-Cumulative Preferred Stock, Series I," "7.25% Non-Cumulative Preferred Stock, Series J," "7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L," "Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K," and "Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M," and any other class or series of stock of the Corporation hereafter authorized that ranks on parity with the Preferred Stock, Series 3, as to dividends and distribution of assets upon liquidation, dissolution or winding up of the Corporation, shall be deemed to rank on a parity with the shares of the Preferred Stock, Series 3, as to dividends and distribution of assets upon the liquidation, dissolution or winding up of the Corporation.

(9) Exclusion of Other Rights. Unless otherwise required by law, shares of Preferred Stock, Series 3, shall not have any rights, including preemptive rights, or preferences other than those specifically set forth herein or as provided by applicable law.

(10) Notices. All notices or communications unless otherwise specified in the By-laws of the Corporation or the Amended and Restated Certificate of Incorporation, as amended, shall be sufficiently given if in writing and delivered in person or by first class mail, postage prepaid. Notice shall be deemed given on the earlier of the date received or the date such notice is mailed."

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, does hereby affirm, under penalties of perjury, that this certificate is the act and deed of the Corporation and that the facts herein stated are true, and accordingly has hereunto set her hand this 31st day of December, 2008.

BANK OF AMERICA CORPORATION

By: /s/ Teresa M. Brenner
Name: Teresa M. Brenner
Title: Associate General Counsel

[Signature Page to Certificate of Designations, Series 3]

BANK OF AMERICA CORPORATION

CERTIFICATE OF DESIGNATIONS

**Pursuant to Section 151 of the
General Corporation Law of the State of Delaware**

**FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES 4
(Par Value \$0.01 Per Share)**

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), hereby certifies that the following resolutions were adopted by the Board of Directors of the Corporation (the "Board of Directors") pursuant to the authority of the Board of Directors as conferred by Section 151 of the General Corporation Law of the State of Delaware, at a meeting duly convened and held on December 9, 2008:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors by the Amended and Restated Certificate of Incorporation of the Corporation, the Board of Directors hereby creates a series of the Corporation's previously authorized preferred stock, par value \$0.01 per share (the "Preferred Stock"), and hereby states the designation and number of shares thereof and establishes the voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, as follows:

FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES 4

(1) Number of Shares and Designation. 20,000 shares of the preferred stock, par value \$0.01 per share, of the Corporation are hereby constituted as a series of preferred stock, par value \$0.01 per share, designated as Floating Rate Non-Cumulative Preferred Stock, Series 4 (hereinafter called the "Preferred Stock, Series 4").

(2) Dividends. (a) The holders of shares of the Preferred Stock, Series 4, shall be entitled to receive, as, if and when declared by the Board of Directors of the Corporation (or a duly authorized committee thereof), out of assets of the Corporation legally available under Delaware law for the payment of dividends, non-cumulative cash dividends at the rate set forth below in this Section (2) applied to the amount of \$30,000 per share. Such dividends shall be payable quarterly, in arrears, as, if and when declared by the Board of Directors of the Corporation (or a duly authorized committee thereof), on February 28, May 28, August 28 and November 28 (the "Payment Dates") commencing on February 28, 2009; provided that if any such Payment Date is not a New York Business Day and London Business Day, the Payment Date will be the next succeeding day that is a New York Business Day and London Business Day, unless such day falls in the next calendar month, in which case the Payment Date will be the immediately preceding New York Business Day and London Business Day. Each such dividend shall be payable to the holders of record of shares of the Preferred Stock, Series 4, as they appear on the stock register of the Corporation on such record dates, which shall be a date not more than 30 days nor less than 10 days preceding the applicable Payment Dates, as shall be fixed by the Board of Directors of the Corporation (or a duly authorized committee thereof). "London Business Day" means a day other than a Saturday or Sunday on which dealings in deposits in U.S. dollars are transacted, or with respect to any future date are expected to be transacted, in the London interbank market. A "New York Business Day" means any day that is not a Saturday or Sunday and that, in New York City, is not a day on which banking institutions generally are authorized or obligated by law or executive order to be closed.

(b) (i) Dividend periods ("Dividend Periods") shall commence on each Payment Date (other than the initial Dividend Period which shall be deemed to have commenced on November 28, 2008) and shall end on and exclude the next succeeding Payment Date. The dividend rate on the shares of Preferred Stock, Series 4, for each Dividend Period shall be a floating rate *per annum* equal to three-month U.S. dollar LIBOR plus 0.75%, but in no event will the rate be less than 4.00% *per annum*, of the \$30,000 liquidation preference per share of Preferred Stock, Series 4.

The "three-month U.S. dollar LIBOR", with respect to a Dividend Period, means the rate (expressed as a percentage *per annum*) for deposits in U.S. dollars for a three month period that normally appears on Moneyline Telerate Page 3750, as displayed on page "BBAM" (British Bankers Association Official BBA LIBOR Fixings) in the Bloomberg Professional Service (or any other service that may replace Moneyline Telerate, Inc. on page BBAM or any other page that may replace page BBAM on the Bloomberg Professional Service or a successor service, in each case, for the purpose of displaying London interbank offered rates of major banks) as of 11:00 a.m. (London time) on the second London Business Day immediately preceding the first day of such Dividend Period.

If three-month U.S. dollar LIBOR cannot be determined as described above, the Corporation will select four major banks in the London interbank market. The Corporation will request that the principal London offices of those four selected banks provide their offered quotations to prime banks in the London interbank market at approximately 11:00 a.m., London time, on

the second London Business Day immediately preceding the first day of such Dividend Period. These quotations will be for deposits in U.S. dollars for a three month period. Offered quotations must be based on a principal amount equal to an amount that is representative of a single transaction in U.S. dollars in the market at the time.

If two or more quotations are provided, three-month U.S. dollar LIBOR for the Dividend Period will be the arithmetic mean of the quotations. If fewer than two quotations are provided, the Corporation will select three major banks in New York City and will then determine three-month U.S. dollar LIBOR for the Dividend Period as the arithmetic mean of rates quoted by those three major banks in New York City to leading European banks at approximately 3:00 p.m., New York City time, on the second London Business Day immediately preceding the first day of such Dividend Period. The rates quoted will be for loans in U.S. dollars, for a three month period. Rates quoted must be based on a principal amount equal to an amount that is representative of a single transaction in U.S. dollars in the market at the time. If fewer than three New York City banks selected by the Corporation are quoting rates, three-month U.S. dollar LIBOR for the applicable period will be the same as for the immediately preceding Dividend Period.

(ii) Dividends on the Preferred Stock, Series 4, shall (if and when declared, as herein provided) be computed on the basis of a 360-day year and the actual number of days elapsed in each Dividend Period. Accordingly, the amount of dividends payable per share for each Dividend Period (including the initial Dividend Period) for the Preferred Stock, Series 4 shall (if and when declared, as herein provided) equal the product of (i) the applicable dividend rate, (ii) \$30,000 and (iii) a fraction (A) the numerator of which will be the actual number of days elapsed in such Dividend Period, and (B) the denominator of which will be 360. The amount of dividends payable on the Preferred Stock, Series 4, shall be rounded to the nearest cent, with one-half cent being rounded upwards.

(c) So long as any shares of the Preferred Stock, Series 4 are outstanding, the Corporation may not declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire (except for purchases by the Corporation or its affiliates in connection with transactions effected by or for the account of customers of the Corporation or customers of any of its subsidiaries or in connection with the distribution or trading of such stock), or make a liquidation payment with respect to the preferred stock of the Corporation of any series and any other stock of the Corporation ranking, as to dividends, on a parity with the Preferred Stock, Series 4 unless for such Dividend Period full dividends on all outstanding shares of Preferred Stock, Series 4 have been declared, paid or set aside for payment. When dividends are not paid in full, as aforesaid, upon the shares of the Preferred Stock, Series 4, and any other preferred stock and other stock of the Corporation ranking on a parity as to dividends with the Preferred Stock, Series 4, all dividends declared upon shares of the Preferred Stock, Series 4, and any other preferred stock and other stock of the Corporation ranking on a parity as to dividends (whether cumulative or non-cumulative) shall be declared *pro rata* so that the amount of dividends declared per share on the Preferred Stock, Series 4, and all such other stock of the Corporation shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of the Preferred Stock, Series 4 (but without, in the case of any non-cumulative preferred stock, accumulation of unpaid dividends for prior Dividend Periods) and all such other stock bear to each other.

(d) So long as any shares of the Preferred Stock, Series 4 are outstanding, the Corporation may not, at any time, declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any Common Stock or any other stock of the Corporation ranking as to dividends or distribution of assets junior to the Preferred Stock, Series 4 unless full dividends on all outstanding shares of Preferred Stock, Series 4 have been declared, paid or set aside for payment for the immediately preceding Dividend Period (except for (x) dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, the Common Stock or other of the Corporation's capital stock ranking junior to Preferred Stock, Series 4 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation, (y) redemptions or purchases of any rights pursuant to the Amended and Restated Rights Agreement, adopted on December 2, 1997 or any agreement that replaces such Amended and Restated Rights Agreement, or by conversion or exchange for the Corporation's capital stock ranking junior to Preferred Stock, Series 4 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation and (z) purchases by the Corporation or its affiliates in connection with transactions effected by or for the account of customers of the Corporation or customers of any of its subsidiaries or in connection with the distribution or trading of such capital stock); provided, however, that the foregoing dividend preference shall not be cumulative and shall not in any way create any claim or right in favor of the holders of Preferred Stock, Series 4 in the event that dividends have not been declared or paid on the Preferred Stock, Series 4 in respect of any prior Dividend Period. If the full dividend on the Preferred Stock, Series 4 is not paid for any Dividend Period, the holders of Preferred Stock, Series 4 will have no claim in respect of the unpaid amount so long as no dividend (other than those referred to above) is paid on the Common Stock or other of the Corporation's capital stock ranking junior to Preferred Stock, Series 4 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation.

(e) No dividends may be declared or paid or set aside for payment on any shares of Preferred Stock, Series 4 if at the same time any arrears exists in the payment of dividends on any outstanding class or series of stock of the Corporation ranking, as to the payment of dividends, prior to the Preferred Stock, Series 4.

(f) Holders of shares of the Preferred Stock, Series 4, shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full dividends, as herein provided, on the Preferred Stock, Series 4. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Preferred Stock, Series 4, which may be in arrears.

(3) Liquidation Preference. (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation or proceeds thereof (whether capital or surplus) shall be made to or set apart for the holders of any series or class or classes of stock of the Corporation ranking junior to the Preferred Stock, Series 4, upon liquidation, dissolution, or winding up, the holders of the shares of the Preferred Stock, Series 4, shall be entitled to receive \$30,000 per share plus an amount equal to declared and unpaid dividends, without accumulation of undeclared dividends. If, upon any liquidation, dissolution, or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of the Preferred Stock, Series 4, shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of preferred stock ranking, as to liquidation, dissolution or winding up, on a parity with the Preferred Stock, Series 4, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Preferred Stock, Series 4, and any such other preferred stock ratably in accordance with the respective amounts which would be payable on such shares of Preferred Stock, Series 4, and any such other preferred stock if all amounts payable thereon were paid in full. For the purposes of this Section (3), neither the sale, lease or exchange (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation, nor the consolidation, merger or combination of the Corporation into or with one or more corporations or the consolidation, merger or combination of any other corporation or entity into or with the Corporation, shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation for purposes of this Section (3).

(b) After payment shall have been made in full to the holders of Preferred Stock, Series 4, as provided in this Section (3), the holders of Preferred Stock, Series 4 will not be entitled to any further participation in any distribution of assets of the Corporation. Subject to the rights of the holders of shares of any series or class or classes of stock ranking on a parity with or prior to the Preferred Stock, Series 4, upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of Preferred Stock, Series 4, as provided in this Section (3), but not prior thereto, any other series or class or classes of stock ranking junior to the Preferred Stock, Series 4, shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Preferred Stock, Series 4, shall not be entitled to share therein.

(4) Redemption. (a) The Preferred Stock, Series 4, may not be redeemed prior to November 28, 2010. On and after November 28, 2010, the Corporation, at its option, may redeem shares of the Preferred Stock, Series 4, as a whole at any time or in part from time to time, at a redemption price of \$30,000 per share, together in each case with declared and unpaid dividends, without accumulation of any undeclared dividends. The Chief Financial Officer or the Treasurer may exercise the Corporation's right to redeem the Preferred Stock, Series 4 as a whole at any time without further action of the Board of Directors or a duly authorized committee thereof. The Corporation may only elect to redeem the Preferred Stock, Series 4 in part pursuant to a resolution by the Board of Directors or a duly authorized committee thereof.

(b) In the event the Corporation shall redeem shares of Preferred Stock, Series 4, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 days nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock register of the Corporation. Each such notice shall state: (1) the redemption date; (2) the number of shares of Preferred Stock, Series 4, to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price. Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the payment of the redemption price) said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. The Corporation's obligation to provide moneys in accordance with the preceding sentence shall be deemed fulfilled if, on or before the redemption date, the Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) having an office in the Borough of Manhattan, City of New York, having a capital and surplus of at least \$50,000,000, funds necessary for such redemption, in trust, with irrevocable instructions that such funds be applied to the redemption of the shares of Preferred Stock, Series 4, so called for redemption. Any interest accrued on such funds shall be paid to the Corporation from time to time. Any funds so deposited and unclaimed at the end of two years from such redemption date shall be released or repaid to the Corporation, after which the holder or holders of such shares of Preferred Stock, Series 4, so called for redemption shall look only to the Corporation for payment of the redemption price.

Upon surrender, in accordance with said notice, of the certificates for any such shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the applicable redemption price aforesaid. If less than all the outstanding shares of Preferred Stock, Series 4, are to be redeemed, shares to be redeemed shall be selected by the Board of Directors of the Corporation (or a duly authorized committee thereof) from outstanding shares of Preferred Stock, Series 4, not previously called for redemption by lot or *pro rata* or by any other method determined by the Board of Directors of the Corporation (or a duly authorized committee thereof) to be equitable. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof. The Preferred Stock, Series 4 will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Preferred Stock, Series 4 will have no right to require redemption of any shares of Preferred Stock, Series 4.

(5) Terms Dependent on Regulatory Changes. If, (a) the Corporation (by election or otherwise) is subject to any law, rule, regulation or guidance (together, “Regulations”) relating to its capital adequacy which Regulation (x) provides for a type or level of capital characterized as “Tier 1” in, or pursuant to Regulations of any governmental agency, authority or body having regulatory jurisdiction over the Corporation and implementing, the capital standards published by the Basel Committee on Banking Supervision, the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System, or any other United States national governmental agency, authority or body, or (y) provides for a type or level of capital that in the judgment of the Board of Directors (or a duly authorized committee thereof) after consultation with legal counsel of recognized standing is substantially equivalent to such “Tier 1” capital (such capital described in either (x) or (y) is referred to below as “Tier 1 Capital”), and (b) the Board of Directors (or a duly authorized committee thereof) affirmatively elects to qualify the Preferred Stock, Series 4 for such Tier 1 Capital treatment without any sublimit or other quantitative restrictions on the inclusion of such Preferred Stock, Series 4 in Tier 1 Capital (other than any limitation requiring that common equity or a specified form of common equity constitute the dominant form of Tier 1 Capital) under such Regulations, then, upon such affirmative election, the terms of the Preferred Stock, Series 4 shall automatically be amended to reflect the following modifications (without any action or consent by the holders of the Preferred Stock, Series 4 or any other vote of stockholders of the Corporation):

(i) If and to the extent such modification is a Required Unrestricted Tier 1 Provision (as defined below), the Corporation's right to redeem the Preferred Stock, Series 4 on and after November 28, 2010 pursuant to Section 4 hereof shall be restricted (such restrictions including but not limited to any requirement that the Corporation receive prior approval for such redemption from any applicable governmental agency, authority or body or that such redemption be prohibited);

(ii) If and to the extent such modification is a Required Unrestricted Tier 1 Provision, the Corporation's right to make distributions with respect to, or redeem, purchase or acquire or make payments on, securities junior to the Preferred Stock, Series 4 (upon a non-payment of dividends on the Preferred Stock, Series 4) shall become subject to additional restrictions (other than those set forth in Section 2(d) hereof) pursuant to the terms of the Preferred Stock, Series 4; and

(iii) If and to the extent such modification is a Required Unrestricted Tier 1 Provision, any other new provisions or terms shall be added to the Preferred Stock, Series 4, or existing terms shall be modified; provided, however, that no such provision or term shall be added, and no such modification shall be made pursuant to the terms of this Section 5(iii), if it would alter or change the rights, powers or preferences of the shares of the Preferred Stock, Series 4 so as to affect the shares of the Preferred Stock, Series 4 adversely.

As used above, the term “Required Unrestricted Tier 1 Provision” means a term which is, in the written opinion of legal counsel of recognized standing and delivered to the Corporation, required for the Preferred Stock, Series 4 to be treated as Tier 1 Capital of the Corporation without any sublimit or other quantitative restriction on the inclusion of such Preferred Stock, Series 4 in Tier 1 Capital (other than any limitation requiring that common equity or a specified form of common equity constitute the dominant form of Tier 1 Capital) pursuant to the applicable Regulations. The Corporation shall provide notice to holders of any Preferred Stock, Series 4 of any such changes in the terms of the Preferred Stock, Series 4 made pursuant to the terms of this Section 5 on or about the date of effectiveness of any such modification and shall maintain a copy of such notice on file at the principal offices of the Corporation. A copy of the relevant Regulations shall also be on file at the principal offices of the Corporation and, upon request, will be made available to such holders.

For the avoidance of doubt, “amend”, “modify”, “change” and words of similar effect used in this Section (5) mean that the Preferred Stock, Series 4 shall have such additional or different rights, powers and preferences, and such qualifications, limitations and restrictions as may be established by the Board of directors (or a duly authorized committee thereof) pursuant to this Section (5), subject to the limitations set forth herein.

(6) Voting Rights. The Preferred Stock, Series 4, shall have no voting rights, except as hereinafter set forth or as otherwise from time to time required by law.

The holders of the Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation, voting together with the holders of Common Stock as one class. Each share of Preferred Stock shall be entitled to 150 votes.

Whenever dividends payable on the Preferred Stock, Series 4, have not been declared or paid for such number of Dividend Periods, whether or not consecutive, which in the aggregate is equivalent to six Dividend Periods (a “Nonpayment”), the holders of outstanding shares of the Preferred Stock, Series 4, shall have the exclusive right, voting as a class with holders of shares of all other series of preferred stock ranking on a parity with the Preferred Stock, Series 4, either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable (to the extent such other series of preferred stock are entitled to vote pursuant to the terms thereof), to vote for the election of two additional directors at the next annual meeting of stockholders and at each subsequent annual meeting of stockholders on the terms set forth below. At elections for such directors, each holder of the Preferred Stock, Series 4, shall be entitled to three votes for each share of Preferred Stock, Series 4 held (the holders of shares of any other series of preferred stock ranking on such a parity being entitled to such number of votes, if any, for each share of stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of Preferred Stock, Series 4, (either alone or together with the holders of shares of all other series of preferred stock ranking on such a parity) as hereinafter set forth. The right of such holders of such shares of the Preferred Stock, Series 4, voting as a class with holders of shares of all other series of preferred stock ranking on such a parity, to elect members of the Board of Directors of the Corporation as aforesaid shall continue until all dividends on such shares of Preferred Stock, Series 4, shall have been paid in full for at least four Dividend Periods following the Nonpayment. Upon payment in full of such dividends, such voting rights shall terminate except as expressly provided by law, subject to re-vesting in the event of each and every subsequent Nonpayment in the payment of dividends as aforesaid.

Upon termination of the right of the holders of the Preferred Stock, Series 4, to vote for directors as provided in the previous paragraph, the term of office of all directors then in office elected by such holders will terminate immediately. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the remaining director elected by such holders voting as a class may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting rights shall have expired, the number of directors shall be such number as may be provided for in the By-laws irrespective of any increase made pursuant to the provisions hereof.

So long as any shares of the Preferred Stock, Series 4, remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of the shares of the Preferred Stock, Series 4, outstanding at the time (voting as a class with all other series of preferred stock ranking on a parity with the Preferred Stock, Series 4, either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable), given in person or by proxy, either in writing or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to the Preferred Stock, Series 4, with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up; or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Certificate of Incorporation, as amended, or of the resolutions set forth in a Certificate of Designations for such Preferred Stock, Series 4, which would adversely affect any right, preference, privilege or voting power of the Preferred Stock, Series 4, or of the holders thereof; provided, however, that any increase in the amount of issued Preferred Stock, Series 4 or authorized preferred stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock, in each case ranking on a parity with or junior to the Preferred Stock, Series 4, with respect to the payment of dividends (whether such dividends were cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to adversely affect such rights, preferences, privileges or voting powers.

Without the consent of the holders of the Preferred Stock, Series 4, so long as such action does not adversely affect the interests of holders of Preferred Stock, Series 4, the Corporation may amend, alter, supplement or repeal any terms of the Preferred Stock, Series 4:

(i) to cure any ambiguity, or to cure, correct or supplement any provision contained in a Certificate of Designations for such Preferred Stock, Series 4 that may be defective or inconsistent; or

(ii) to make any provision with respect to matters or questions arising with respect to the Preferred Stock, Series 4 that is not inconsistent with the provisions of a Certificate of Designations for such Preferred Stock, Series 4.

The rules and procedures for calling and conducting any meeting of the holders of Preferred Stock, Series 4 (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents, and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors of the Corporation, or a duly authorized committee thereof, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of any national securities exchange on which the Preferred Stock, Series 4 are listed at the time.

The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Preferred Stock, Series 4, shall have been redeemed or sufficient funds shall have been deposited in trust to effect such a redemption which is scheduled to be consummated within three months after the time that such rights would otherwise be exercisable.

(7) Record Holders. The Corporation and the transfer agent for the Preferred Stock, Series 4, may deem and treat the record holder of any share of such Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

(8) Ranking. Any class or classes of stock of the Corporation shall be deemed to rank:

(i) on a parity with the Preferred Stock, Series 4, as to dividends or as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the Preferred Stock, Series 4, if the holders of such class of stock and the Preferred Stock, Series 4, shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective dividend rates (whether cumulative or non-cumulative) or liquidation prices, without preference or priority one over the other; and

(ii) junior to the Preferred Stock, Series 4, as to dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such stock shall be Common Stock or if the holders of Preferred Stock, Series 4, shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up, as the case may be, in preference or priority to the holders of shares of such stock.

(iii) The Shares of Preferred Stock of the Corporation designated "Floating Rate Non-Cumulative Preferred Stock, Series 1" and "Floating Rate Non-Cumulative Preferred Stock, Series 2" and the Shares of Preferred Stock of the Corporation designated "6.375% Non-Cumulative Preferred Stock, Series 3," "Floating Rate Non-Cumulative Preferred Stock, Series 5," "6.70% Non-Cumulative Perpetual Preferred Stock, Series 6," "6.25% Non-Cumulative Perpetual Preferred Stock, Series 7," "8.625% Non-Cumulative Preferred Stock, Series 8," "Cumulative Redeemable Preferred Stock, Series B," "Floating Rate Non-Cumulative Preferred Stock, Series E," "6.204% Non-Cumulative Preferred Stock, Series D," "Floating Rate Non-Cumulative Preferred Stock, Series F," "Adjustable Rate Non-Cumulative Preferred Stock, Series G," "8.20% Non-Cumulative Preferred Stock, Series H," "6.625% Non-Cumulative Preferred Stock, Series I," "7.25% Non-Cumulative Preferred Stock, Series J," "7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L," "Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K," and "Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M," and any other class or series of stock of the Corporation hereafter authorized that ranks on parity with the Preferred Stock, Series 4, as to dividends and distribution of assets upon liquidation, dissolution or winding up of the Corporation, shall be deemed to rank on a parity with the shares of the Preferred Stock, Series 4, as to dividends and distribution of assets upon the liquidation, dissolution or winding up of the Corporation.

(9) Exclusion of Other Rights. Unless otherwise required by law, shares of Preferred Stock, Series 4, shall not have any rights, including preemptive rights, or preferences other than those specifically set forth herein or as provided by applicable law.

(10) Notices. All notices or communications unless otherwise specified in the By-laws of the Corporation or the Amended and Restated Certificate of Incorporation, as amended, shall be sufficiently given if in writing and delivered in person or by first class mail, postage prepaid. Notice shall be deemed given on the earlier of the date received or the date such notice is mailed.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, does hereby affirm, under penalties of perjury, that this certificate is the act and deed of the Corporation and that the facts herein stated are true, and accordingly has hereunto set her hand this 31st day of December, 2008.

BANK OF AMERICA CORPORATION

By: /s/ Teresa M. Brenner
Name: Teresa M. Brenner
Title: Associate General Counsel

[Signature Page to Certificate of Designations, Series 4]

BANK OF AMERICA CORPORATION

CERTIFICATE OF DESIGNATIONS

**Pursuant to Section 151 of the
General Corporation Law of the State of Delaware**

**FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES 5
(Par Value \$0.01 Per Share)**

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), hereby certifies that the following resolutions were adopted by the Board of Directors of the Corporation (the "Board of Directors") pursuant to the authority of the Board of Directors as conferred by Section 151 of the General Corporation Law of the State of Delaware, at a meeting duly convened and held on December 9, 2008:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors by the Amended and Restated Certificate of Incorporation of the Corporation, the Board of Directors hereby creates a series of the Corporation's previously authorized preferred stock, par value \$0.01 per share (the "Preferred Stock"), and hereby states the designation and number of shares thereof and establishes the voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, as follows:

FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES 5

(1) Number of Shares and Designation. 50,000 shares of the preferred stock, par value \$0.01 per share, of the Corporation are hereby constituted as a series of preferred stock, par value \$0.01 per share, designated as Floating Rate Non-Cumulative Preferred Stock, Series 5 (hereinafter called the "Preferred Stock, Series 5").

(2) Dividends. (a) The holders of shares of the Preferred Stock, Series 5, shall be entitled to receive, as, if and when declared by the Board of Directors of the Corporation (or a duly authorized committee thereof), out of assets of the Corporation legally available under Delaware law for the payment of dividends, non-cumulative cash dividends at the rate set forth below in this Section (2) applied to the amount of \$30,000 per share. Such dividends shall be payable quarterly, in arrears, as, if and when declared by the Board of Directors of the Corporation (or a duly authorized committee thereof), on February 21, May 21, August 21 and November 21 (the "Payment Dates") commencing on February 21, 2009; provided that if any such Payment Date is not a New York Business Day and London Business Day, the Payment Date will be the next succeeding day that is a New York Business Day and London Business Day, unless such day falls in the next calendar month, in which case the Payment Date will be the immediately preceding New York Business Day and London Business Day. Each such dividend shall be payable to the holders of record of shares of the Preferred Stock, Series 5, as they appear on the stock register of the Corporation on such record dates, which shall be a date not more than 30 days nor less than 10 days preceding the applicable Payment Dates, as shall be fixed by the Board of Directors of the Corporation (or a duly authorized committee thereof). "London Business Day" means any day other than a Saturday or Sunday on which dealings in deposits in U.S. dollars are transacted, or with respect to any future date are expected to be transacted, in the London interbank market. A "New York Business Day" means any day that is not a Saturday or Sunday and that, in New York City, is not a day on which banking institutions generally are authorized or obligated by law or executive order to be closed.

(b) (i) Dividend periods ("Dividend Periods") shall commence on each Payment Date (other than the initial Dividend Period which shall be deemed to have commenced on November 21, 2008) and shall end on and exclude the next succeeding Payment Date. The dividend rate on the shares of Preferred Stock, Series 5 for each Dividend Period shall be a floating rate per annum equal to three-month U.S. dollar LIBOR plus .50%, but in no event will the rate be less than 4.00% per annum, of the \$30,000 liquidation preference per share of Preferred Stock, Series 5.

The "three-month U.S. dollar LIBOR", with respect to a Dividend Period, means the rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three month period that normally appears on Telerate Page 3750, as displayed on page "BBAM" (British Bankers Association Official BBA LIBOR Fixings) in the Bloomberg Professional Service (or any other service that may replace Telerate, Inc. on page BBAM or any other page that may replace page BBAM on the Bloomberg Professional Service or a successor service, in each case, for the purpose of displaying London interbank offered rates of major banks) as of 11:00 a.m. (London time) on the second London Business Day immediately preceding the first day of such Dividend Period.

If three-month U.S. dollar LIBOR cannot be determined as described above, the Corporation will select four major banks in the London interbank market. The Corporation will request that the principal London offices of those four selected banks provide their offered quotations to prime banks in the London interbank market at approximately 11:00 a.m., London time, on the second London Business Day immediately preceding the first day of such Dividend Period. These quotations will be for deposits in U.S. dollars for a three month period. Offered quotations must be based on a principal amount equal to an amount that is representative of a single transaction in U.S. dollars in the market at the time.

If two or more quotations are provided, three-month U.S. dollar LIBOR for the Dividend Period will be the arithmetic mean of the quotations. If fewer than two quotations are provided, the Corporation will select three major banks in New York City and will then determine three-month U.S. dollar LIBOR for the Dividend Period as the arithmetic mean of rates quoted by those three major banks in New York City to leading European banks at approximately 3:00 p.m., New York City time, on the second London Business Day immediately preceding the first day of such Dividend Period. The rates quoted will be for loans in U.S. dollars, for a three month period. Rates quoted must be based on a principal amount equal to an amount that is representative of a single transaction in U.S. dollars in the market at the time. If fewer than three New York City banks selected by the Corporation are quoting rates, three-month U.S. dollar LIBOR for the applicable period will be the same as for the immediately preceding Dividend Period.

(ii) Dividends on the Preferred Stock, Series 5, shall (if and when declared, as herein provided) be computed on the basis of a 360-day year and the actual number of days elapsed in each Dividend Period. Accordingly, the amount of dividends payable per share for each Dividend Period (including the initial Dividend Period) for the Preferred Stock, Series 5 shall (if and when declared, as herein provided) equal the product of (i) the applicable dividend rate, (ii) \$30,000 and (iii) a fraction (A) the numerator of which will be the actual number of days elapsed in such Dividend Period, and (B) the denominator of which will be 360. The amount of dividends payable on the Preferred Stock, Series 5, shall be rounded to the nearest cent, with one-half cent being rounded upwards.

(c) So long as any shares of the Preferred Stock, Series 5 are outstanding, the Corporation may not declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire (except for purchases by the Corporation or its affiliates in connection with transactions effected by or for the account of customers of the Corporation or customers of any of its subsidiaries or in connection with the distribution or trading of such stock), or make a liquidation payment with respect to the preferred stock of the Corporation of any series and any other stock of the Corporation ranking, as to dividends, on a parity with the Preferred Stock, Series 5 unless for such Dividend Period full dividends on all outstanding shares of Preferred Stock, Series 5 have been declared, paid or set aside for payment. When dividends are not paid in full, as aforesaid, upon the shares of the Preferred Stock, Series 5, and any other preferred stock and other stock of the Corporation ranking on a parity as to dividends with the Preferred Stock, Series 5, all dividends declared upon shares of the Preferred Stock, Series 5, and any other preferred stock and other stock of the Corporation ranking on a parity as to dividends (whether cumulative or non-cumulative) shall be declared pro rata so that the amount of dividends declared per share on the Preferred Stock, Series 5, and all such other stock of the Corporation shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of the Preferred Stock, Series 5 (but without, in the case of any non-cumulative preferred stock, accumulation of unpaid dividends for prior Dividend Periods) and all such other stock bear to each other.

(d) So long as any shares of the Preferred Stock, Series 5 are outstanding, the Corporation may not, at any time, declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any Common Stock or any other stock of the Corporation ranking as to dividends or distribution of assets junior to the Preferred Stock, Series 5 unless full dividends on all outstanding shares of Preferred Stock, Series 5 have been declared, paid or set aside for payment for the immediately preceding Dividend Period (except for (x) dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, the Common Stock or other of the Corporation's capital stock ranking junior to Preferred Stock, Series 5 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation, (y) redemptions or purchases of any rights pursuant to the Amended and Restated Rights Agreement, adopted on December 2, 1997 or any agreement that replaces such Amended and Restated Rights Agreement, or by conversion or exchange for the Corporation's capital stock ranking junior to Preferred Stock, Series 5 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation and (z) purchases by the Corporation or its affiliates in connection with transactions effected by or for the account of customers of the Corporation or customers of any of its subsidiaries or in connection with the distribution or trading of such capital stock); provided, however, that the foregoing dividend preference shall not be cumulative and shall not in any way create any claim or right in favor of the holders of Preferred Stock, Series 5 in the event that dividends have not been declared or paid on the Preferred Stock, Series 5 in respect of any prior Dividend Period. If the full dividend on the Preferred Stock, Series 5 is not paid for any Dividend Period, the holders of Preferred Stock, Series 5 will have no claim in respect of the unpaid amount so long as no dividend (other than those referred to above) is paid on the Common Stock or other of the Corporation's capital stock ranking junior to Preferred Stock, Series 5 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation.

(e) No dividends may be declared or paid or set aside for payment on any shares of Preferred Stock, Series 5 if at the same time any arrears exists in the payment of dividends on any outstanding class or series of stock of the Corporation ranking, as to the payment of dividends, prior to the Preferred Stock, Series 5.

(f) Holders of shares of the Preferred Stock, Series 5, shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full dividends, as herein provided, on the Preferred Stock, Series 5. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Preferred Stock, Series 5, which may be in arrears.

(3) Liquidation Preference. (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation or proceeds thereof (whether capital or surplus) shall be made to or set apart for the holders of any series or class or classes of stock of the Corporation ranking junior to the Preferred Stock, Series 5, upon liquidation, dissolution, or winding up, the holders of the shares of the Preferred Stock, Series 5, shall be entitled to receive \$30,000 per share plus an amount equal to declared and unpaid dividends, without accumulation of undeclared dividends. If, upon any liquidation, dissolution, or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of the Preferred Stock, Series 5, shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of preferred stock ranking, as to liquidation, dissolution or winding up, on a parity with the Preferred Stock, Series 5, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Preferred Stock, Series 5, and any such other preferred stock ratably in accordance with the respective amounts which would be payable on such shares of Preferred Stock, Series 5, and any such other preferred stock if all amounts payable thereon were paid in full. For the purposes of this Section (3), neither the sale, lease or exchange (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation, nor the consolidation, merger or combination of the Corporation into or with one or more corporations or the consolidation, merger or combination of any other corporation or entity into or with the Corporation, shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

(b) After payment shall have been made in full to the holders of Preferred Stock, Series 5, as provided in this Section (3), the holders of Preferred Stock, Series 5 will not be entitled to any further participation in any distribution of assets of the Corporation. Subject to the rights of the holders of shares of any series or class or classes of stock ranking on a parity with or prior to the Preferred Stock, Series 5, upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of Preferred Stock, Series 5, as provided in this Section (3), but not prior thereto, any other series or class or classes of stock ranking junior to the Preferred Stock, Series 5, shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Preferred Stock, Series 5, shall not be entitled to share therein.

(4) Redemption. (a) The Preferred Stock, Series 5, may not be redeemed prior to May 21, 2012. On and after May 21, 2012, the Corporation, at its option, may redeem shares of the Preferred Stock, Series 5, as a whole at any time or in part from time to time, at a redemption price of \$30,000 per share, together in each case with declared and unpaid dividends, without accumulation of any undeclared dividends. The Chief Financial Officer or the Treasurer may exercise the Corporation's right to redeem the Preferred Stock, Series 5 as a whole at any time without further action of the Board of Directors or a duly authorized committee thereof. The Corporation may only elect to redeem the Preferred Stock, Series 5 in part pursuant to a resolution by the Board of Directors or a duly authorized committee thereof.

(b) In the event the Corporation shall redeem shares of Preferred Stock, Series 5, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 days nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock register of the Corporation. Each such notice shall state: (1) the redemption date; (2) the number of shares of Preferred Stock, Series 5, to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price. Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the payment of the redemption price) said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. The Corporation's obligation to provide moneys in accordance with the preceding sentence shall be deemed fulfilled if, on or before the redemption date, the Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) having an office in the Borough of Manhattan, City of New York, having a capital and surplus of at least \$50,000,000, funds necessary for such redemption, in trust, with irrevocable instructions that such funds be applied to the redemption of the shares of Preferred Stock, Series 5, so called for redemption. Any interest accrued on such funds shall be paid to the Corporation from time to time. Any funds so deposited and unclaimed at the end of two years from such redemption date shall be released or repaid to the Corporation, after which the holder or holders

of such shares of Preferred Stock, Series 5, so called for redemption shall look only to the Corporation for payment of the redemption price.

Upon surrender, in accordance with said notice, of the certificates for any such shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the applicable redemption price aforesaid. If less than all the outstanding shares of Preferred Stock, Series 5, are to be redeemed, shares to be redeemed shall be selected by the Board of Directors of the Corporation (or a duly authorized committee thereof) from outstanding shares of Preferred Stock, Series 5, not previously called for redemption by lot or *pro rata* or by any other method determined by the Board of Directors of the Corporation (or a duly authorized committee thereof) to be equitable. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof. The Preferred Stock, Series 5 will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Preferred Stock, Series 5 will have no right to require redemption of any shares of Preferred Stock, Series 5.

(5) Terms Dependent on Regulatory Changes. If, (a) the Corporation (by election or otherwise) is subject to any law, rule, regulation or guidance (together, “Regulations”) relating to its capital adequacy which Regulation (x) provides for a type or level of capital characterized as “Tier 1” in, or pursuant to Regulations of any governmental agency, authority or body having regulatory jurisdiction over the Corporation and implementing, the capital standards published by the Basel Committee on Banking Supervision, the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System, or any other United States national governmental agency, authority or body, or (y) provides for a type or level of capital that in the judgment of the Board of Directors (or a duly authorized committee thereof) after consultation with legal counsel of recognized standing is substantially equivalent to such “Tier 1” capital (such capital described in either (x) or (y) is referred to below as “Tier 1 Capital”), and (b) the Board of Directors (or a duly authorized committee thereof) affirmatively elects to qualify the Preferred Stock, Series 5 for such Tier 1 Capital treatment without any sublimit or other quantitative restrictions on the inclusion of such Preferred Stock, Series 5 in Tier 1 Capital (other than any limitation requiring that common equity or a specified form of common equity constitute the dominant form of Tier 1 Capital) under such Regulations, then, upon such affirmative election, the terms of the Preferred Stock, Series 5 shall automatically be amended to reflect the following modifications (without any action or consent by the holders of the Preferred Stock, Series 5 or any other vote of stockholders of the Corporation):

(i) If and to the extent such modification is a Required Unrestricted Tier 1 Provision (as defined below), the Corporation's right to redeem the Preferred Stock, Series 5 on and after May 21, 2012 pursuant to Section 5 hereof shall be restricted (such restrictions including but not limited to any requirement that the Corporation receive prior approval for such redemption from any applicable governmental agency, authority or body or that such redemption be prohibited);

(ii) If and to the extent such modification is a Required Unrestricted Tier 1 Provision, the Corporation's right to make distributions with respect to, or redeem, purchase or acquire or make payments on, securities junior to the Preferred Stock, Series 5 (upon a non-payment of dividends on the Preferred Stock, Series 5) shall become subject to additional restrictions (other than those set forth in Section 2(d) hereof) pursuant to the terms of the Preferred Stock, Series 5; and

(iii) If and to the extent such modification is a Required Unrestricted Tier 1 Provision, any other new provisions or terms shall be added to the Preferred Stock, Series 5, or existing terms shall be modified; provided, however, that no such provision or term shall be added, and no such modification shall be made pursuant to the terms of this Section 5(iii), if it would alter or change the rights, powers or preferences of the shares of the Preferred Stock, Series 5 so as to affect the shares of the Preferred Stock, Series 5 adversely.

As used above, the term “Required Unrestricted Tier 1 Provision” means a term which is, in the written opinion of legal counsel of recognized standing and delivered to the Corporation, required for the Preferred Stock, Series 5 to be treated as Tier 1 Capital of the Corporation without any sublimit or other quantitative restriction on the inclusion of such Preferred Stock, Series 5 in Tier 1 Capital (other than any limitation requiring that common equity or a specified form of common equity constitute the dominant form of Tier 1 Capital) pursuant to the applicable Regulations. The Corporation shall provide notice to holders of any Preferred Stock, Series 5 of any such changes in the terms of the Preferred Stock, Series 5 made pursuant to the terms of this Section 5 on or about the date of effectiveness of any such modification and shall maintain a copy of such notice on file at the principal offices of the Corporation. A copy of the relevant Regulations shall also be on file at the principal offices of the Corporation and, upon request, will be made available to such holders.

For the avoidance of doubt, “amend”, “modify”, “change” and words of similar effect used in this Section (5) mean that the Preferred Stock, Series 5 shall have such additional or different rights, powers and preferences, and such qualifications, limitations and restrictions as may be established by the Board of Directors (or a duly authorized committee thereof) pursuant to this Section (5), subject to the limitations set forth herein.

(6) Voting Rights. The Preferred Stock, Series 5, shall have no voting rights, except as hereinafter set forth or as otherwise from time to time required by law.

The holders of the Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation, voting together with the holders of Common Stock as one class. Each share of Preferred Stock shall be entitled to 150 votes.

Whenever dividends payable on the Preferred Stock, Series 5, have not been declared or paid for such number of Dividend Periods, whether or not consecutive, which in the aggregate is equivalent to six Dividend Periods (a "Nonpayment"), the holders of outstanding shares of the Preferred Stock, Series 5, shall have the exclusive right, voting as a class with holders of shares of all other series of preferred stock ranking on a parity with the Preferred Stock, Series 5, either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable (to the extent such other series of preferred stock are entitled to vote pursuant to the terms thereof), to vote for the election of two additional directors at the next annual meeting of stockholders and at each subsequent annual meeting of stockholders on the terms set forth below. At elections for such directors, each holder of the Preferred Stock, Series 5, shall be entitled to three votes for each share of Preferred Stock, Series 5 held (the holders of shares of any other series of preferred stock ranking on such a parity being entitled to such number of votes, if any, for each share of stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of Preferred Stock, Series 5, (either alone or together with the holders of shares of all other series of preferred stock ranking on such a parity) as hereinafter set forth. The right of such holders of such shares of the Preferred Stock, Series 5, voting as a class with holders of shares of all other series of preferred stock ranking on such a parity, to elect members of the Board of Directors of the Corporation as aforesaid shall continue until all dividends on such shares of Preferred Stock, Series 5, shall have been paid in full for at least four Dividend Periods following the Nonpayment. Upon payment in full of such dividends, such voting rights shall terminate except as expressly provided by law, subject to re-vesting in the event of each and every subsequent Nonpayment in the payment of dividends as aforesaid.

Upon termination of the right of the holders of the Preferred Stock, Series 5, to vote for directors as provided in the previous paragraph, the term of office of all directors then in office elected by such holders will terminate immediately. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the remaining director elected by such holders voting as a class may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting rights shall have expired, the number of directors shall be such number as may be provided for in the By-laws irrespective of any increase made pursuant to the provisions hereof.

So long as any shares of the Preferred Stock, Series 5, remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of the shares of the Preferred Stock, Series 5, outstanding at the time (voting as a class with all other series of preferred stock ranking on a parity with the Preferred Stock, Series 5, either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable), given in person or by proxy, either in writing or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to the Preferred Stock, Series 5, with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up; or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Certificate of Incorporation, as amended, or of the resolutions set forth in a Certificate of Designations for such Preferred Stock, Series 5, which would adversely affect any right, preference, privilege or voting power of the Preferred Stock, Series 5, or of the holders thereof; provided, however, that any increase in the amount of issued Preferred Stock, Series 5 or authorized preferred stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock, in each case ranking on a parity with or junior to the Preferred Stock, Series 5, with respect to the payment of dividends (whether such dividends were cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to adversely affect such rights, preferences, privileges or voting powers.

Without the consent of the holders of the Preferred Stock, Series 5, so long as such action does not adversely affect the interests of holders of Preferred Stock, Series 5, the Corporation may amend, alter, supplement or repeal any terms of the Preferred Stock, Series 5:

(i) to cure any ambiguity, or to cure, correct or supplement any provision contained in a Certificate of Designations for such Preferred Stock, Series 5 that may be defective or inconsistent; or

(ii) to make any provision with respect to matters or questions arising with respect to the Preferred Stock, Series 5 that is not inconsistent with the provisions of a Certificate of Designations for such Preferred Stock, Series 5.

The rules and procedures for calling and conducting any meeting of the holders of Preferred Stock, Series 5 (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents, and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors of the Corporation, or a duly authorized committee thereof, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of any national securities exchange on which the Preferred Stock, Series 5 are listed at the time.

The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Preferred Stock, Series 5, shall have been redeemed or sufficient funds shall have been deposited in trust to effect such a redemption which is scheduled to be consummated within three months after the time that such rights would otherwise be exercisable.

(7) Record Holders. The Corporation and the transfer agent for the Preferred Stock, Series 5, may deem and treat the record holder of any share of such Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

(8) Ranking. Any class or classes of stock of the Corporation shall be deemed to rank:

(i) on a parity with the Preferred Stock, Series 5, as to dividends or as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the Preferred Stock, Series 5, if the holders of such class of stock and the Preferred Stock, Series 5, shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective dividend rates (whether cumulative or non-cumulative) or liquidation prices, without preference or priority one over the other; and

(ii) junior to the Preferred Stock, Series 5, as to dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such stock shall be Common Stock or if the holders of Preferred Stock, Series 5, shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up, as the case may be, in preference or priority to the holders of shares of such stock.

(iii) The Shares of Preferred Stock of the Corporation designated "Floating Rate Non-Cumulative Preferred Stock, Series 1," "Floating Rate Non-Cumulative Preferred Stock, Series 2," "6.375% Non-Cumulative Preferred Stock, Series 3," "Floating Rate Non-Cumulative Preferred Stock, Series 4," "6.70% Non-Cumulative Perpetual Preferred Stock, Series 6," "6.25% Non-Cumulative Perpetual Preferred Stock, Series 7," "8.625% Non-Cumulative Preferred Stock, Series 8," "Cumulative Redeemable Preferred Stock, Series B," "Floating Rate Non-Cumulative Preferred Stock, Series E," "6.204% Non-Cumulative Preferred Stock, Series D," "Floating Rate Non-Cumulative Preferred Stock, Series F," "Adjustable Rate Non-Cumulative Preferred Stock, Series G," "8.20% Non-Cumulative Preferred Stock, Series H," "6.625% Non-Cumulative Preferred Stock, Series I," "7.25% Non-Cumulative Preferred Stock, Series J," "7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L," "Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K," and "Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M," and any other class or series of stock of the Corporation hereafter authorized that ranks on parity with the Preferred Stock, Series 5, as to dividends and distribution of assets upon liquidation, dissolution or winding up of the Corporation, shall be deemed to rank on a parity with the shares of the Preferred Stock, Series 5, as to dividends and distribution of assets upon the liquidation, dissolution or winding up of the Corporation.

(9) Exclusion of Other Rights. Unless otherwise required by law, shares of Preferred Stock, Series 5, shall not have any rights, including preemptive rights, or preferences other than those specifically set forth herein or as provided by applicable law.

(10) Notices. All notices or communications unless otherwise specified in the By-laws of the Corporation or the Amended and Restated Certificate of Incorporation, as amended, shall be sufficiently given if in writing and delivered in person or by first class mail, postage prepaid. Notice shall be deemed given on the earlier of the date received or the date such notice is mailed.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, does hereby affirm, under penalties of perjury, that this certificate is the act and deed of the Corporation and that the facts herein stated are true, and accordingly has hereunto set her hand this 31st day of December, 2008.

BANK OF AMERICA CORPORATION

By: /s/ Teresa M. Brenner
Name: Teresa M. Brenner
Title: Associate General Counsel

[Signature Page to Certificate of Designations, Series 5]

CERTIFICATE OF DESIGNATION
6.70% NONCUMULATIVE PERPETUAL PREFERRED STOCK, SERIES 6

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), hereby certifies that the following resolutions were adopted by the Board of Directors of the Corporation (the "Board of Directors") pursuant to the authority of the Board of Directors as conferred by Section 151 of the General Corporation Law of the State of Delaware, at a meeting duly convened and held on December 9, 2008:

RESOLVED, that pursuant to the authority vested in the Board of Directors by the Amended and Restated Certificate of Incorporation of the Corporation, the Board of Directors hereby creates a series of preferred stock of the Corporation's previously authorized preferred stock, par value \$0.01 per share, such series to be designated 6.70% Noncumulative Perpetual Preferred Stock, Series 6, to consist of 65,000 shares (the "Series 6 Preferred Stock"), and hereby states the designation and number of shares thereof and establishes the voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, as follows:

Section 1. Liquidation Value. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of the Series 6 Preferred Stock at the time outstanding will be entitled to receive out of the assets of the Corporation available for distribution to stockholders, before any distribution of assets is made to holders of Common Stock or any other class of stock ranking junior to the Series 6 Preferred Stock in the distribution of assets upon any liquidation, dissolution or winding up of the affairs of the Corporation, liquidating distributions in the amount of \$1,000 per share, plus any dividends declared thereon and not yet paid prior to the date of liquidation.

After payment of the full amount of the liquidating distributions to which they are entitled pursuant to the preceding paragraph, the holders of Series 6 Preferred Stock will have no right or claim to any of the remaining assets of the Corporation. In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, the available assets of the Corporation are insufficient to pay the full amount of the liquidating distributions on all outstanding Series 6 Preferred Stock and the corresponding amounts payable on all shares of other classes or series of capital stock of the Corporation ranking on a parity with the Series 6 Preferred Stock in the distribution of assets upon any liquidation, dissolution or winding up of the affairs of the Corporation, then the holders of the Series 6 Preferred Stock and such other classes or series of capital stock ranking on a parity with the Series 6 Preferred Stock shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they otherwise respectively would be entitled.

For the purposes of this Section 1, the consolidation or merger of the Corporation with or into any other entity, or the sale, lease or conveyance of all or substantially all of the property or business of the Corporation, shall not be deemed to constitute the liquidation, dissolution or winding up of the Corporation.

Section 2. Dividends.

(a) Payment of Dividends. Holders of Series 6 Preferred Stock shall be entitled to receive, if, when and as authorized and declared by the Board of Directors, out of assets of the Corporation legally available therefor, cash dividends at an annual rate of 6.70% of the \$1,000 liquidation preference per share (equivalent to \$67.00 per share per annum), and no more. Such noncumulative cash dividends shall be payable, if authorized and declared, quarterly on March 30, June 30, September 30 and December 30 of each year, or, if any such day is not a Business Day (as defined herein), on the preceding Business Day (each such date, "Dividend Payment Date"). Each authorized and declared dividend shall be payable to holders of record of the Series 6 Preferred Stock as they appear on the stock books of the Corporation at the close of business on such record date, not more than 45 calendar days nor less than 10 calendar days preceding the Dividend Payment Date therefor, as may be determined by the Board of Directors (each such date, a "Record Date"); provided, however, that if the date fixed for redemption of any of the Series 6 Preferred Stock occurs after a dividend is authorized and declared but before it is paid, such dividend shall be paid as part of the redemption price to the person to whom the redemption price is paid. Quarterly dividend periods (each, a "Dividend Period") shall commence on and include the first day of each Dividend Payment Date (other than the initial Dividend Period which shall be deemed to have commenced on December 30, 2008), and shall end on and include the last day, of the quarterly period in which the corresponding Dividend Payment Date occurs.

The amount of dividends payable for any Dividend Period which, as to any share of Series 6 Preferred Stock (determined by reference to the issuance date and the redemption or retirement date thereof), is greater or less than a full Dividend Period shall be computed on the basis of the number of days elapsed in the period using a 360-day year composed of twelve 30-day months.

Holders of the Series 6 Preferred Stock shall not be entitled to any interest, or any sum of money in lieu of interest, in respect of any dividend payment or payments on the Series 6 Preferred Stock authorized and declared by the Board of Directors that may be unpaid.

(b) Dividends Noncumulative. The right of holders of Series 6 Preferred Stock to receive dividends is noncumulative. Accordingly, if the Board of Directors does not authorize or declare a dividend payable in respect of any Dividend Period, holders of Series 6 Preferred Stock shall have no right to receive a dividend in respect of such Dividend Period and the Corporation shall have no obligation to pay a dividend in respect of such Dividend Period, whether or not dividends are authorized and declared payable in respect of any prior or subsequent Dividend Period.

(c) Priority as to Dividends; Limitations on Dividends on Junior Equity. If full dividends on the Series 6 Preferred Stock for a completed Dividend Period shall not have been declared and paid, or declared and a sum sufficient for the payment thereof shall not have been set apart for such payments, no dividends or distributions shall be authorized, declared or paid or set aside for payment (other than as provided in the second paragraph of this Section 2(c)) during the next subsequent Dividend Period with respect to the Common Stock or any other stock of the Corporation ranking junior to the Series 6 Preferred Stock as to dividends or amounts upon liquidation, dissolution or winding up of the affairs of the Corporation (together with the Common Stock, "Junior Equity") or any stock on parity with the Series 6 Preferred Stock as to dividends or amounts upon liquidation, dissolution or winding up of the affairs of the Corporation ("Parity Stock"), nor shall any Junior Equity or Parity Stock be redeemed, purchased or otherwise acquired for any consideration (or any monies to be paid to or made available for a sinking fund for the redemption of any such stock) by the Corporation (except by conversion into or exchange for other Junior Equity), until such time as dividends on all outstanding Series 6 Preferred Stock for at least four consecutive Dividend Periods have been paid in full.

When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) for any Dividend Period on the Series 6 Preferred Stock, all dividends declared on the Series 6 Preferred Stock and any other series ranking on a parity as to dividends with the Series 6 Preferred Stock shall be declared *pro rata* so that the amount of dividends declared per share on the Series 6 Preferred Stock and each such other series of capital stock shall in all cases bear to each other the same ratio that full dividends, for such Dividend Period, per share of Series 6 Preferred Stock (which shall not include any accumulation in respect of unpaid dividends for prior Dividend Periods) and full dividends, including required or permitted accumulations, if any, on the stock of each other series ranking on a parity as to dividends with the Series 6 Preferred Stock bear to each other.

(d) So long as any shares of Series 6 Preferred Stock are outstanding, the Corporation shall not authorize or issue any class or series of stock with a preference as to payment of distributions or amounts upon liquidation, dissolution or winding up that is senior in right to the preferences of the Series 6 Preferred Stock as to payment of distributions or amounts upon liquidation, dissolution or winding up.

(e) Any reference to "dividends" or "distributions" in this Section 2 shall not be deemed to include any distribution made in connection with any voluntary or involuntary dissolution, liquidation or winding up of the Corporation.

Section 3. Optional Redemption. The Series 6 Preferred Stock will not be redeemable prior to February 3, 2009. On or after February 3, 2009, the Series 6 Preferred Stock will be redeemable at the option of the Corporation, in whole or in part, at any time or from time to time, at a cash redemption price equal to the sum of the liquidation preference thereof plus the amount of the declared and unpaid dividends thereon from the beginning of the Dividend Period in which the redemption occurs to the date of redemption.

In the event that fewer than all the outstanding shares of Series 6 Preferred Stock are to be redeemed, the number of shares of Series 6 Preferred Stock to be redeemed shall be determined by the Board of Directors, and the shares to be redeemed shall be determined by lot or *pro rata* as may be determined by the Board of Directors or by any other method as may be determined by the Board of Directors in its sole discretion to be equitable, provided that such method satisfies any applicable requirements of any securities exchange (if any) on which the shares of Series 6 Preferred Stock are then listed.

Unless full dividends on the Series 6 Preferred Stock in respect of the most recently completed Dividend Period have been or contemporaneously are declared and paid or full dividends have been declared and a sum sufficient for the payment thereof has been set apart for payment in respect of the most recently completed Dividend Period, no Series 6 Preferred Stock shall be redeemed unless all outstanding shares of Series 6 Preferred Stock are redeemed and the Corporation shall not purchase or otherwise acquire any Series 6 Preferred Stock; provided, however, that the Corporation may purchase or acquire Series 6 Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series 6 Preferred Stock.

The Corporation will give notice of redemption of the Series 6 Preferred Stock by publication in a newspaper of general circulation in the City of New York, such publication to be made once a week for two successive weeks commencing not less than 30 nor more than 60 days' prior to the redemption date. A failure to give such notice or any defect in the notice or in the Corporation's mailing will not affect the validity of the proceedings for the given redemption of any Series 6 Preferred Stock except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the redemption date; (ii) the redemption price and (iii) the number of shares of Series 6 Preferred Stock to be redeemed.

A notice by the Corporation pursuant to this Section 3 shall be sufficiently given if in writing and mailed, first class postage prepaid, to each record holder of Series 6 Preferred Stock at the holder's address as it appears in the records of the Corporation's transfer agent. In any case where notice is given by mail, neither the failure to mail such notice nor any defect in the notice to any particular holder shall affect the sufficiency of such notice, to any other holder. Any notice mailed to a holder in the manner described above shall be deemed given on the date mailed, whether or not the holder actually receives the notice. A notice of redemption shall be given not less than 30 days and not more than 60 days prior to the date of redemption specified in the notice, and shall specify (i) the redemption date, (ii) the number of Series 6 Preferred Stock to be redeemed, (iii) the redemption price and (iv) the manner in which holders of Series 6 Preferred Stock called for redemption may obtain payment of the redemption price in respect of those shares.

Any shares of Series 6 Preferred Stock that are duly called for redemption pursuant to this Section 3 shall no longer be deemed to be outstanding for any purpose from and after that time that the Corporation shall have irrevocably deposited with the paying agent identified in the notice of redemption funds in an amount equal to the aggregate redemption price. From and after that time, the holders of the Series 6 Preferred Stock so called for redemption shall have no further rights as stockholders of the Corporation and in lieu thereof shall have only the right to receive the redemption price, without interest.

Series 6 Preferred Stock redeemed pursuant to this Section 3 or purchased or otherwise acquired for value by the Corporation shall, after such acquisition, have the status of authorized and unissued shares of Preferred Stock and may be reissued by the Corporation at any time as shares of any series of Preferred Stock other than as Series 6 Preferred Stock.

Section 4. Voting Rights.

(a) General. Except as expressly provided in this Section 4 and as required by law, holders of Series 6 Preferred Stock shall have no voting rights.

The holders of the Series 6 Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation, voting together with the holders of Common Stock as one class. Each share of Series 6 Preferred Stock shall be entitled to 5 votes.

When the holders of Series 6 Preferred Stock are entitled to vote as a separate series, each Series 6 Preferred Stock will be entitled to 40 votes and may designate up to 40 proxies, with each such proxy having the right to vote a whole number of votes, totaling 40 votes per share of Series 6 Preferred Stock.

When the holders of Series 6 Preferred Stock are entitled to vote together as a class with all other series of Preferred Stock pursuant to subsection (b) of this Section 4 hereof, each share of Series 6 Preferred stock will be entitled to one vote.

(b) Right to Elect Directors. If, at the time of any annual meeting of the Corporation's stockholders for the election of directors, the Corporation has failed to pay or declare and set aside for payment all scheduled dividends during any six Dividend Periods (whether or not consecutive) on the Series 6 Preferred Stock, the number of directors then constituting the Board of Directors of the Corporation will be increased by two (if not already increased by two due to failure to pay or declare and set aside dividends on any series of Preferred Stock), and the holders of the Series 6 Preferred Stock, voting separately as a class with all other series of Preferred Stock then entitled by the terms of such Preferred Stock to vote for additional directors, will be entitled to elect such two additional directors to serve on the Corporation's Board of Directors at each such annual meeting. Each director elected by the holders of shares of the Preferred Stock (a "Preferred Director") shall continue to serve as such director until the payment of all dividends on the Preferred Stock for at least four consecutive Dividend Periods, including the Series 6 Preferred Stock. Any Preferred Director may be removed by, and shall not be removed except by, the vote of the holders of record of the outstanding Series 6 Preferred Stock entitled to vote, voting separately as a class with all other holders of all other series of Preferred Stock entitled to vote on the matter, at a meeting of the Corporation's stockholders, or of the holders of the Series 6 Preferred Stock and all other series of Preferred Stock so entitled to vote thereon, called for that purpose. As long as dividends on the Series 6 Preferred Stock shall not have been paid for the preceding quarterly Dividend Period, (i) any vacancy in the office of any Preferred Director may be filled (except as provided in the following clause (ii)) by any instrument in writing signed by the remaining Preferred Director and filed with the Corporation, and (ii) in the case of the removal of any Preferred Director, the vacancy may be filled by the vote of the holders of the outstanding Series 6 Preferred Stock entitled to vote, voting together as a single class with the holders of all other series of Preferred Stock entitled to vote on the matter, at the same meeting at which such removal shall be voted. Each director appointed as aforesaid by the remaining Preferred Director shall be deemed, for all purposes hereof, to be Preferred Director. Any Preferred Director will be deemed to be an Independent Director for purposes of the actions requiring the approval of a majority of the Independent Directors.

(c) Certain Voting Rights. The affirmative vote or consent of the holders of at least 67% of the outstanding voting power of each series of Preferred Stock of the Corporation, including the Series 6 Preferred Stock, will be required (i) to create any class or series of stock which shall, as to dividends or distribution of assets, rank prior to any outstanding series of Preferred Stock of the Corporation other than a series which shall not have any right to object to such creation or (ii) alter or change the provisions of the Corporation's Amended and Restated Certificate of Incorporation (including the terms of the Series 6 Preferred Stock), including by consolidation or merger, so as to adversely affect the voting powers, preferences or special rights of the holders of a series of Preferred Stock of the Corporation; provided, however, that if such amendment shall not adversely affect all series of Preferred Stock of the Corporation, such amendment need only be approved by at least 67% of the voting power of each series of Preferred Stock adversely affected thereby. Notwithstanding the foregoing, an alteration or change to the provisions of the Corporation's Amended and Restated Certificate of Incorporation shall not be deemed to affect the voting powers, preferences or special rights of the holders of the Series 6 Preferred Stock, provided that: (x) the Series 6 Preferred Stock remain outstanding with the terms thereof unchanged; or (y) the Series 6 Preferred Stock are converted in a merger or consolidation transaction into shares of the surviving or successor corporation or the direct or indirect parent of the surviving or successor corporation having terms identical to the terms of the Series 6 Preferred Stock set forth herein. Additionally, an increase in the amount of the authorized Preferred Stock or the creation or issuance of any other series of Preferred Stock or an increase in the amount of authorized shares of any such series, in each case ranking on a parity with or junior to the Series 6 Preferred Stock with respect to payment of dividends or distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to adversely affect the voting powers, preferences or special rights of the holders of the Series 6 Preferred Stock.

Section 5. Independent Directors.

(a) Number; Definition. As long as any Series 6 Preferred Stock are outstanding, at least two directors on the Board of Directors shall be Independent Directors. As used herein, "Independent Director" means any director of the Corporation who is either (i) not a current officer or employee of the Corporation or (ii) a Preferred Director.

(b) Determination by Independent Directors. In determining whether any proposed action requiring their consent is in the best interests of the Corporation, the Independent Directors shall consider the interests of holders of both the Common Stock and the Preferred Stock, including, without limitation, the holders of the Series 6 Preferred Stock. In considering the interests of the holders of the Preferred Stock, including, without limitation, holders of the Series 6 Preferred Stock, the Independent Directors shall owe the same duties that the Independent Directors owe with respect to holders of shares of Common Stock.

Section 6. No Conversion Rights. The holders of Series 6 Preferred Stock shall not have any rights to convert such shares into shares of any other class or series of stock or into any other securities of, or any interest in, the Corporation.

Section 7. No Sinking Fund. No sinking fund shall be established for the retirement or redemption of Series 6 Preferred Stock.

Section 8. Preemptive or Subscription Rights. No holder of Series 6 Preferred Stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation or any other security of the Corporation that it may issue or sell.

Section 9. No Other Rights. The Series 6 Preferred Stock shall not have any designations, preferences or relative, participating, optional or other special rights except as set forth in the Corporation's Amended and Restated Certificate of Incorporation or as otherwise required by law.

Section 10. Compliance with Applicable Law. Declaration by the Board of Directors and payment by the Corporation of dividends to holders of the Series 6 Preferred Stock and repurchase, redemption or other acquisition by the Corporation (or another entity as provided in subsection (a) of Section 3 hereof) of Series 6 Preferred Stock shall be subject in all respects to any and all restrictions and limitations placed on dividends, redemptions or other distributions by the Corporation (or any such other entity) under (i) laws, regulations and regulatory conditions or limitations applicable to or regarding the Corporation (or any such other entity) from time to time and (ii) agreements with federal or state regulatory or banking authorities with respect to the Corporation (or any such other entity) from time to time in effect.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, does hereby affirm, under penalties of perjury, that this certificate is the act and deed of the Corporation and that the facts herein stated are true, and accordingly has hereunto set her hand this 31st day of December, 2008.

BANK OF AMERICA CORPORATION

By: /s/ Teresa M. Brenner
Name: Teresa M. Brenner
Title: Associate General Counsel

[Signature Page to Certificate of Designations, Series 6]

CERTIFICATE OF DESIGNATION
6.25% NONCUMULATIVE PERPETUAL PREFERRED STOCK, SERIES 7

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), hereby certifies that the following resolutions were adopted by the Board of Directors of the Corporation (the "Board of Directors") pursuant to the authority of the Board of Directors as conferred by Section 151 of the General Corporation Law of the State of Delaware, at a meeting duly convened and held on December 9, 2008:

RESOLVED, that pursuant to the authority vested in the Board of Directors by the Amended and Restated Certificate of Incorporation of the Corporation, the Board of Directors hereby creates a series of preferred stock of the Corporation's previously authorized preferred stock, par value \$0.01 per share, such series to be designated 6.25% Noncumulative Perpetual Preferred Stock, Series 7, to consist of 50,000 shares (the "Series 7 Preferred Stock"), and hereby states the designation and number of shares thereof and establishes the voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, as follows:

Section 1. Liquidation Value. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of the Series 7 Preferred Stock at the time outstanding will be entitled to receive out of the assets of the Corporation available for distribution to stockholders, before any distribution of assets is made to holders of Common Stock or any other class of stock ranking junior to the Series 7 Preferred Stock in the distribution of assets upon any liquidation, dissolution or winding up of the affairs of the Corporation, liquidating distributions in the amount of \$1,000 per share, plus any dividends declared thereon and not yet paid prior to the date of liquidation.

After payment of the full amount of the liquidating distributions to which they are entitled pursuant to the preceding paragraph, the holders of Series 7 Preferred Stock will have no right or claim to any of the remaining assets of the Corporation. In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, the available assets of the Corporation are insufficient to pay the full amount of the liquidating distributions on all outstanding Series 7 Preferred Stock and the corresponding amounts payable on all shares of other classes or series of capital stock of the Corporation ranking on a parity with the Series 7 Preferred Stock in the distribution of assets upon any liquidation, dissolution or winding up of the affairs of the Corporation, then the holders of the Series 7 Preferred Stock and such other classes or series of capital stock ranking on a parity with the Series 7 Preferred Stock shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they otherwise respectively would be entitled.

For the purposes of this Section 1, the consolidation or merger of the Corporation with or into any other entity, or the sale, lease or conveyance of all or substantially all of the property or business of the Corporation, shall not be deemed to constitute the liquidation, dissolution or winding up of the Corporation.

Section 2. Dividends.

(a) Payment of Dividends. Holders of Series 7 Preferred Stock shall be entitled to receive, if, when and as authorized and declared by the Board of Directors, out of assets of the Corporation legally available therefor, cash dividends at an annual rate of 6.25% of the \$1,000 liquidation preference per share (equivalent to \$62.50 per share per annum), and no more. Such noncumulative cash dividends shall be payable, if authorized and declared, quarterly on March 30, June 30, September 30 and December 30 of each year, or, if any such day is not a Business Day (as defined herein), on the preceding Business Day (each such date, "Dividend Payment Date"). Each authorized and declared dividend shall be payable to holders of record of the Series 7 Preferred Stock as they appear on the stock books of the Corporation at the close of business on such record date, not more than 30 calendar days nor less than 10 calendar days preceding the Dividend Payment Date therefor, as may be determined by the Board of Directors (each such date, a "Record Date"); provided, however, that if the date fixed for redemption of any of the Series 7 Preferred Stock occurs after a dividend is authorized and declared but before it is paid, such dividend shall be paid as part of the redemption price to the person to whom the redemption price is paid. Quarterly dividend periods (each, a "Dividend Period") shall commence on and include the first day of each Dividend Payment Date (other than the initial Dividend Period which shall be deemed to have commenced on December 30, 2008), and shall end on and include the last day, of the quarterly period in which the corresponding Dividend Payment Date occurs.

The amount of dividends payable for any Dividend Period which, as to any share of Series 7 Preferred Stock (determined by reference to the issuance date and the redemption or retirement date thereof), is greater or less than a full Dividend Period shall be computed on the basis of the number of days elapsed in the period using a 360-day year composed of twelve 30-day months.

Holders of the Series 7 Preferred Stock shall not be entitled to any interest, or any sum of money in lieu of interest, in respect of any dividend payment or payments on the Series 7 Preferred Stock authorized and declared by the Board of Directors that may be unpaid.

(b) Dividends Noncumulative. The right of holders of Series 7 Preferred Stock to receive dividends is noncumulative. Accordingly, if the Board of Directors does not authorize or declare a dividend payable in respect of any Dividend Period, holders of Series 7 Preferred Stock shall have no right to receive a dividend in respect of such Dividend Period and the Corporation shall have no obligation to pay a dividend in respect of such Dividend Period, whether or not dividends are authorized and declared payable in respect of any prior or subsequent Dividend Period.

(c) Priority as to Dividends; Limitations on Dividends on Junior Equity. If full dividends on the Series 7 Preferred Stock for a completed Dividend Period shall not have been declared and paid, or declared and a sum sufficient for the payment thereof shall not have been set apart for such payments, no dividends or distributions shall be authorized, declared or paid or set aside for payment (other than as provided in the second paragraph of this Section 2(c)) during the next subsequent Dividend Period with respect to the Common Stock or any other stock of the Corporation ranking junior to the Series 7 Preferred Stock as to dividends or amounts upon liquidation, dissolution or winding up of the affairs of the Corporation (together with the Common Stock, "Junior Equity") or any stock on parity with the Series 7 Preferred Stock as to dividends or amounts upon liquidation, dissolution or winding up of the affairs of the Corporation ("Parity Stock"), nor shall any Junior Equity or Parity Stock be redeemed, purchased or otherwise acquired for any consideration (or any monies to be paid to or made available for a sinking fund for the redemption of any such stock) by the Corporation (except by conversion into or exchange for other Junior Equity), until such time as dividends on all outstanding Series 7 Preferred Stock for at least four consecutive Dividend Periods have been paid in full.

When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) for any Dividend Period on the Series 7 Preferred Stock, all dividends declared on the Series 7 Preferred Stock and any other series ranking on a parity as to dividends with the Series 7 Preferred Stock shall be distributed *pro rata* so that the amount of dividends declared per share on the Series 7 Preferred Stock and each such other series of capital stock shall in all cases bear to each other the same ratio that full dividends, for such Dividend Period, per share of Series 7 Preferred Stock (which shall not include any accumulation in respect of unpaid dividends for prior Dividend Periods) and full dividends, including required or permitted accumulations, if any, on the stock of each other series ranking on a parity as to dividends with the Series 7 Preferred Stock bear to each other.

(d) So long as any shares of Series 7 Preferred Stock are outstanding, the Corporation shall not authorize or issue any class or series of stock with a preference as to payment of distributions or amounts upon liquidation, dissolution or winding up that is senior in right to the preferences of the Series 7 Preferred Stock as to payment of distributions or amounts upon liquidation, dissolution or winding up.

(e) Any reference to "dividends" or "distributions" in this Section 2 shall not be deemed to include any distribution made in connection with any voluntary or involuntary dissolution, liquidation or winding up of the Corporation.

Section 3. Optional Redemption. The Series 7 Preferred Stock will not be redeemable prior to March 18, 2010. On or after March 18, 2010, the Series 7 Preferred Stock will be redeemable at the option of the Corporation, in whole or in part, at any time or from time to time, at a cash redemption price equal to the sum of the liquidation preference thereof plus the amount of the declared and unpaid dividends thereon from the beginning of the Dividend Period in which the redemption occurs to the date of redemption.

In the event that fewer than all the outstanding shares of Series 7 Preferred Stock are to be redeemed, the number of shares of Series 7 Preferred Stock to be redeemed shall be determined by the Board of Directors, and the shares to be redeemed shall be determined by lot or *pro rata* as may be determined by the Board of Directors or by any other method as may be determined by the Board of Directors in its sole discretion to be equitable, provided that such method satisfies any applicable requirements of any securities exchange (if any) on which the shares of Series 7 Preferred Stock are then listed.

Unless full dividends on the Series 7 Preferred Stock in respect of the most recently completed Dividend Period have been or contemporaneously are declared and paid or full dividends have been declared and a sum sufficient for the payment thereof has been set apart for payment in respect of the most recently completed Dividend Period, no Series 7 Preferred Stock shall be redeemed unless all outstanding shares of Series 7 Preferred Stock are redeemed and the Corporation shall not purchase or otherwise acquire any Series 7 Preferred Stock; provided, however, that the Corporation may purchase or acquire Series 7 Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series 7 Preferred Stock.

The Corporation will give notice of redemption of the Series 7 Preferred Stock by publication in a newspaper of general circulation in the City of New York, such publication to be made once a week for two successive weeks commencing not less than 30 nor more than 60 days' prior to the redemption date. A failure to give such notice or any defect in the notice or in the Corporation's mailing will not affect the validity of the proceedings for the given redemption of any Series 7 Preferred Stock except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the redemption date; (ii) the redemption price and (iii) the number of shares of Series 7 Preferred Stock to be redeemed.

A notice by the Corporation pursuant to this Section 3 shall be sufficiently given if in writing and mailed, first class postage prepaid, to each record holder of Series 7 Preferred Stock at the holder's address as it appears in the records of the Corporation's transfer agent. In any case where notice is given by mail, neither the failure to mail such notice nor any defect in the notice to any particular holder shall affect the sufficiency of such notice, to any other holder. Any notice mailed to a holder in the manner described above shall be deemed given on the date mailed, whether or not the holder actually receives the notice. A notice of redemption shall be given not less than 30 days and not more than 60 days prior to the date of redemption specified in the notice, and shall specify (i) the redemption date, (ii) the number of Series 7 Preferred Stock to be redeemed, (iii) the redemption price and (iv) the manner in which holders of Series 7 Preferred Stock called for redemption may obtain payment of the redemption price in respect of those shares.

Any shares of Series 7 Preferred Stock that are duly called for redemption pursuant to this Section 3 shall no longer be deemed to be outstanding for any purpose from and after that time that the Corporation shall have irrevocably deposited with the paying agent identified in the notice of redemption funds in an amount equal to the aggregate redemption price. From and after that time, the holders of the Series 7 Preferred Stock so called for redemption shall have no further rights as stockholders of the Corporation and in lieu thereof shall have only the right to receive the redemption price, without interest.

Series 7 Preferred Stock redeemed pursuant to this Section 3 or purchased or otherwise acquired for value by the Corporation shall, after such acquisition, have the status of authorized and unissued shares of Preferred Stock and may be reissued by the Corporation at any time as shares of any series of Preferred Stock other than as Series 7 Preferred Stock.

Section 4. Voting Rights.

(a) General. Except as expressly provided in this Section 4 and as required by law, holders of Series 7 Preferred Stock shall have no voting rights.

The holders of the Series 7 Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation, voting together with the holders of Common Stock as one class. Each share of Series 7 Preferred Stock shall be entitled to 5 votes.

When the holders of Series 7 Preferred Stock are entitled to vote as a separate series, each Series 7 Preferred Stock will be entitled to 40 votes and may designate up to 40 proxies, with each such proxy having the right to vote a whole number of votes, totaling 40 votes per share of Series 7 Preferred Stock.

When the holders of Series 7 Preferred Stock are entitled to vote together as a class with all other series of Preferred Stock pursuant to subsection (b) of this Section 4 hereof, each share of Series 7 Preferred stock will be entitled to one vote.

(b) Right to Elect Directors. If, at the time of any annual meeting of the Corporation's stockholders for the election of directors, the Corporation has failed to pay or declare and set aside for payment all scheduled dividends during any six Dividend Periods (whether or not consecutive) on the Series 7 Preferred Stock, the number of directors then constituting the Board of Directors of the Corporation will be increased by two (if not already increased by two due to failure to pay or declare and set aside dividends on any series of Preferred Stock), and the holders of the Series 7 Preferred Stock, voting separately as a class with all other series of Preferred Stock then entitled by the terms of such Preferred Stock to vote for additional directors, will be entitled to elect such two additional directors to serve on the Corporation's Board of Directors at each such annual meeting. Each director elected by the holders of shares of the Preferred Stock (a "Preferred Director") shall continue to serve as such director until the payment of all dividends on the Preferred Stock for at least four consecutive Dividend Periods, including the Series 7 Preferred Stock. Any Preferred Director may be removed by, and shall not be removed except by, the vote of the holders of record of the outstanding Series 7 Preferred Stock entitled to vote, voting separately as a class with all other holders of all other series of Preferred Stock entitled to vote on the matter, at a meeting of the Corporation's stockholders, or of the holders of the Series 7 Preferred Stock and all other series of Preferred Stock so entitled to vote thereon, called for that purpose. As long as dividends on the Series 7 Preferred Stock shall not have been paid for the preceding quarterly Dividend Period, (i) any vacancy in the office of any Preferred Director may be filled (except as provided in the following clause (ii)) by any instrument in writing signed by the remaining Preferred Director and filed with the Corporation, and (ii) in the case of the removal of any Preferred Director, the vacancy may be filled by the vote of the holders of the outstanding Series 7 Preferred Stock entitled to vote, voting together as a single class with the holders of all other series of Preferred Stock entitled to vote on the matter, at the same meeting at which such removal shall be voted. Each director appointed as aforesaid by the remaining Preferred Director shall be deemed, for all purposes hereof, to be Preferred Director. Any Preferred Director will be deemed to be an Independent Director for purposes of the actions requiring the approval of a majority of the Independent Directors.

(c) Certain Voting Rights. The affirmative vote or consent of the holders of at least 67% of the outstanding voting power of each series of Preferred Stock of the Corporation, including the Series 7 Preferred Stock, will be required (i) to create any class or series of stock which shall, as to dividends or distribution of assets, rank prior to any outstanding series of Preferred Stock of the Corporation other than a series which shall not have any right to object to such creation or (ii) alter or change the provisions of the Corporation's Amended and Restated Certificate of Incorporation (including the terms of the Series 7 Preferred Stock), including by consolidation or merger, so as to adversely affect the voting powers, preferences or special rights of the holders of a series of Preferred Stock of the Corporation; provided, however, that if such amendment shall not adversely affect all series of Preferred Stock of the Corporation, such amendment need only be approved by at least 67% of the voting power of each series of Preferred Stock adversely affected thereby. Notwithstanding the foregoing, an alteration or change to the provisions of the Corporation's Amended and Restated Certificate of Incorporation shall not be deemed to affect the voting powers, preferences or special rights of the holders of the Series 7 Preferred Stock, provided that: (x) the Series 7 Preferred Stock remain outstanding with the terms thereof unchanged; or (y) the Series 7 Preferred Stock are converted in a merger or consolidation transaction into shares of the surviving or successor corporation or the direct or indirect parent of the surviving or successor corporation having terms identical to the terms of the Series 7 Preferred Stock set forth herein. Additionally, an increase in the amount of the authorized Preferred Stock or the creation or issuance of any other series of Preferred Stock or an increase in the amount of authorized shares of any such series, in each case ranking on a parity with or junior to the Series 7 Preferred Stock with respect to payment of dividends or distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to adversely affect the voting powers, preferences or special rights of the holders of the Series 7 Preferred Stock.

Section 5. Independent Directors.

(a) Number; Definition. As long as any Series 7 Preferred Stock are outstanding, at least two directors on the Board of Directors shall be Independent Directors. As used herein, "Independent Director" means any director of the Corporation who is either (i) not a current officer or employee of the Corporation or (ii) a Preferred Director.

(b) Determination by Independent Directors. In determining whether any proposed action requiring their consent is in the best interests of the Corporation, the Independent Directors shall consider the interests of holders of both the Common Stock and the Preferred Stock, including, without limitation, the holders of the Series 7 Preferred Stock. In considering the interests of the holders of the Preferred Stock, including, without limitation, holders of the Series 7 Preferred Stock, the Independent Directors shall owe the same duties that the Independent Directors owe with respect to holders of shares of Common Stock.

Section 6. No Conversion Rights. The holders of Series 7 Preferred Stock shall not have any rights to convert such shares into shares of any other class or series of stock or into any other securities of, or any interest in, the Corporation.

Section 7. No Sinking Fund. No sinking fund shall be established for the retirement or redemption of Series 7 Preferred Stock.

Section 8. Preemptive or Subscription Rights. No holder of Series 7 Preferred Stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation or any other security of the Corporation that it may issue or sell.

Section 9. No Other Rights. The Series 7 Preferred Stock shall not have any designations, preferences or relative, participating, optional or other special rights except as set forth in the Corporation's Amended and Restated Certificate of Incorporation or as otherwise required by law.

Section 10. Compliance with Applicable Law. Declaration by the Board of Directors and payment by the Corporation of dividends to holders of the Series 7 Preferred Stock and repurchase, redemption or other acquisition by the Corporation (or another entity as provided in subsection (a) of Section 3 hereof) of Series 7 Preferred Stock shall be subject in all respects to any and all restrictions and limitations placed on dividends, redemptions or other distributions by the Corporation (or any such other entity) under (i) laws, regulations and regulatory conditions or limitations applicable to or regarding the Corporation (or any such other entity) from time to time and (ii) agreements with federal or state regulatory or banking authorities with respect to the Corporation (or any such other entity) from time to time in effect.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, does hereby affirm, under penalties of perjury, that this certificate is the act and deed of the Corporation and that the facts herein stated are true, and accordingly has hereunto set her hand this 31st day of December, 2008.

BANK OF AMERICA CORPORTION

By: /s/ Teresa M. Brenner
Name: Teresa M. Brenner
Title: Associate General Counsel

[Signature Page to Certificate of Designations, Series 7]

BANK OF AMERICA CORPORATION

CERTIFICATE OF DESIGNATIONS

**Pursuant to Section 151 of the
General Corporation Law of the State of Delaware**

**8.625% NON-CUMULATIVE PREFERRED STOCK, SERIES 8
(Par Value \$0.01 Per Share)**

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), hereby certifies that the following resolutions were adopted by the Board of Directors of the Corporation (the "Board of Directors") pursuant to the authority of the Board of Directors as conferred by Section 151 of the General Corporation Law of the State of Delaware, at a meeting duly convened and held on December 9, 2008:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors by the Amended and Restated Certificate of Incorporation of the Corporation, the Board of Directors hereby creates a series of the Corporation's previously authorized preferred stock, par value \$0.01 per share (the "Preferred Stock"), and hereby states the designation and number of shares thereof and establishes the voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, as follows:

8.625% NON-CUMULATIVE PREFERRED STOCK, SERIES 8

(1) Number of Shares and Designation. 89,100 shares of the preferred stock, par value \$0.01 per share, of the Corporation are hereby constituted as a series of preferred stock, par value \$0.01 per share, designated as 8.625% Non-Cumulative Preferred Stock, Series 8 (hereinafter called the "Preferred Stock, Series 8").

(2) Dividends. (a) The holders of shares of the Preferred Stock, Series 8, shall be entitled to receive, as, if and when declared by the Board of Directors of the Corporation (or a duly authorized committee thereof), out of assets of the Corporation legally available under Delaware law for the payment of dividends, non-cumulative cash dividends at the rate set forth below in this Section (2) applied to the amount of \$30,000 per share. Such dividends shall be payable in arrears, as, if and when declared by the Board of Directors of the Corporation (or a duly authorized committee thereof) quarterly, on February 28, May 28, August 28 and November 28 of each year (the "Payment Dates") commencing on February 28, 2009; provided that if any such Payment Date is not a New York Business Day, the Payment Date will be the next succeeding day that is a New York Business Day. Each such dividend shall be payable to the holders of record of shares of the Preferred Stock, Series 8, as they appear on the stock register of the Corporation on such record dates, which shall be a date not more than 30 days nor less than 10 days preceding the applicable Payment Dates, as shall be fixed by the Board of Directors of the Corporation (or a duly authorized committee thereof). A "New York Business Day" means any day that is not a Saturday or Sunday and that, in New York City, is not a day on which banking institutions generally are authorized or obligated by law or executive order to be closed.

(b)(i) Dividend periods ("Dividend Periods") shall commence on each Payment Date (other than the initial Dividend Period which shall be deemed to have commenced on November 28, 2008) and shall end on and exclude the next succeeding Payment Date. The dividend rate on the shares of Preferred Stock, Series 8 for each Dividend Period shall be 8.625% per annum, of the \$30,000 liquidation preference per share of Preferred Stock, Series 8.

(ii) The amount of dividends payable for each full Dividend Period (including the initial Dividend Period) for the Preferred Stock, Series 8, shall be computed by dividing the dividend rate of 8.625% per annum by four and applying the resulting rate to the amount of \$30,000 per share. The amount of dividends payable for any period shorter than a full Dividend Period on the Preferred Stock, Series 8, shall be computed on the basis of 30-day months, a 360-day year and the actual number of days elapsed in any period of less than one month. The amount of dividends payable on the Preferred Stock, Series 8, shall be rounded to the nearest cent, with one-half cent being rounded upwards.

(c) So long as any shares of the Preferred Stock, Series 8 are outstanding, the Corporation may not declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire (except for purchases by the Corporation or its affiliates in connection with transactions effected by or for the account of customers of the Corporation or customers of any of its subsidiaries or in connection with the distribution or trading of such stock), or make a liquidation payment with respect to the preferred stock of the Corporation of any series and any other stock of the Corporation ranking, as to dividends, on a parity with the Preferred Stock, Series 8 unless for such Dividend Period full dividends on all outstanding shares of Preferred Stock, Series 8 have been declared, paid or set aside for payment. When dividends are not paid in full, as aforesaid, upon the shares of the Preferred Stock, Series 8, and any other preferred stock and other stock of the Corporation ranking on a parity as to dividends with the Preferred Stock, Series 8, all dividends declared upon shares of the Preferred Stock, Series 8, and any other

preferred stock and other stock of the Corporation ranking on a parity as to dividends (whether cumulative or non-cumulative) shall be declared pro rata so that the amount of dividends declared per share on the Preferred Stock, Series 8, and all such other stock of the Corporation shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of the Preferred Stock, Series 8 (but without, in the case of any non-cumulative preferred stock, accumulation of unpaid dividends for prior Dividend Periods) and all such other stock bear to each other.

(d) So long as any shares of the Preferred Stock, Series 8 are outstanding, the Corporation may not, at any time, declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any Common Stock or any other stock of the Corporation ranking as to dividends or distribution of assets junior to the Preferred Stock, Series 8 unless full dividends on all outstanding shares of Preferred Stock, Series 8 have been declared, paid or set aside for payment for the immediately preceding Dividend Period (except for (x) dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, the Common Stock or other of the Corporation's capital stock ranking junior to Preferred Stock, Series 8 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation, (y) conversions or exchanges for the Corporation's capital stock ranking junior to Preferred Stock, Series 8 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation and (z) purchases by the Corporation or its affiliates in connection with transactions effected by or for the account of customers of the Corporation or customers of any of its subsidiaries or in connection with the distribution or trading of such capital stock); provided, however, that the foregoing dividend preference shall not be cumulative and shall not in any way create any claim or right in favor of the holders of Preferred Stock, Series 8 in the event that dividends have not been declared or paid on the Preferred Stock, Series 8 in respect of any prior Dividend Period. If the full dividend on the Preferred Stock, Series 8 is not paid for any Dividend Period, the holders of Preferred Stock, Series 8 will have no claim in respect of the unpaid amount so long as no dividend (other than those referred to above) is paid on the Common Stock or other of the Corporation's capital stock ranking junior to Preferred Stock, Series 8 as to dividends and distribution of assets upon dissolution, liquidation or winding up of the Corporation.

(e) No dividends may be declared or paid or set aside for payment on any shares of Preferred Stock, Series 8 if at the same time any arrears exists in the payment of dividends on any outstanding class or series of stock of the Corporation ranking, as to the payment of dividends, prior to the Preferred Stock, Series 8.

(f) Holders of shares of the Preferred Stock, Series 8, shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full dividends, as herein provided, on the Preferred Stock, Series 8. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Preferred Stock, Series 8, which may be in arrears.

(3) **Liquidation Preference.** (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation or proceeds thereof (whether capital or surplus) shall be made to or set apart for the holders of any series or class or classes of stock of the Corporation ranking junior to the Preferred Stock, Series 8, upon liquidation, dissolution, or winding up, the holders of the shares of the Preferred Stock, Series 8, shall be entitled to receive \$30,000 per share plus an amount equal to declared and unpaid dividends, without accumulation of undeclared dividends. If, upon any liquidation, dissolution, or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of the Preferred Stock, Series 8, shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of preferred stock ranking, as to liquidation, dissolution or winding up, on a parity with the Preferred Stock, Series 8, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Preferred Stock, Series 8, and any such other preferred stock ratably in accordance with the respective amounts which would be payable on such shares of Preferred Stock, Series 8, and any such other preferred stock if all amounts payable thereon were paid in full. For the purposes of this Section (3), neither the sale, lease or exchange (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation, nor the consolidation, merger or combination of the Corporation into or with one or more corporations or the consolidation, merger or combination of any other corporation or entity into or with the Corporation, shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

(b) After payment shall have been made in full to the holders of Preferred Stock, Series 8, as provided in this Section (3), the holders of Preferred Stock, Series 8 will not be entitled to any further participation in any distribution of assets of the Corporation. Subject to the rights of the holders of shares of any series or class or classes of stock ranking on a parity with or prior to the Preferred Stock, Series 8, upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of Preferred Stock, Series 8, as provided in this Section (3), but not prior thereto, any other series or class or classes of stock ranking junior to the Preferred Stock, Series 8, shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Preferred Stock, Series 8, shall not be entitled to share therein.

(4) Redemption. (a) The Preferred Stock, Series 8, may not be redeemed prior to May 28, 2013. On and after May 28, 2013, the Corporation, at its option, may redeem shares of the Preferred Stock, Series 8, as a whole at any time or in part from time to time, at a redemption price of \$30,000 per share, together in each case with declared and unpaid dividends, without accumulation of any undeclared dividends. The Chief Financial Officer or the Treasurer may exercise the Corporation's right to redeem the Preferred Stock, Series 8 as a whole at any time without further action of the Board of Directors or a duly authorized committee thereof. The Corporation may only elect to redeem the Preferred Stock, Series 8 in part pursuant to a resolution by the Board of Directors or a duly authorized committee thereof.

(b) In the event the Corporation shall redeem shares of Preferred Stock, Series 8, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 days nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock register of the Corporation. Each such notice shall state: (i) the redemption date; (ii) the number of shares of Preferred Stock, Series 8, to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; and (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price. Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the payment of the redemption price) said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. The Corporation's obligation to provide moneys in accordance with the preceding sentence shall be deemed fulfilled if, on or before the redemption date, the Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) having an office in the Borough of Manhattan, City of New York, having a capital and surplus of at least \$50,000,000, funds necessary for such redemption, in trust, with irrevocable instructions that such funds be applied to the redemption of the shares of Preferred Stock, Series 8, so called for redemption. Any interest accrued on such funds shall be paid to the Corporation from time to time. Any funds so deposited and unclaimed at the end of two years from such redemption date shall be released or repaid to the Corporation, after which the holder or holders of such shares of Preferred Stock, Series 8, so called for redemption shall look only to the Corporation for payment of the redemption price.

Upon surrender, in accordance with said notice, of the certificates for any such shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the applicable redemption price aforesaid. If less than all the outstanding shares of Preferred Stock, Series 8, are to be redeemed, shares to be redeemed shall be selected by the Board of Directors of the Corporation (or a duly authorized committee thereof) from outstanding shares of Preferred Stock, Series 8, not previously called for redemption by lot or pro rata or by any other method determined by the Board of Directors of the Corporation (or a duly authorized committee thereof) to be equitable. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

The Preferred Stock, Series 8 will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Preferred Stock, Series 8 will have no right to require redemption of any shares of Preferred Stock, Series 8.

(5) Terms Dependent on Regulatory Changes. If, (a) the Corporation (by election or otherwise) is subject to any law, rule, regulation or guidance (together, "Regulations") relating to its capital adequacy which Regulation (x) provides for a type or level of capital characterized as "Tier 1" in, or pursuant to Regulations of any governmental agency, authority or body having regulatory jurisdiction over the Corporation and implementing, the capital standards published by the Basel Committee on Banking Supervision, the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System, or any other United States national governmental agency, authority or body, or (y) provides for a type or level of capital that in the judgment of the Board of Directors (or a duly authorized committee thereof) after consultation with legal counsel of recognized standing is substantially equivalent to such "Tier 1" capital (such capital described in either (x) or (y) is referred to below as "Tier 1 Capital"), and (b) the Board of Directors (or a duly authorized committee thereof) affirmatively elects to qualify the Preferred Stock, Series 8 for such Tier 1 Capital treatment without any sublimit or other quantitative restrictions on the inclusion of such Preferred Stock, Series 8 in Tier 1 Capital (other than any limitation requiring that common equity or a specified form of common equity constitute the dominant form of Tier 1 Capital) under such Regulations, then, upon such affirmative election, the terms of the Preferred Stock, Series 8 shall automatically be amended to reflect the following modifications (without any action or consent by the holders of the Preferred Stock, Series 8 or any other vote of stockholders of the Corporation):

(i) If and to the extent such modification is a Required Unrestricted Tier 1 Provision (as defined below), the Corporation's right to redeem the Preferred Stock, Series 8 on and after May 28, 2013 pursuant to Section (5) hereof shall be restricted (such restrictions including but not limited to any requirement that the Corporation receive prior approval for such redemption from any applicable governmental agency, authority or body or that such redemption be prohibited);

(ii) If and to the extent such modification is a Required Unrestricted Tier 1 Provision, the Corporation's right to make distributions with respect to, or redeem, purchase or acquire or make payments on, securities junior to the Preferred Stock, Series 8 (upon a non-payment of dividends on the Preferred Stock, Series 8) shall become subject to additional restrictions (other than those set forth in Section (2)(d) hereof) pursuant to the terms of the Preferred Stock, Series 8; and

(iii) If and to the extent such modification is a Required Unrestricted Tier 1 Provision, any other new provisions or terms shall be added to the Preferred Stock, Series 8, or existing terms shall be modified; provided, however, that no such provision or term shall be added, and no such modification shall be made pursuant to the terms of this Section (5)(iii), if it would alter or change the rights, powers or preferences of the shares of the Preferred Stock, Series 8 so as to affect the shares of the Preferred Stock, Series 8 adversely.

As used above, the term "Required Unrestricted Tier 1 Provision" means a term which is, in the written opinion of legal counsel of recognized standing and delivered to the Corporation, required for the Preferred Stock, Series 8 to be treated as Tier 1 Capital of the Corporation without any sublimit or other quantitative restriction on the inclusion of such Preferred Stock, Series 8 in Tier 1 Capital (other than any limitation requiring that common equity or a specified form of common equity constitute the dominant form of Tier 1 Capital) pursuant to the applicable Regulations. The Corporation shall provide notice to holders of any Preferred Stock, Series 8 of any such changes in the terms of the Preferred Stock, Series 8 made pursuant to the terms of this Section (5) on or about the date of effectiveness of any such modification and shall maintain a copy of such notice on file at the principal offices of the Corporation. A copy of the relevant Regulations shall also be on file at the principal offices of the Corporation and, upon request, will be made available to such holders.

For the avoidance of doubt, "amend", "modify", "change" and words of similar effect used in this Section (5) mean that the Preferred Stock, Series 8 shall have such additional or different rights, powers and preferences, and such qualifications, limitations and restrictions as may be established by the Board of Directors (or a duly authorized committee thereof) pursuant to this Section (5), subject to the limitations set forth herein.

(6) Voting Rights. The Preferred Stock, Series 8, shall have no voting rights, except as hereinafter set forth or as otherwise from time to time required by law.

The holders of the Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation, voting together with the holders of Common Stock as one class. Each share of Preferred Stock shall be entitled to 150 votes.

Whenever dividends payable on the Preferred Stock, Series 8, have not been declared or paid for such number of Dividend Periods, whether or not consecutive, which in the aggregate is equivalent to six Dividend Periods (a "Nonpayment"), the holders of outstanding shares of the Preferred Stock, Series 8, shall have the exclusive right, voting as a class with holders of shares of all other series of preferred stock ranking on a parity with the Preferred Stock, Series 8, either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable (to the extent such other series of preferred stock are entitled to vote pursuant to the terms thereof), to vote for the election of two additional directors to the Board of Directors of the Corporation at the next annual meeting of stockholders and at each subsequent annual meeting of stockholders on the terms set forth below. At elections for such directors, or on any other matters requiring their consent and approval, each holder of the Preferred Stock, Series 8, shall be entitled to three votes for each share of Preferred Stock, Series 8 held (the holders of shares of any other series of preferred stock ranking on such a parity being entitled to such number of votes, if any, for each share of stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of Preferred Stock, Series 8 (either alone or together with the holders of shares of all other series of preferred stock ranking on such a parity) as hereinafter set forth. The right of such holders of such shares of the Preferred Stock, Series 8, voting as a class with holders of shares of all other series of preferred stock ranking on such a parity, to elect members of the Board of Directors of the Corporation as aforesaid shall continue until all dividends on such shares of Preferred Stock, Series 8, shall have been paid in full for at least four Dividend Periods following the Nonpayment. Upon payment in full of such dividends, such voting rights shall terminate except as expressly provided by law, subject to re-vesting in the event of each and every subsequent Nonpayment in the payment of dividends as aforesaid.

Upon termination of the right of the holders of the Preferred Stock, Series 8, to vote for directors as provided in the previous paragraph, the term of office of all directors then in office elected by such holders will terminate immediately. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the remaining director elected by such holders voting as a class may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting rights shall have expired, the

number of directors shall be such number as may be provided for in the By-laws irrespective of any increase made pursuant to the provisions hereof.

So long as any shares of the Preferred Stock, Series 8, remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of the shares of the Preferred Stock, Series 8, outstanding at the time (voting as a class with all other series of preferred stock ranking on a parity with the Preferred Stock, Series 8, either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable), given in person or by proxy, either in writing or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following:

- (i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to the Preferred Stock, Series 8, with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up; or
- (ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Amended and Restated Certificate of Incorporation, as amended, or of the resolutions set forth in a Certificate of Designations for such Preferred Stock, Series 8, which would adversely affect any right, preference, privilege or voting power of the Preferred Stock, Series 8, or of the holders thereof;

provided, however, that (a) any increase in the amount of issued Preferred Stock, Series 8 or authorized preferred stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock, in each case ranking on a parity with or junior to the Preferred Stock, Series 8, with respect to the payment of dividends (whether such dividends were cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up and (b) a conversion of the Offered Preferred Stock in a merger or consolidation transaction into shares of the surviving or successor corporation or the direct or indirect parent of the surviving or successor corporation having terms substantially identical to the terms of the Offered Preferred Stock shall not be deemed to adversely affect such rights, preferences, privileges or voting powers.

Without the consent of the holders of the Preferred Stock, Series 8, so long as such action does not adversely affect the interests of holders of Preferred Stock, Series 8, the Corporation may amend, alter, supplement or repeal any terms of the Preferred Stock, Series 8:

- (i) to cure any ambiguity, or to cure, correct or supplement any provision contained in a Certificate of Designations for such Preferred Stock, Series 8 that may be defective or inconsistent; or
- (ii) to make any provision with respect to matters or questions arising with respect to the Preferred Stock, Series 8 that is not inconsistent with the provisions of a Certificate of Designations for such Preferred Stock, Series 8.

The rules and procedures for calling and conducting any meeting of the holders of Preferred Stock, Series 8 (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents, and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors of the Corporation, or a duly authorized committee thereof, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of any national securities exchange on which the Preferred Stock, Series 8 are listed at the time.

The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Preferred Stock, Series 8, shall have been redeemed or sufficient funds shall have been deposited in trust to effect such a redemption which is scheduled to be consummated within three months after the time that such rights would otherwise be exercisable.

(7) Record Holders. The Corporation and the transfer agent for the Preferred Stock, Series 8, may deem and treat the record holder of any share of such Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

(8) Ranking. Any class or classes of stock of the Corporation shall be deemed to rank:

- (i) on a parity with the Preferred Stock, Series 8, as to dividends or as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the Preferred Stock, Series 8, if the holders of such class of stock and the Preferred Stock, Series 8, shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective dividend rates (whether cumulative or non-cumulative) or liquidation prices, without preference or priority one over the other; and
-

(ii) junior to the Preferred Stock, Series 8, as to dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such stock shall be Common Stock or if the holders of Preferred Stock, Series 8, shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up, as the case may be, in preference or priority to the holders of shares of such stock.

(iii) The Shares of Preferred Stock of the Corporation designated "Floating Rate Non-Cumulative Preferred Stock, Series 1," "Floating Rate Non-Cumulative Preferred Stock, Series 2," "6.375% Non-Cumulative Preferred Stock, Series 3," "Floating Rate Non-Cumulative Preferred Stock, Series 4," "Floating Rate Non-Cumulative Preferred Stock, Series 5," "6.70% Non-Cumulative Perpetual Preferred Stock, Series 6," "6.25% Non-Cumulative Perpetual Preferred Stock, Series 7," "Cumulative Redeemable Preferred Stock, Series B," "Floating Rate Non-Cumulative Preferred Stock, Series E," "6.204% Non-Cumulative Preferred Stock, Series D" "Floating Rate Non-Cumulative Preferred Stock, Series F," "Adjustable Rate Non-Cumulative Preferred Stock, Series G," "8.20% Non-Cumulative Preferred Stock, Series H," "6.625% Non-Cumulative Preferred Stock, Series I," "7.25% Non-Cumulative Preferred Stock, Series J," "7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L," "Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K," "Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M," and any other class or series of stock of the Corporation hereafter authorized that ranks on parity with the Preferred Stock, Series 8, as to dividends and distribution of assets upon liquidation, dissolution or winding up of the Corporation, shall be deemed to rank on a parity with the shares of the Preferred Stock, Series 8, as to dividends and distribution of assets upon the liquidation, dissolution or winding up of the Corporation.

(9) Exclusion of Other Rights. Unless otherwise required by law, shares of Preferred Stock, Series 8, shall not have any rights, including preemptive rights, or preferences other than those specifically set forth herein or as provided by applicable law.

(10) Notices. All notices or communications unless otherwise specified in the By-laws of the Corporation or the Amended and Restated Certificate of Incorporation, as amended, shall be sufficiently given if in writing and delivered in person or by first class mail, postage prepaid. Notice shall be deemed given on the earlier of the date received or the date such notice is mailed."

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, does hereby affirm, under penalties of perjury, that this certificate is the act and deed of the Corporation and that the facts herein stated are true, and accordingly has hereunto set her hand this 31st day of December, 2008.

BANK OF AMERICA CORPORATION

By: /s/ Teresa M. Brenner
Name: Teresa M. Brenner
Title: Associate General Counsel

[Signature Page to Certificate of Designations, Series 8]

CERTIFICATE OF DESIGNATIONS
OF
FIXED RATE CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES Q
OF
BANK OF AMERICA CORPORATION

Bank of America Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), in accordance with the provisions of Sections 141 and 151 of the General Corporation Law of the State of Delaware, does hereby certify:

At meetings duly convened and held by the board of directors of the Corporation (the "Board of Directors") on July 23, 2008 and October 15, 2008, the Board of Directors duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's Preferred Stock, and (b) appointing a Special Committee (the "Committee") of the Board of Directors to act on behalf of the Board of Directors in establishing the number of authorized shares, the dividend rate, the voting and other powers, designations, preferences and rights, and the qualifications, limitations and restrictions thereof, of such series of Preferred Stock.

Thereafter, on January 7, 2009, the Committee duly adopted the following resolution creating a series of 400,000 shares of Preferred Stock of the Corporation designated as "Fixed Rate Cumulative Perpetual Preferred Stock, Series Q" by written consent

RESOLVED, that pursuant to the provisions of the certificate of incorporation and the bylaws of the Corporation and applicable law, and the resolutions adopted by the Board of Directors, a series of Preferred Stock, par value \$0.01 per share, of the Corporation be, and hereby is, created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Part 1. Designation and Number of Shares. There is hereby created out of the authorized and unissued shares of preferred stock of the Corporation a series of preferred stock designated as the "Fixed Rate Cumulative Perpetual Preferred Stock, Series Q" (the "Designated Preferred Stock"). The authorized number of shares of Designated Preferred Stock shall be 400,000.

Part 2. Standard Provisions. The Standard Provisions contained in Annex A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Certificate of Designations to the same extent as if such provisions had been set forth in full herein.

Part 3. Definitions. The following terms are used in this Certificate of Designations (including the Standard Provisions in Annex A hereto) as defined below:

- (a) "Common Stock" means the common stock, par value \$0.01 per share, of the Corporation.
 - (b) "Dividend Payment Date" means February 15, May 15, August 15 and November 15 of each year.
 - (c) "Junior Stock" means the Common Stock, and any other class or series of stock of the Corporation the terms of which expressly provide that it ranks junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Corporation.
 - (d) "Liquidation Amount" means \$25,000 per share of Designated Preferred Stock.
 - (e) "Minimum Amount" means \$2,500,000,000.
-

(f) "Parity Stock" means any class or series of stock of the Corporation (other than Designated Preferred Stock) the terms of which do not expressly provide that such class or series will rank senior or junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Corporation (in each case without regard to whether dividends accrue cumulatively or non-cumulatively). Without limiting the foregoing, Parity Stock shall include the Corporation's (i) 7% Cumulative Redeemable Preferred Stock, Series B; (ii) 6.204% Non-Cumulative Preferred Stock, Series D; (iii) Floating Rate Non-Cumulative Preferred Stock, Series E; (iv) Floating Rate Non-Cumulative Preferred Stock, Series F (if and when issued and outstanding); (v) Adjustable Rate Non-Cumulative Preferred Stock, Series G (if and when issued and outstanding); (vi) 8.20% Non-Cumulative Preferred Stock, Series H; (vii) 6.625% Non-Cumulative Preferred Stock, Series I; (viii) 7.25% Non-Cumulative Preferred Stock, Series J; (ix) Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K; (x) 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L; (xi) Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M; (xii) Fixed Rate Cumulative Perpetual Preferred Stock, Series N; (xiii) Floating Rate Non-Cumulative Preferred Stock, Series 1; (xiv) Floating Rate Non-Cumulative Preferred Stock, Series 2; (xv) 6.375% Non-Cumulative Preferred Stock, Series 3; (xvi) Floating Rate Non-Cumulative Preferred Stock, Series 4; (xvii) Floating Rate Non-Cumulative Preferred Stock, Series 5; (xviii) 6.70% Noncumulative Perpetual Preferred Stock, Series 6; (xix) 6.25% Noncumulative Perpetual Preferred Stock, Series 7; and (xx) 8.625% Non-Cumulative Preferred Stock, Series 8.

(g) "Signing Date" means October 26, 2008.

(h) "UST Preferred Stock" means the Corporation's Fixed Rate Cumulative Perpetual Preferred Stock, Series N.

Part. 4. Certain Voting Matters. Holders of shares of Designated Preferred Stock will be entitled to one vote for each such share on any matter on which holders of Designated Preferred Stock are entitled to vote, including any action by written consent.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Bank of America Corporation has caused this Certificate of Designations to be signed by Teresa M. Brenner, its Associate General Counsel, this 7th day of January, 2009.

BANK OF AMERICA CORPORATION

By: /s/ TERESA M. BRENNER

Name: Teresa M. Brenner

Title: Associate General Counsel

STANDARD PROVISIONS

Section 1. General Matters. Each share of Designated Preferred Stock shall be identical in all respects to every other share of Designated Preferred Stock. The Designated Preferred Stock shall be perpetual, subject to the provisions of Section 5 of these Standard Provisions that form a part of the Certificate of Designations. The Designated Preferred Stock shall rank equally with Parity Stock and shall rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Corporation.

Section 2. Standard Definitions. As used herein with respect to Designated Preferred Stock:

(a) “Applicable Dividend Rate” means (i) during the period from the Original Issue Date to, but excluding, the first day of the first Dividend Period commencing on or after the fifth anniversary of the Original Issue Date, 5% per annum and (ii) from and after the first day of the first Dividend Period commencing on or after the fifth anniversary of the Original Issue Date, 9% per annum.

(b) “Appropriate Federal Banking Agency” means the “appropriate Federal banking agency” with respect to the Corporation as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

(c) “Business Combination” means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Corporation's stockholders.

(d) “Business Day” means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close.

(e) “Bylaws” means the bylaws of the Corporation, as they may be amended from time to time.

(f) “Certificate of Designations” means the Certificate of Designations or comparable instrument relating to the Designated Preferred Stock, of which these Standard Provisions form a part, as it may be amended from time to time.

(g) “Charter” means the Corporation's certificate or articles of incorporation, articles of association, or similar organizational document.

(h) “Dividend Period” has the meaning set forth in Section 3(a).

(i) “Dividend Record Date” has the meaning set forth in Section 3(a).

(j) “Liquidation Preference” has the meaning set forth in Section 4(a).

(k) “Original Issue Date” means the date on which shares of Designated Preferred Stock are first issued.

(l) “Preferred Director” has the meaning set forth in Section 7(b).

(m) “Preferred Stock” means any and all series of preferred stock of the Corporation, including the Designated Preferred Stock.

(n) “Qualified Equity Offering” means the sale and issuance for cash by the Corporation to persons other than the Corporation or any of its subsidiaries after the Original Issue Date of shares of perpetual Preferred Stock, Common Stock or any combination of such stock, that, in each case, qualify as and may be included in Tier 1 capital of the Corporation at the time of issuance under the applicable risk-based capital guidelines of the Corporation's Appropriate Federal Banking Agency (other than any such sales and issuances (i) made by the Corporation (or any successor by Business Combination) under the Troubled Asset Relief Program, (ii) to the extent such sales or issuances provided the basis for the redemption of other preferred stock of the Corporation that was originally issued by the Corporation (or any such successor) under the Troubled Asset Relief Program or (iii) made pursuant to agreements or arrangements entered into, or pursuant to financing plans which were publicly announced, on or prior to October 13, 2008).

(o) “Share Dilution Amount” has the meaning set forth in Section 3(b).

(p) “Standard Provisions” mean these Standard Provisions that form a part of the Certificate of Designations relating to the Designated Preferred Stock.

(q) “Successor Preferred Stock” has the meaning set forth in Section 5(a).

(r) “Voting Parity Stock” means, with regard to any matter as to which the holders of Designated Preferred Stock are entitled to vote as specified in Sections 7(a) and 7(b) of these Standard Provisions that form a part of the Certificate of Designations, any and all series of Parity Stock upon which like voting rights have been conferred and are exercisable with respect to such matter.

Section 3. Dividends.

(a) Rate. Holders of Designated Preferred Stock shall be entitled to receive, on each share of Designated Preferred Stock if, as and when declared by the Board of Directors or any duly authorized committee of the Board of Directors, but only out of assets legally available therefor, cumulative cash dividends with respect to each Dividend Period (as defined below) at a rate per annum equal to the Applicable Dividend Rate on (i) the Liquidation Amount per share of Designated Preferred Stock and (ii) the amount of accrued and unpaid dividends for any prior Dividend Period on such share of Designated Preferred Stock, if any. Such dividends shall begin to accrue and be cumulative from the Original Issue Date, shall compound on each subsequent Dividend Payment Date (*i.e.*, no dividends shall accrue on other dividends unless and until the first Dividend Payment Date for such other dividends has passed without such other dividends having been paid on such date) and shall be payable quarterly in arrears on each Dividend Payment Date, commencing with the first such Dividend Payment Date to occur at least 20 calendar days after the Original Issue Date. In the event that any Dividend Payment Date would otherwise fall on a day that is not a Business Day, the dividend payment due on that date will be postponed to the next day that is a Business Day and no additional dividends will accrue as a result of that postponement. The period from and including any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a “Dividend Period”, provided that the initial Dividend Period shall be the period from and including the Original Issue Date to, but excluding, the next Dividend Payment Date.

Dividends that are payable on Designated Preferred Stock in respect of any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of dividends payable on Designated Preferred Stock on any date prior to the end of a Dividend Period, and for the initial Dividend Period, shall be computed on the basis of a 360-day year consisting of twelve 30-day months, and actual days elapsed over a 30-day month.

Dividends that are payable on Designated Preferred Stock on any Dividend Payment Date will be payable to holders of record of Designated Preferred Stock as they appear on the stock register of the Corporation on the applicable record date, which shall be the 15th calendar day immediately preceding such Dividend Payment Date or such other record date fixed by the Board of Directors or any duly authorized committee of the Board of Directors that is not more than 60 nor less than 10 days prior to such Dividend Payment Date (each, a “Dividend Record Date”). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day.

Holders of Designated Preferred Stock shall not be entitled to any dividends, whether payable in cash, securities or other property, other than dividends (if any) declared and payable on Designated Preferred Stock as specified in this Section 3 (subject to the other provisions of the Certificate of Designations).

(b) Priority of Dividends. So long as any share of Designated Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than dividends payable solely in shares of Common Stock) or Parity Stock, subject to the immediately following paragraph in the case of Parity Stock, and no Common Stock, Junior Stock or Parity Stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by the Corporation or any of its subsidiaries unless all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been or are contemporaneously declared and paid in full (or have been declared and a sum sufficient for the payment thereof has been set aside for the benefit of the holders of shares of Designated Preferred Stock on the applicable record date). The foregoing limitation shall not apply to (i) redemptions, purchases or other acquisitions of shares of Common Stock or other Junior Stock in connection with the administration of any employee benefit plan in the ordinary course of business (including purchases to offset the Share Dilution Amount (as defined below) pursuant to a publicly announced repurchase plan) and consistent with past practice, *provided* that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount; (ii) purchases or other acquisitions by a broker-dealer subsidiary of the Corporation solely for the purpose of market-making, stabilization or customer facilitation transactions in Junior Stock or Parity Stock in the ordinary course of its business; (iii) purchases by a broker-dealer subsidiary of the Corporation of capital stock of the Corporation for resale pursuant to an offering by the Corporation of such capital stock underwritten by such broker-dealer subsidiary; (iv) any dividends or distributions of rights or Junior Stock in connection with a stockholders' rights plan or any redemption or repurchase of rights pursuant to any stockholders' rights plan;

(v) the acquisition by the Corporation or any of its subsidiaries of record ownership in Junior Stock or Parity Stock for the beneficial ownership of any other persons (other than the Corporation or any of its subsidiaries), including as trustees or custodians; and (vi) the exchange or conversion of Junior Stock for or into other Junior Stock or of Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to the Signing Date or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for Common Stock. “Share Dilution Amount” means the increase in the number of diluted shares outstanding (determined in accordance with generally accepted accounting principles in the United States, and as measured from the date of the Corporation's consolidated financial statements most recently filed with the Securities and Exchange Commission prior to the Original Issue Date) resulting from the grant, vesting or exercise of equity-based compensation to employees and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction.

When dividends are not paid (or declared and a sum sufficient for payment thereof set aside for the benefit of the holders thereof on the applicable record date) on any Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within a Dividend Period related to such Dividend Payment Date) in full upon Designated Preferred Stock and any shares of Parity Stock, all dividends declared on Designated Preferred Stock and all such Parity Stock and payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) shall be declared *pro rata* so that the respective amounts of such dividends declared shall bear the same ratio to each other as all accrued and unpaid dividends per share on the shares of Designated Preferred Stock (including, if applicable as provided in Section 3(a) above, dividends on such amount) and all Parity Stock payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) (subject to their having been declared by the Board of Directors or a duly authorized committee of the Board of Directors out of legally available funds and including, in the case of Parity Stock that bears cumulative dividends, all accrued but unpaid dividends) bear to each other. If the Board of Directors or a duly authorized committee of the Board of Directors determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide written notice to the holders of Designated Preferred Stock prior to such Dividend Payment Date.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors or any duly authorized committee of the Board of Directors may be declared and paid on any securities, including Common Stock and other Junior Stock, from time to time out of any funds legally available for such payment, and holders of Designated Preferred Stock shall not be entitled to participate in any such dividends.

Section 4. Liquidation Rights.

(a) Voluntary or Involuntary Liquidation. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, holders of Designated Preferred Stock shall be entitled to receive for each share of Designated Preferred Stock, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, subject to the rights of any creditors of the Corporation, before any distribution of such assets or proceeds is made to or set aside for the holders of Common Stock and any other stock of the Corporation ranking junior to Designated Preferred Stock as to such distribution, payment in full in an amount equal to the sum of (i) the Liquidation Amount per share and (ii) the amount of any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount), whether or not declared, to the date of payment (such amounts collectively, the “Liquidation Preference”).

(b) Partial Payment. If in any distribution described in Section 4(a) above the assets of the Corporation or proceeds thereof are not sufficient to pay in full the amounts payable with respect to all outstanding shares of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Corporation ranking equally with Designated Preferred Stock as to such distribution, holders of Designated Preferred Stock and the holders of such other stock shall share ratably in any such distribution in proportion to the full respective distributions to which they are entitled.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Corporation ranking equally with Designated Preferred Stock as to such distribution has been paid in full, the holders of other stock of the Corporation shall be entitled to receive all remaining assets of the Corporation (or proceeds thereof) according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 4, the merger or consolidation of the Corporation with any other corporation or other entity, including a merger or consolidation in which the holders of Designated Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash,

securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding up of the Corporation.

Section 5. Redemption.

(a) Optional Redemption. Except as provided below, the Designated Preferred Stock may not be redeemed prior to the later of (i) the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date and (ii) the date on which all outstanding shares of UST Preferred Stock have been redeemed, repurchased or otherwise acquired by the Corporation. On or after the later of (i) the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date and (ii) the date on which all outstanding shares of UST Preferred Stock have been redeemed, repurchased or otherwise acquired by the Corporation, the Corporation, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, in whole or in part, at any time and from time to time, out of funds legally available therefor, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in Section 5(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption.

Notwithstanding the foregoing, prior to the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date, the Corporation, at its option, subject to the approval of the Appropriate Federal Banking Agency and subject to the requirement that all outstanding shares of UST Preferred Stock shall previously have been redeemed, repurchased or otherwise acquired by the Corporation, may redeem, in whole or in part, at any time and from time to time, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in Section 5(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption; *provided* that (x) the Corporation (or any successor by Business Combination) has received aggregate gross proceeds of not less than the Minimum Amount (plus the “Minimum Amount” as defined in the relevant certificate of designations for each other outstanding series of preferred stock of such successor (the “Successor Preferred Stock”) that was originally issued under the Troubled Asset Relief Program) from one or more Qualified Equity Offerings (including Qualified Equity Offerings of such successor), and (y) the aggregate redemption price of the Designated Preferred Stock (and any Successor Preferred Stock) redeemed pursuant to this paragraph may not exceed the aggregate net cash proceeds received by the Corporation (or any successor by Business Combination) from such Qualified Equity Offerings (including Qualified Equity Offerings of such successor).

The redemption price for any shares of Designated Preferred Stock shall be payable on the redemption date to the holder of such shares against surrender of the certificate(s) evidencing such shares to the Corporation or its agent. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the Dividend Record Date for a Dividend Period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such Dividend Record Date relating to the Dividend Payment Date as provided in Section 3 above.

(b) No Sinking Fund. The Designated Preferred Stock will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Designated Preferred Stock will have no right to require redemption or repurchase of any shares of Designated Preferred Stock.

(c) Notice of Redemption. Notice of every redemption of shares of Designated Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Designated Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Designated Preferred Stock. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Company or any other similar facility, notice of redemption may be given to the holders of Designated Preferred Stock at such time and in any manner permitted by such facility. Each notice of redemption given to a holder shall state: (1) the redemption date; (2) the number of shares of Designated Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price.

(d) Partial Redemption. In case of any redemption of part of the shares of Designated Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or in such other manner as the Board of Directors or a duly authorized committee thereof may determine to be fair and equitable. Subject to the provisions hereof, the Board of

Directors or a duly authorized committee thereof shall have full power and authority to prescribe the terms and conditions upon which shares of Designated Preferred Stock shall be redeemed from time to time. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

(e) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been deposited by the Corporation, in trust for the *pro rata* benefit of the holders of the shares called for redemption, with a bank or trust company doing business in the Borough of Manhattan, The City of New York, and having a capital and surplus of at least \$500 million and selected by the Board of Directors, so as to be and continue to be available solely therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company, without interest. Any funds unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

(f) Status of Redeemed Shares. Shares of Designated Preferred Stock that are redeemed, repurchased or otherwise acquired by the Corporation shall revert to authorized but unissued shares of Preferred Stock (*provided* that any such cancelled shares of Designated Preferred Stock may be reissued only as shares of any series of Preferred Stock other than Designated Preferred Stock).

Section 6. Conversion. Holders of Designated Preferred Stock shares shall have no right to exchange or convert such shares into any other securities.

Section 7. Voting Rights.

(a) General. The holders of Designated Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law.

(b) Preferred Stock Directors. Whenever, at any time or times, dividends payable on the shares of Designated Preferred Stock have not been paid for an aggregate of six quarterly Dividend Periods or more, whether or not consecutive, the authorized number of directors of the Corporation shall automatically be increased by two and the holders of the Designated Preferred Stock shall have the right, with holders of shares of any one or more other classes or series of Voting Parity Stock outstanding at the time, voting together as a class, to elect two directors (hereinafter the "Preferred Directors" and each a "Preferred Director") to fill such newly created directorships at the Corporation's next annual meeting of stockholders (or at a special meeting called for that purpose prior to such next annual meeting) and at each subsequent annual meeting of stockholders until all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been declared and paid in full at which time such right shall terminate with respect to the Designated Preferred Stock, except as herein or by law expressly provided, subject to reversion in the event of each and every subsequent default of the character above mentioned; *provided* that it shall be a qualification for election for any Preferred Director that the election of such Preferred Director shall not cause the Corporation to violate any corporate governance requirements of any securities exchange or other trading facility on which securities of the Corporation may then be listed or traded that listed or traded companies must have a majority of independent directors. Upon any termination of the right of the holders of shares of Designated Preferred Stock and Voting Parity Stock as a class to vote for directors as provided above, the Preferred Directors shall cease to be qualified as directors, the term of office of all Preferred Directors then in office shall terminate immediately and the authorized number of directors shall be reduced by the number of Preferred Directors elected pursuant hereto. Any Preferred Director may be removed at any time, with or without cause, and any vacancy created thereby may be filled, only by the affirmative vote of the holders a majority of the shares of Designated Preferred Stock at the time outstanding voting separately as a class together with the holders of shares of Voting Parity Stock, to the extent the voting rights of such holders described above are then exercisable. If the office of any Preferred Director becomes vacant for any reason other than removal from office as aforesaid, the remaining Preferred Director may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) Class Voting Rights as to Particular Matters. So long as any shares of Designated Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter, the vote or consent of the holders of at least 66 2/3% of the shares of Designated Preferred Stock at the time outstanding, voting as a separate class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Authorization of Senior Stock. Any amendment or alteration of the Certificate of Designations for the Designated Preferred Stock or the Charter to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of capital stock of the Corporation ranking senior to Designated Preferred Stock with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding up of the Corporation;

(ii) Amendment of Designated Preferred Stock. Any amendment, alteration or repeal of any provision of the Certificate of Designations for the Designated Preferred Stock or the Charter (including, unless no vote on such merger or consolidation is required by Section 7(c)(iii) below, any amendment, alteration or repeal by means of a merger, consolidation or otherwise) so as to adversely affect the rights, preferences, privileges or voting powers of the Designated Preferred Stock; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange or reclassification involving the Designated Preferred Stock, or of a merger or consolidation of the Corporation with another corporation or other entity, unless in each case (x) the shares of Designated Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of Designated Preferred Stock immediately prior to such consummation, taken as a whole;

provided, however, that for all purposes of this Section 7(c), any increase in the amount of the authorized Preferred Stock, including any increase in the authorized amount of Designated Preferred Stock necessary to satisfy preemptive or similar rights granted by the Corporation to other persons prior to the Signing Date, or the creation and issuance, or an increase in the authorized or issued amount, whether pursuant to preemptive or similar rights or otherwise, of any other series of Preferred Stock, or any securities convertible into or exchangeable or exercisable for any other series of Preferred Stock, ranking equally with and/or junior to Designated Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the rights, preferences, privileges or voting powers, and shall not require the affirmative vote or consent of, the holders of outstanding shares of the Designated Preferred Stock.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Designated Preferred Stock shall be required pursuant to Section 7(c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of the Designated Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been deposited in trust for such redemption, in each case pursuant to Section 5 above.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Designated Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules of the Board of Directors or any duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Charter, the Bylaws, and applicable law and the rules of any national securities exchange or other trading facility on which Designated Preferred Stock is listed or traded at the time.

Section 8. Record Holders. To the fullest extent permitted by applicable law, the Corporation and the transfer agent for Designated Preferred Stock may deem and treat the record holder of any share of Designated Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

Section 9. Notices. All notices or communications in respect of Designated Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Certificate of Designations, in the Charter or Bylaws or by applicable law. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Company or any similar facility, such notices may be given to the holders of Designated Preferred Stock in any manner permitted by such facility.

Section 10. No Preemptive Rights. No share of Designated Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

Section 11. Replacement Certificates. The Corporation shall replace any mutilated certificate at the holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates that become destroyed, stolen or lost

at the holder's expense upon delivery to the Corporation of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Corporation.

Section 12. Other Rights. The shares of Designated Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Charter or as provided by applicable law.

CERTIFICATE OF DESIGNATIONS
OF
FIXED RATE CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES R
OF
BANK OF AMERICA CORPORATION

Bank of America Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware thereof, does hereby certify:

The board of directors of the Corporation (the "Board of Directors") or an applicable committee of the Board of Directors, in accordance with the certificate of incorporation and bylaws of the Corporation and applicable law, adopted the following resolution on January 16, 2009 creating a series of 800,000 shares of Preferred Stock of the Corporation designated as "Fixed Rate Cumulative Perpetual Preferred Stock, Series R".

RESOLVED, that pursuant to the provisions of the certificate of incorporation and the bylaws of the Corporation and applicable law, a series of Preferred Stock, par value \$0.01 per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Part 1. Designation and Number of Shares. There is hereby created out of the authorized and unissued shares of preferred stock of the Corporation a series of preferred stock designated as the "Fixed Rate Cumulative Perpetual Preferred Stock, Series R" (the "Designated Preferred Stock"). The authorized number of shares of Designated Preferred Stock shall be 800,000.

Part 2. Standard Provisions. The Standard Provisions contained in Annex A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Certificate of Designations to the same extent as if such provisions had been set forth in full herein.

Part 3. Definitions. The following terms are used in this Certificate of Designations (including the Standard Provisions in Annex A hereto) as defined below:

- (a) "Common Stock" means the common stock, par value \$0.01 per share, of the Corporation.
 - (b) "Dividend Payment Date" means February 15, May 15, August 15 and November 15 of each year.
 - (c) "Junior Stock" means the Common Stock, and any other class or series of stock of the Corporation the terms of which expressly provide that it ranks junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Corporation.
 - (d) "Liquidation Amount" means \$25,000 per share of Designated Preferred Stock.
 - (e) "Parity Stock" means any class or series of stock of the Corporation (other than Designated Preferred Stock) the terms of which do not expressly provide that such class or series will rank senior or junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Corporation (in each case without regard to whether dividends accrue cumulatively or non-cumulatively). Without limiting the foregoing, Parity Stock shall include the Corporation's (i) 7% Cumulative Redeemable Preferred Stock, Series B; (ii) 6.204% Non-Cumulative Preferred Stock, Series D; (iii) Floating Rate Non-Cumulative Preferred Stock, Series E; (iv) Floating Rate Non-Cumulative Preferred Stock, Series F (if and when issued and outstanding); (v) Adjustable Rate Non-Cumulative Preferred Stock, Series G (if and when issued and outstanding); (vi) 8.20% Non-Cumulative Preferred Stock, Series H; (vii) 6.625% Non-Cumulative Preferred Stock, Series I; (viii) 7.25% Non-Cumulative Preferred Stock, Series J; (ix) Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K; (x) 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L; (xi) Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M, (xii) Fixed Rate Cumulative Perpetual Preferred Stock, Series N, (xiii) Floating Rate Non-Cumulative Preferred Stock, Series 1, (xiv) Floating Rate Non-Cumulative Preferred Stock, Series 2, (xv) 6.375% Non-Cumulative Preferred Stock, Series 3, (xvi) Floating Rate Non-Cumulative Preferred Stock, Series 4, (xvii) Floating Rate Non-Cumulative Preferred Stock, Series 5, (xviii) 6.70% Noncumulative Perpetual Preferred Stock, Series 6, (xix) 6.25% Noncumulative Perpetual Preferred Stock, Series 7, (xx) 8.625% Non-Cumulative Preferred Stock, Series 8, and (xxi) Fixed Rate Cumulative Perpetual Preferred Stock, Series Q.
-

(f) "Signing Date" means the Original Issue Date.

(g) "UST Preferred Stock" means the Corporation's Fixed Rate Cumulative Preferred Stock, Series N, and Fixed Rate Cumulative Preferred Stock, Series Q.

Part. 4. Certain Voting Matters. Holders of shares of Designated Preferred Stock will be entitled to one vote for each such share on any matter on which holders of Designated Preferred Stock are entitled to vote, including any action by written consent.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Bank of America Corporation has caused this Certificate of Designations to be signed by Teresa M. Brenner, its Associate General Counsel, this 16th day of January, 2009.

BANK OF AMERICA CORPORATION

By: /s/ TERESA M. BRENNER

Name: Teresa M. Brenner

Title: Associate General Counsel

STANDARD PROVISIONS

Section 1. General Matters. Each share of Designated Preferred Stock shall be identical in all respects to every other share of Designated Preferred Stock. The Designated Preferred Stock shall be perpetual, subject to the provisions of Section 5 of these Standard Provisions that form a part of the Certificate of Designations. The Designated Preferred Stock shall rank equally with Parity Stock and shall rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Corporation.

Section 2. Standard Definitions. As used herein with respect to Designated Preferred Stock:

(a) “Appropriate Federal Banking Agency” means the “appropriate Federal banking agency” with respect to the Corporation as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

(b) “Business Day” means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close.

(c) “Bylaws” means the bylaws of the Corporation, as they may be amended from time to time.

(d) “Certificate of Designations” means the Certificate of Designations or comparable instrument relating to the Designated Preferred Stock, of which these Standard Provisions form a part, as it may be amended from time to time.

(e) “Charter” means the Corporation's certificate or articles of incorporation, articles of association, or similar organizational document.

(f) “Dividend Period” has the meaning set forth in Section 3(a).

(g) “Dividend Record Date” has the meaning set forth in Section 3(a).

(h) “Liquidation Preference” has the meaning set forth in Section 4(a).

(i) “Original Issue Date” means the date on which shares of Designated Preferred Stock are first issued.

(j) “Preferred Director” has the meaning set forth in Section 7(b).

(k) “Preferred Stock” means any and all series of preferred stock of the Corporation, including the Designated Preferred Stock.

(l) “Share Dilution Amount” has the meaning set forth in Section 3(b).

(m) “Standard Provisions” mean these Standard Provisions that form a part of the Certificate of Designations relating to the Designated Preferred Stock.

(n) “Voting Parity Stock” means, with regard to any matter as to which the holders of Designated Preferred Stock are entitled to vote as specified in Sections 7(a) and 7(b) of these Standard Provisions that form a part of the Certificate of Designations, any and all series of Parity Stock upon which like voting rights have been conferred and are exercisable with respect to such matter.

Section 3. Dividends.

(a) Rate. Holders of Designated Preferred Stock shall be entitled to receive, on each share of Designated Preferred Stock if, as and when declared by the Board of Directors or any duly authorized committee of the Board of Directors, but only out of assets legally available therefor, cumulative cash dividends with respect to each Dividend Period (as defined below) at a per annum rate of 8.0% on (i) the Liquidation Amount per share of Designated Preferred Stock and (ii) the amount of accrued and unpaid dividends for any prior Dividend Period on such share of Designated Preferred Stock, if any. Such dividends shall begin to accrue and be cumulative from the Original Issue Date, shall compound on each subsequent Dividend Payment Date (*i.e.*, no dividends shall accrue on other dividends unless and until the first Dividend Payment Date for such other dividends has passed without such other dividends having been paid on such date) and shall be payable quarterly in arrears on each Dividend Payment Date, commencing with the first such Dividend Payment Date to occur at least 20 calendar days after the Original Issue Date. In the event that any Dividend Payment Date would otherwise fall on a day that is not a Business Day, the dividend payment due on that date will be postponed to the next day that is a Business Day and no additional dividends will accrue as a result of that postponement. The period from and including any Dividend Payment Date to, but excluding, the next Dividend

Payment Date is a “Dividend Period”, provided that the initial Dividend Period shall be the period from and including the Original Issue Date to, but excluding, the next Dividend Payment Date.

Dividends that are payable on Designated Preferred Stock in respect of any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of dividends payable on Designated Preferred Stock on any date prior to the end of a Dividend Period, and for the initial Dividend Period, shall be computed on the basis of a 360-day year consisting of twelve 30-day months, and actual days elapsed over a 30-day month.

Dividends that are payable on Designated Preferred Stock on any Dividend Payment Date will be payable to holders of record of Designated Preferred Stock as they appear on the stock register of the Corporation on the applicable record date, which shall be the 15th calendar day immediately preceding such Dividend Payment Date or such other record date fixed by the Board of Directors or any duly authorized committee of the Board of Directors that is not more than 60 nor less than 10 days prior to such Dividend Payment Date (each, a “Dividend Record Date”). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day. Holders of Designated Preferred Stock shall not be entitled to any dividends, whether payable in cash, securities or other property, other than dividends (if any) declared and payable on Designated Preferred Stock as specified in this Section 3 (subject to the other provisions of the Certificate of Designations).

(b) Priority of Dividends. So long as any share of Designated Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than dividends payable solely in shares of Common Stock) or Parity Stock, subject to the immediately following paragraph in the case of Parity Stock, and no Common Stock, Junior Stock or Parity Stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by the Corporation or any of its subsidiaries unless all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been or are contemporaneously declared and paid in full (or have been declared and a sum sufficient for the payment thereof has been set aside for the benefit of the holders of shares of Designated Preferred Stock on the applicable record date). The foregoing limitation shall not apply to (i) redemptions, purchases or other acquisitions of shares of Common Stock or other Junior Stock in connection with the administration of any employee benefit plan in the ordinary course of business (including purchases to offset the Share Dilution Amount (as defined below) pursuant to a publicly announced repurchase plan) and consistent with past practice, provided that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount; (ii) purchases or other acquisitions by a broker-dealer subsidiary of the Corporation solely for the purpose of market-making, stabilization or customer facilitation transactions in Junior Stock or Parity Stock in the ordinary course of its business; (iii) purchases by a broker-dealer subsidiary of the Corporation of capital stock of the Corporation for resale pursuant to an offering by the Corporation of such capital stock underwritten by such broker-dealer subsidiary; (iv) any dividends or distributions of rights or Junior Stock in connection with a stockholders' rights plan or any redemption or repurchase of rights pursuant to any stockholders' rights plan; (v) the acquisition by the Corporation or any of its subsidiaries of record ownership in Junior Stock or Parity Stock for the beneficial ownership of any other persons (other than the Corporation or any of its subsidiaries), including as trustees or custodians; and (vi) the exchange or conversion of Junior Stock for or into other Junior Stock or of Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to the Signing Date or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for Common Stock. “Share Dilution Amount” means the increase in the number of diluted shares outstanding (determined in accordance with generally accepted accounting principles in the United States, and as measured from the date of the Corporation's consolidated financial statements most recently filed with the Securities and Exchange Commission prior to the Original Issue Date) resulting from the grant, vesting or exercise of equity-based compensation to employees and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction.

When dividends are not paid (or declared and a sum sufficient for payment thereof set aside for the benefit of the holders thereof on the applicable record date) on any Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within a Dividend Period related to such Dividend Payment Date) in full upon Designated Preferred Stock and any shares of Parity Stock, all dividends declared on Designated Preferred Stock and all such Parity Stock and payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) shall be declared *pro rata* so that the respective amounts of such dividends declared shall bear the same ratio to each other as all accrued and unpaid dividends per share on the shares of Designated Preferred Stock (including, if applicable as provided in Section 3(a) above, dividends on such amount) and all Parity Stock payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) (subject to their having been declared by the Board of Directors or a duly authorized committee of the Board of

Directors out of legally available funds and including, in the case of Parity Stock that bears cumulative dividends, all accrued but unpaid dividends) bear to each other. If the Board of Directors or a duly authorized committee of the Board of Directors determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide written notice to the holders of Designated Preferred Stock prior to such Dividend Payment Date.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors or any duly authorized committee of the Board of Directors may be declared and paid on any securities, including Common Stock and other Junior Stock, from time to time out of any funds legally available for such payment, and holders of Designated Preferred Stock shall not be entitled to participate in any such dividends.

Section 4. Liquidation Rights.

(a) Voluntary or Involuntary Liquidation. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, holders of Designated Preferred Stock shall be entitled to receive for each share of Designated Preferred Stock, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, subject to the rights of any creditors of the Corporation, before any distribution of such assets or proceeds is made to or set aside for the holders of Common Stock and any other stock of the Corporation ranking junior to Designated Preferred Stock as to such distribution, payment in full in an amount equal to the sum of (i) the Liquidation Amount per share and (ii) the amount of any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount), whether or not declared, to the date of payment (such amounts collectively, the "Liquidation Preference").

(b) Partial Payment. If in any distribution described in Section 4(a) above the assets of the Corporation or proceeds thereof are not sufficient to pay in full the amounts payable with respect to all outstanding shares of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Corporation ranking equally with Designated Preferred Stock as to such distribution, holders of Designated Preferred Stock and the holders of such other stock shall share ratably in any such distribution in proportion to the full respective distributions to which they are entitled.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Corporation ranking equally with Designated Preferred Stock as to such distribution has been paid in full, the holders of other stock of the Corporation shall be entitled to receive all remaining assets of the Corporation (or proceeds thereof) according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation For purposes of this Section 4, the merger or consolidation of the Corporation with any other corporation or other entity, including a merger or consolidation in which the holders of Designated Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding up of the Corporation.

Section 5. Redemption.

(a) Optional Redemption. The Designated Preferred Stock may not be redeemed prior to the date on which all outstanding shares of UST Preferred Stock have been redeemed, repurchased or otherwise acquired by the Corporation. On or after the date on which all outstanding shares of UST Preferred Stock have been redeemed, repurchased or otherwise acquired by the Corporation, the Corporation, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, in whole or in part, at any time and from time to time, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in Section 5(c) below, out of funds legally available therefor at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption; provided, however, that the Corporation, the holders of a majority of the aggregate Liquidation Amount and the United States Department of the Treasury (if at the time it holds any shares of the Designated Preferred Stock) may in the future discuss alternative consideration for effecting a redemption, including use of Common Stock.

The redemption price for any shares of Designated Preferred Stock shall be payable on the redemption date to the holder of such shares against surrender of the certificate(s) evidencing such shares to the Corporation or its agent. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the Dividend Record Date for a Dividend Period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such Dividend Record Date relating to the Dividend Payment Date as provided in Section 3 above.

(b) No Sinking Fund. The Designated Preferred Stock will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Designated Preferred Stock will have no right to require redemption or repurchase of any shares of Designated Preferred Stock.

(c) Notice of Redemption. Notice of every redemption of shares of Designated Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Designated Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Designated Preferred Stock. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Company or any other similar facility, notice of redemption may be given to the holders of Designated Preferred Stock at such time and in any manner permitted by such facility. Each notice of redemption given to a holder shall state: (1) the redemption date; (2) the number of shares of Designated Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price.

(d) Partial Redemption. In case of any redemption of part of the shares of Designated Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or in such other manner as the Board of Directors or a duly authorized committee thereof may determine to be fair and equitable. Subject to the provisions hereof, the Board of Directors or a duly authorized committee thereof shall have full power and authority to prescribe the terms and conditions upon which shares of Designated Preferred Stock shall be redeemed from time to time. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

(e) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been deposited by the Corporation, in trust for the *pro rata* benefit of the holders of the shares called for redemption, with a bank or trust company doing business in the Borough of Manhattan, The City of New York, and having a capital and surplus of at least \$500 million and selected by the Board of Directors, so as to be and continue to be available solely therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company, without interest. Any funds unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

(f) Status of Redeemed Shares. Shares of Designated Preferred Stock that are redeemed, repurchased or otherwise acquired by the Corporation shall revert to authorized but unissued shares of Preferred Stock (provided that any such cancelled shares of Designated Preferred Stock may be reissued only as shares of any series of Preferred Stock other than Designated Preferred Stock).

Section 6. Conversion. Holders of Designated Preferred Stock shares shall have no right to exchange or convert such shares into any other securities.

Section 7. Voting Rights.

(a) General. The holders of Designated Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law.

(b) Preferred Stock Directors. Whenever, at any time or times, dividends payable on the shares of Designated Preferred Stock have not been paid for an aggregate of six quarterly Dividend Periods or more, whether or not consecutive, the authorized number of directors of the Corporation shall automatically be increased by two and the holders of the Designated Preferred Stock shall have the right, with holders of shares of any one or more other classes or series of Voting Parity Stock outstanding at the time, voting together as a class, to elect two directors (hereinafter the “Preferred Directors” and each a “Preferred Director”) to fill such newly created directorships at the Corporation's next annual meeting of stockholders (or at a special meeting called for that purpose prior to such next annual meeting) and at each subsequent annual meeting of stockholders until all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of

Designated Preferred Stock have been declared and paid in full at which time such right shall terminate with respect to the Designated Preferred Stock, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned; provided that it shall be a qualification for election for any Preferred Director that the election of such Preferred Director shall not cause the Corporation to violate any corporate governance requirements of any securities exchange or other trading facility on which securities of the Corporation may then be listed or traded that listed or traded companies must have a majority of independent directors. Upon any termination of the right of the holders of shares of Designated Preferred Stock and Voting Parity Stock as a class to vote for directors as provided above, the Preferred Directors shall cease to be qualified as directors, the term of office of all Preferred Directors then in office shall terminate immediately and the authorized number of directors shall be reduced by the number of Preferred Directors elected pursuant hereto. Any Preferred Director may be removed at any time, with or without cause, and any vacancy created thereby may be filled, only by the affirmative vote of the holders a majority of the shares of Designated Preferred Stock at the time outstanding voting separately as a class together with the holders of shares of Voting Parity Stock, to the extent the voting rights of such holders described above are then exercisable. If the office of any Preferred Director becomes vacant for any reason other than removal from office as aforesaid, the remaining Preferred Director may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) Class Voting Rights as to Particular Matters. So long as any shares of Designated Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter, the vote or consent of the holders of at least 66 2/3% of the shares of Designated Preferred Stock at the time outstanding, voting as a separate class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Authorization of Senior Stock. Any amendment or alteration of the Certificate of Designations for the Designated Preferred Stock or the Charter to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of capital stock of the Corporation ranking senior to Designated Preferred Stock with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding up of the Corporation;

(ii) Amendment of Designated Preferred Stock. Any amendment, alteration or repeal of any provision of the Certificate of Designations for the Designated Preferred Stock or the Charter (including, unless no vote on such merger or consolidation is required by Section 7(c)(iii) below, any amendment, alteration or repeal by means of a merger, consolidation or otherwise) so as to adversely affect the rights, preferences, privileges or voting powers of the Designated Preferred Stock; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange or reclassification involving the Designated Preferred Stock, or of a merger or consolidation of the Corporation with another corporation or other entity, unless in each case (x) the shares of Designated Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of Designated Preferred Stock immediately prior to such consummation, taken as a whole;

provided, however, that for all purposes of this Section 7(c), any increase in the amount of the authorized Preferred Stock, including any increase in the authorized amount of Designated Preferred Stock necessary to satisfy preemptive or similar rights granted by the Corporation to other persons prior to the Signing Date, or the creation and issuance, or an increase in the authorized or issued amount, whether pursuant to preemptive or similar rights or otherwise, of any other series of Preferred Stock, or any securities convertible into or exchangeable or exercisable for any other series of Preferred Stock, ranking equally with and/or junior to Designated Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the rights, preferences, privileges or voting powers, and shall not require the affirmative vote or consent of, the holders of outstanding shares of the Designated Preferred Stock.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Designated Preferred Stock shall be required pursuant to Section 7(c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of the Designated Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been deposited in trust for such redemption, in each case pursuant to Section 5 above.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Designated Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the

solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules of the Board of Directors or any duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Charter, the Bylaws, and applicable law and the rules of any national securities exchange or other trading facility on which Designated Preferred Stock is listed or traded at the time.

Section 8. Record Holders. To the fullest extent permitted by applicable law, the Corporation and the transfer agent for Designated Preferred Stock may deem and treat the record holder of any share of Designated Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

Section 9. Notices. All notices or communications in respect of Designated Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Certificate of Designations, in the Charter or Bylaws or by applicable law. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Company or any similar facility, such notices may be given to the holders of Designated Preferred Stock in any manner permitted by such facility.

Section 10. No Preemptive Rights. No share of Designated Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

Section 11. Replacement Certificates. The Corporation shall replace any mutilated certificate at the holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates that become destroyed, stolen or lost at the holder's expense upon delivery to the Corporation of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Corporation.

Section 12. Other Rights. The shares of Designated Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Charter or as provided by applicable law.

**CERTIFICATE OF DESIGNATIONS
OF
COMMON EQUIVALENT JUNIOR PREFERRED STOCK, SERIES S
OF
BANK OF AMERICA CORPORATION**

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. At meetings duly convened and held on November 16, 2009, November 17, 2009, December 1, 2009 and December 3, 2009, the Board of the Corporation (the "Board") duly adopted resolutions (a) authorizing the issuance and sale by the Corporation of one or more series of the Corporation's preferred stock, and (b) appointing a Special Securities Committee (the "Committee") of the Board to act on behalf of the Board in establishing the number of authorized shares, the dividend rate and other powers, designations, preferences and rights of the preferred stock.

2. Thereafter, on December 3, 2009, the Committee duly adopted the following resolution by written consent:

"RESOLVED, that the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's Common Equivalent Junior Preferred Stock, Series S, including those established by the Board and the number of authorized shares and dividend rate established hereby, are authorized and approved as set forth in the Certificate of Designations attached hereto as Exhibit A, which is incorporated herein and made a part of these resolutions by reference."

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its duly authorized officer this 3rd day of December, 2009.

BANK OF AMERICA CORPORATION

/s/ TERESA M. BRENNER

Name: Teresa M. Brenner

Title: Associate General Counsel

CERTIFICATE OF DESIGNATIONS
OF
COMMON EQUIVALENT
JUNIOR PREFERRED STOCK, SERIES S
OF
BANK OF AMERICA CORPORATION

Pursuant to the authority vested in the Board of Directors (the “Board”) by the Amended and Restated Certificate of Incorporation of the Corporation the (Certificate of Incorporation”), the Board does hereby designate, create, authorize and provide for the issue of a series of preferred stock, \$0.01 par value per share, which shall be designated as Common Equivalent Junior Preferred Stock, Series S (the “Series S Junior Preferred Stock”) consisting of 1,286,000 shares having the following voting powers, preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions thereof as follows:

COMMON EQUIVALENT
JUNIOR PREFERRED STOCK, SERIES S

Section I. Definitions

“Adjusted Conversion Rate” means, for each share of Series S Junior Preferred Stock, that number of shares of Common Stock determined by reference to the Initial Conversion Rate (as adjusted pursuant to Section II(d), as applicable) multiplied by an amount equal to one less a fraction, the numerator of which is 200,000,000 and the denominator of which is the Initial Conversion Rate in effect on the Closing Date (without adjustment pursuant to Section II(d)) multiplied by the number of shares of Series S Junior Preferred Stock then outstanding, the amount resulting from such calculation being rounded, if necessary, to the nearest one ten-thousandth, with five one-hundred thousandths rounded upwards.

“Adjusted Liquidation Preference” means, for each share of Series S Junior Preferred Stock, \$12,667.19.

“Amendment” means an Amendment to the Certificate of Incorporation increasing the number of shares of Common Stock the Corporation is authorized to issue from 10 billion to such amount as is authorized by the Board, which amount shall be not less than an amount sufficient to effect conversion of the Series S Junior Preferred Stock in full.

“Applicable Conversion Rate” means the Initial Conversion Rate, unless the Triggering Date has occurred, in which case it shall be the Adjusted Conversion Rate, in each case subject to adjustment pursuant to Section II(d), as applicable, for any such event occurring subsequent to the initial determination of such rate.

“Applicable Liquidation Preference” means the Initial Liquidation Preference unless the Triggering Date has occurred, in which case it shall be the Adjusted Liquidation Preference.

“As Converted Liquidation Amount” has the meaning specified in Section V(c).

“Board” means the Board of Directors of Bank of America Corporation.

“Certificate of Incorporation” has the meaning specified in the preamble.

“Closing Date” means the date that the Series S Junior Preferred Stock is first issued.

“Common Dividend Equivalent Amount” has the meaning specified in Section III(a).

“Common Stock” means the Common Stock, \$.01 par value per share, of the Corporation.

“Conversion Date” means the first business day following the receipt of Stockholder Approval and the filing and acceptance of the Amendment with the Office of the Secretary of State of the State of Delaware.

“Corporation” means Bank of America Corporation.

“Exchange Property” has the meaning specified in Section VI(a).

“Holder” means the Person in whose name the shares of Series S Junior Preferred Stock are registered, which may be treated by the Corporation as the absolute owner of the shares of Series S Junior Preferred Stock for the purpose of making payment and settling conversion and for all other purposes.

“Initial Conversion Rate” means, for each share of Series S Junior Preferred Stock, 1,000 shares of Common Stock.

“Initial Liquidation Preference” means, for each share of Series S Junior Preferred Stock, \$15,000.

“Junior Preferred Director” has the meaning specified in Section IV(b).

“Liquidation Participation Amount” has the meaning specified in Section V(c).

“Nonpayment” has the meaning specified in Section IV(b).

“Parity Stock” has the meaning specified in Section III(d).

“Person” means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company or trust.

“Record Date” means, with respect to any dividend, distribution or other transaction or event in which the holders of the Common Stock (or other applicable security) have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of the Common Stock (or other applicable security) entitled to receive such cash, securities or other property (whether such date is fixed by the Board or a duly authorized committee of the Board or by statute, contract or otherwise).

“Reorganization Event” has the meaning specified in Section VI(a).

“Series S Junior Preferred Stock” has the meaning specified in the preamble.

“Special Dividend Payment Date” has the meaning specified in Section III(b).

“Special Dividend Rate” has the meaning specified in Section III(b).

“Special Dividend” has the meaning specified in Section III(b).

“Stockholder Approval” means the requisite approval by the stockholders of the Corporation of the Amendment.

“Triggering Date” means the earlier of (i) the date on which any meeting of the stockholders of the Corporation called for the purpose of obtaining Stockholder Approval is finally adjourned and at which the Amendment is rejected by the Corporation's stockholders and (ii) the date that is 105 days from the Closing Date.

“Voting Parity Securities” has the meaning specified in Section IV(b).

Section II. Automatic Conversion

(a) Upon the terms and in the manner set forth in this Section II and subject to the provisions for adjustment in Section II(b) below, at 9:30 a.m., New York City time, on the Conversion Date, each share of Series S Junior Preferred Stock will automatically convert into an amount of fully-paid and non-assessable shares of Common Stock, without any action on the part of Holders or the Corporation, based on the Applicable Conversion Rate. The shares of Series S Junior Preferred Stock so converted will be cancelled as described in paragraph (c) below.

(b) If the Corporation fails to obtain Stockholder Approval on or before the Triggering Date, then at 9:30 a.m., New York City time, on the first business day after the Triggering Date, the Series S Junior Preferred Stock shall automatically partially convert into Common Stock, to be effected by the Corporation's issuance of 200,000,000 shares of Common Stock (as adjusted pursuant to Section II(d)) to the Holders of the Series S Junior Preferred Stock, pro rata based on the number of shares of Series S Junior Preferred Stock held of record by each such Holder on such date, without any action on the part of Holders, and the Applicable Conversion Rate shall thereafter be the Adjusted Conversion Rate. Following the issuance of such Common Stock, all shares of the Series S Junior Preferred Stock will remain outstanding.

(c) As promptly as practicable after the Conversion Date, the Corporation shall (i) provide notice of the conversion to each Holder stating the Conversion Date, the number of shares of Common Stock issued upon conversion of each share of Series S Junior Preferred Stock held of record by such Holder and subject to conversion and the place or places where certificates representing shares of Series S Junior Preferred Stock are to be surrendered for issuance of certificates representing shares of Common Stock and (ii) upon proper surrender (including but not limited to furnishing appropriate endorsements and transfer documents) of such certificates by such Holder, issue and deliver, in exchange for the certificates representing the shares of Series S Junior Preferred Stock held by such Holder, to each Holder a certificate or certificates for the number of full shares of Common Stock to which such Holder is entitled. Immediately upon conversion, the rights of the Holders as such with respect to the shares of Series S Junior Preferred Stock so converted shall cease and the persons entitled to receive the shares of Common Stock upon the conversion of such shares of Series S Junior Preferred Stock shall be treated for all purposes as having become the record and beneficial owners of such shares of Common Stock. In the event that a Holder shall not by written notice designate the name in which shares of Common Stock and/or cash, securities or other property (including payments of cash in lieu of fractional shares) to be issued or paid upon conversion of shares of Series S Junior Preferred Stock should be registered or paid or the manner in which such shares should be delivered, the Corporation shall be entitled to register and deliver such shares, and make such payment, in the name of the Holder and in the manner shown on the records of the Corporation.

(d) If at any time prior to the Conversion Date, the Corporation issues to all holders of the Common Stock shares of Common Stock or other securities or assets of the Corporation (other than cash) as a dividend or distribution on the Common Stock, or the Corporation effects a share split or share combination of the Corporation's Common Stock, or the Corporation issues to all holders of the Common Stock certain rights or warrants entitling them for a period of 60 days or less to purchase shares of Common Stock at less than the current market value of the Common Stock at that time, or the Corporation purchases shares of Common Stock pursuant to a tender offer or exchange offer at above the current market value at that time, and in each such case the Record Date with respect to such event (or the date such event is effective, as the case may be) occurs on or after the Closing Date and prior to the Conversion Date (each, an "Adjustment Event"), then the Corporation will make such provision as is necessary so that the Holder receives the same dividend, distribution or other asset or property, if any, as it would have received in connection with such Adjustment Event if it had been the holder on the Record Date (or the date such event is effective, as the case may be) of the number of shares of Common Stock into which the shares of Series S Junior Preferred Stock held by such Holder are then convertible, or, to the extent that it is not reasonably practicable for the Corporation to make such provision, the Corporation shall make such adjustment to the Applicable Conversion Rate or other terms of the Series S Junior Preferred Stock to provide the Holder with an economic benefit comparable to that which it would have received had such provision been made; it being understood that this paragraph (d) shall not apply to the extent that any Holder participates on a pro rata basis with the holders of Common Stock.

(e) No fractional shares of Common Stock or scrip shall be issued upon conversion of shares of Series S Junior Preferred Stock. If more than one share of Series S Junior Preferred Stock shall be surrendered for conversion at any one time by the same Holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series S Junior Preferred Stock so surrendered. Instead of any fractional shares of Common Stock which would otherwise be issuable upon conversion of any shares of Series S Junior Preferred Stock, the Corporation shall pay a cash adjustment in respect of such fractional interest equal to the value of such fractional interest as based on the closing sales price of the Common Stock on the business day immediately preceding the Conversion Date.

(f) The Corporation shall not be required to reserve or keep available, out of its authorized but unissued Common Stock, or have sufficient authorized Common Stock to cover, the shares of Common Stock deliverable upon the conversion of the Series S Junior Preferred Stock prior to the Stockholder Approval.

(g) All shares of Common Stock which may be issued upon conversion of the shares of Series S Junior Preferred Stock or pursuant to Section II(b) hereof will, upon issuance by the Corporation, be validly issued, fully paid and nonassessable.

(h) Effective immediately prior to the Conversion Date, dividends shall no longer be declared on the shares of Series S Junior Preferred Stock and such shares of Series S Junior Preferred Stock shall cease to be outstanding, in each case, subject to the rights of Holders of such Series S Junior Preferred Stock to receive any declared and unpaid dividends on such shares and any other payments to which they are otherwise entitled pursuant to Section II(d), Section III or Section VI.

Section III. Dividend Rights

(a) From and after the Closing Date to but excluding the Conversion Date, (i) the Holders shall be entitled to receive, when, as and if declared by the Board or any duly authorized committee of the Board, but only out of assets legally available therefor, all cash dividends or distributions (including, but not limited to, regular quarterly dividends) declared and paid or made in respect of the shares of Common Stock, at the same time and on the same terms as holders of Common Stock, in an amount per share of Series S Junior Preferred Stock equal to the product of (i) the Applicable Conversion Rate then in effect and (ii) any per share dividend or distribution, as applicable, declared and paid or made in respect of each share of Common Stock (the “Common Equivalent Dividend Amount”), and (ii) the Board may not declare and pay any such cash dividend or make any such cash distribution in respect of Common Stock unless the Board or any duly authorized committee of the Board declares and pays to the Holders of the Series S Junior Preferred Stock, at the same time and on the same terms as holders of Common Stock, the Common Equivalent Dividend Amount per share. Notwithstanding any provision in this Section III(a) to the contrary, (i) the Holders of the Series S Junior Preferred Stock shall not be entitled to receive any cash dividend or distribution made with respect to the Common Stock after the Closing Date where the Record Date for determination of holders of Common Stock entitled to receive such dividend or distribution occurs prior to the Closing Date, and (ii) to the extent an automatic partial conversion pursuant to Section II(b) has occurred in a calendar quarter, the Common Equivalent Dividend Amount payable, if any, shall be determined as if the Initial Conversion Rate were in effect for the entire calendar quarter, unless the Record Date for payment of any such Common Equivalent Dividend Amount occurs after the issuance of such Common Stock, in which case the Common Equivalent Dividend Amount payable, if any, shall be determined as if the Adjusted Conversion Rate were in effect for the entire calendar quarter.

(b) From and after the date immediately following the Triggering Date to but excluding the Conversion Date, in addition to dividends payable under Section III(a), the Holders of the Series S Junior Preferred Stock shall be entitled to receive, when, as and if declared by the Board or any duly authorized committee of the Board, but only out of assets legally available therefor, non-cumulative cash dividends on the Adjusted Liquidation Preference per share of Series S Junior Preferred Stock, payable quarterly in arrears, on each date that regular quarterly cash dividends are paid with respect to the Common Stock or, if no regular quarterly cash dividends are paid with respect to the Common Stock during such calendar quarter, the last Friday of such calendar quarter (or if such Friday is not a business day, the immediately preceding business day) (each, a “Special Dividend Payment Date”). Dividends payable pursuant to this Section III(b) (the “Special Dividend”) will accrue on the Adjusted Liquidation Preference per share of Series S Junior Preferred Stock at a rate per annum equal to the Special Dividend Rate (as defined below) for each calendar quarter from the Triggering Date to the Conversion Date. The amount of Special Dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. No interest or sum of money in lieu of interest will be paid with respect to any Special Dividend paid later than the scheduled Special Dividend Payment Date. The “Special Dividend Rate” shall initially be 10% per annum and shall increase by two (2) percentage points on each subsequent Special Dividend Payment Date, subject to a maximum rate of 16% per annum. For purposes of dividends payable pursuant to this Section III(b), the Series S Junior Preferred Stock will rank prior to the Common Stock.

(c) Each dividend or distribution pursuant to (a) or (b) above will be payable to Holders of record of Series S Junior Preferred Stock as they appear in the records of the Corporation at the close of business on the same day as the Record Date for the corresponding dividend or distribution to the holders of shares of Common Stock (or, in the case of a Special Dividend Payment Date where there is no corresponding quarterly cash dividend with respect to the Common Stock during such calendar quarter, the fifteenth day of the calendar month in which the Special Dividend Payment Date falls).

(d) The cash dividends on the Series S Junior Preferred Stock are noncumulative. To the extent that any dividends payable on the shares of Series S Junior Preferred Stock for a calendar quarter are not declared and paid, in full or otherwise, on the applicable dividend payment date, then such unpaid dividends shall not cumulate and shall cease to be payable, and the Corporation shall have no obligation to pay, and the holders of Series S Junior Preferred Stock shall have no right to receive, dividends for such calendar quarter on the related dividend payment date or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent calendar quarter or dividend period with respect to Series S Junior Preferred Stock, Parity Stock (as defined below) or any other class or series of authorized preferred stock of the Corporation. So long as any share of the Series S Junior Preferred Stock remains outstanding, (i) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock (other than a dividend payable solely in shares of Common Stock), (ii) no shares of Common Stock shall be repurchased, redeemed, or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Common Stock for or into other Common Stock, or the exchange or conversion of one share of Common Stock for or into another share of Common Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Common Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation, and (iii) no shares of Parity Stock will be repurchased, redeemed, or otherwise acquired for consideration by the Corporation otherwise than pursuant to pro rata offers to purchase all,

or a pro rata portion, of the Series S Junior Preferred Stock and such Parity Stock except by conversion into or exchange for Common Stock, during a dividend period, unless, in each case, the full dividends payable pursuant to Section III(b) for the then-current calendar quarter on all outstanding shares of the Series S Junior Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside (except for (w) dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of Common Stock, (x) redemptions or purchases of any rights pursuant to a stockholder rights plan or by conversion or exchange of Parity Stock for or into other Parity Stock of the Corporation, (y) purchases by the Corporation or its affiliates as a broker, dealer, advisor, fiduciary, trustee or comparable capacity in connection with transactions effected by or for the account of customers of the Corporation or customers of any of its subsidiaries or in connection with the distribution or trading of such capital stock and (z) acquisitions of Common Stock in respect of exercises of employee equity awards and any related tax withholding and any purchases or acquisitions of Common Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofor or hereafter adopted). Subject to the next succeeding sentence, for so long as any shares of Series S Junior Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity Stock for any period unless full dividends payable pursuant to Section III(b) on all outstanding shares of Series S Preferred Stock for the then-current calendar quarter have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series S Junior Preferred Stock and on any Parity Stock but does not make full payment of such declared dividends, the Corporation will allocate the dividend payments on a pro rata basis among the holders of the shares of Series S Junior Preferred Stock and the holders of any Parity Stock then outstanding. For purposes of calculating the allocation of partial dividend payments, the Corporation will allocate dividend payments on a pro rata basis among the Holders of the Series S Junior Preferred Stock and the holders of any Parity Stock so that the amount of dividends paid per share on the Series S Junior Preferred Stock and such Parity Stock shall in all cases bear to each other the same ratio that payable dividends per share on the shares of the Series S Junior Preferred Stock and such Parity Stock (but without, in the case of any noncumulative preferred stock, accumulation of dividends for prior dividend periods) bear to each other. The foregoing right shall not be cumulative and shall not in any way create any claim or right in favor of Holders in the event that dividends have not been declared or paid in respect of any prior calendar quarter. As used herein, "Parity Stock" shall mean each class or series of equity securities of the Corporation issued after the Closing Date (other than Common Stock) that does not by its terms rank senior to the Series S Junior Preferred Stock with respect to payment of dividends or rights upon liquidation, dissolution or winding up of the affairs of the Corporation (including options, warrants or rights to subscribe for or purchase shares of such equity securities).

(e) No interest or sum of money in lieu of interest will be payable in respect of any dividend payment or payments on Series S Junior Preferred Stock or on such Parity Stock that may be in arrears.

(f) Holders of Series S Junior Preferred Stock shall not be entitled to any dividends, whether payable in cash, securities or other property, other than dividends (if any) declared and payable on Series S Junior Preferred Stock as specified in this Section III. Notwithstanding any provision in this Certificate of Designations to the contrary, Holders of the Series S Junior Preferred Stock shall not be entitled to receive any dividends for any calendar quarter in which the Conversion Date occurs, except to the extent that any such dividends have been declared by the Board or any duly authorized committee of the Board and the Record Date for such dividend occurs prior to the Conversion Date.

Section IV. Voting

(a) Prior to the Conversion Date, Holders are entitled to vote (i) on all matters presented to the holders of Common Stock for approval, voting together with the holders of common stock as one class, as if, on the record date for determining the holders of the Corporation's securities entitled to vote with respect to such matter, the Holders in fact held the shares of Common Stock into which the Series S Junior Preferred Stock are then convertible based on the Applicable Conversion Rate then in effect or (ii) whenever the approval or other action of Holders is required by applicable law or by the Certificate of Incorporation; provided, however that Holders shall not be entitled to vote either together with the Common Stock or as a separate class with respect to the Amendment at any meeting of the stockholders of the Corporation at which the Amendment is presented for approval.

(b) If and whenever any Special Dividend payable to Holders of the Series S Junior Preferred Stock or any other dividend payable to holders of any other class or series of preferred stock ranking equally with Series S Junior Preferred Stock as to payment of dividends and upon which voting rights equivalent to those granted by this Section IV have been conferred ("Voting Parity Securities") and are exercisable, have not been declared and paid for the equivalent of at least six or more calendar quarters (other than the calendar quarter in which the Series S Junior Preferred Stock is issued) (whether consecutive or not) (a "Nonpayment"), the number of directors constituting the Board shall be increased by two, and the Holders of the outstanding shares of Series S Junior Preferred Stock voting as a class with holders of any Voting Parity Securities, whether or not the holders of such Voting Parity Securities would be entitled to vote for the election of directors if such Nonpayment did not exist, shall have the right, voting separately as a single class without regard to series, with voting rights allocated pro rata based on liquidation preference, to the exclusion of the holders of Common Stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and provided further that the Board shall at no time include more than two such directors. Each such director elected by the holders of shares of Series S Junior Preferred Stock and any Voting Parity Securities is a "Junior Preferred Director." Any Junior Preferred Director elected by the holders of the Series S Junior Preferred Stock and any Voting Parity Securities may only be removed by the vote of the holders of record of the outstanding Series S Junior Preferred Stock and any such Voting Parity Securities, voting together as a single and separate class, at a meeting of the Corporation's stockholders called for that purpose. Any vacancy created by the removal of any Junior Preferred Director may be filled only by the vote of the holders of the outstanding Series S Junior Preferred Stock and any such Voting Parity Securities, voting together as a single and separate class.

(c) The election of the Junior Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of the Series S Junior Preferred Stock and any Voting Parity Securities, called as provided herein. At any time after the special voting right has vested pursuant to Section IV(b) above, the secretary of the Corporation may, and upon the written request of any Holder of Series S Junior Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series S Junior Preferred Stock and any Voting Parity Securities, for the election of the two directors to be elected by them as provided in Section IV(d) below. The Junior Preferred Directors shall each be entitled to one vote per director on any matter.

(d) Notice for a special meeting will be given in a similar manner to that provided in the Corporation's by-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any Holder of Series S Junior Preferred Stock may (at the Corporation's expense) call such meeting, upon notice as provided in this Section IV(d), and for that purpose will have access to the stock register of the Corporation. The Junior Preferred Directors elected at any such special meeting will hold office until the next annual meeting of the Corporation's stockholders unless they have been previously terminated or removed pursuant to Section IV(e). In case any vacancy in the office of a Junior Preferred Director occurs (other than prior to the initial election of the Junior Preferred Directors), the vacancy may be filled by the written consent of the Junior Preferred Director remaining in office, or if none remains in office, by the vote of the Holders of the Series S Junior Preferred Stock (voting together as a single and separate class with holders of any Voting Parity Securities, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such Nonpayment did not exist) to serve until the next annual meeting of the stockholders.

(e) The voting rights described in Section IV(b) above will terminate, except as provided by law, upon the earlier of (A) the conversion of all of the Series S Junior Preferred Stock on the Conversion Date or (B) the payment of full Special Dividends on the Series S Junior Preferred Stock and any Voting Parity Securities, for the equivalent of at least four quarterly periods (but subject to retesting in the case of any similar non-payment of dividends in respect of future dividend periods) following a Nonpayment on the Series S Junior Preferred Stock and any Voting Parity Securities. Upon termination of the special voting right described above, the terms of office of the Junior Preferred Directors will immediately terminate, and the number of directors constituting the Board will be reduced accordingly. Any Junior Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series S Junior Preferred Stock (voting together as a single and separate class with holders of any Voting Parity Securities, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such Nonpayment did not exist).

Section V. Liquidation

(a) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation prior to the Conversion Date, whether voluntary or involuntary, Holders of Series S Junior Preferred Stock shall be entitled to receive for each share of Series S Junior Preferred Stock, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, subject to the rights of any creditors of the Corporation and the holders of any other stock of the Corporation ranking senior as to such distributions to the Series S Junior Preferred Stock, and before any distribution of such assets or proceeds is made to or set aside for the holders of Common Stock or other stock of the Corporation ranking junior to Series S Junior Preferred Stock as to such distribution, a liquidating distribution in an amount equal to the Applicable Liquidation Preference, plus any dividends that have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation.

(b) If in any distribution described in Section V(a) above the assets of the Corporation or proceeds thereof are not sufficient to pay in full the amounts payable with respect to all outstanding shares of Series S Junior Preferred Stock and the corresponding amounts payable with respect to any other stock of the Corporation ranking equally with Series S Junior Preferred Stock as to such distribution, Holders of Series S Junior Preferred Stock and the holders of such other stock shall share ratably in any such distribution in proportion to the full respective distributions to which they are entitled.

(c) If the liquidating distribution provided in Section V(a) above has been paid in full to all Holders of Series S Junior Preferred Stock and the corresponding amounts payable with respect to any other stock of the Corporation ranking equally with Series S Junior Preferred Stock as to such distribution have been paid in full, the holders of other stock of the Corporation shall be entitled to receive all remaining assets of the Corporation (or proceeds thereof) according to their respective rights and preferences; provided that if the amount of such assets or proceeds to be distributed with respect to a number of shares of Common Stock equal to the Applicable Conversion Rate then in effect (the “As Converted Liquidation Amount”) exceeds the Applicable Liquidation Preference, Holders of Series S Junior Preferred Stock shall be entitled to receive, for each share of Series S Junior Preferred Stock, an additional amount (the “Liquidation Participation Amount”) out of such assets or proceeds such that the As-Converted Liquidation Amount equals the sum of the Applicable Liquidation Preference plus the Liquidation Participation Amount, after making appropriate adjustment such that the holders of Series S Junior Preferred Stock receive the same amount on an as-converted basis as the holders of a number of shares of Common Stock equal to the Applicable Conversion Rate then in effect.

(d) For purposes of this Section V, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) or all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section VI. Adjustments For Reorganization Events

(a) Upon the occurrence of a Reorganization Event (as defined herein) prior to the Conversion Date, each share of Series S Junior Preferred Stock outstanding immediately prior to such Reorganization Event shall, without the consent of Holders, become convertible into the types and amounts of securities, cash, and other property that is or was receivable in such Reorganization Event by a holder of the number of shares of Common Stock into which such share of Series S Junior Preferred Stock was convertible immediately prior to such Reorganization Event in exchange for such shares of Common Stock (such securities, cash, and other property, the “Exchange Property”). The Holders shall not have any separate class vote on any Reorganization Event. A “Reorganization Event” shall mean:

(i) any consolidation or merger of the Corporation with or into another person, in each case pursuant to which the Common Stock will be converted into cash, securities, or other property of the Corporation or another person;

(ii) any sale, transfer, lease, or conveyance to another person of all or substantially all of the consolidated assets of the Corporation and its subsidiaries, taken as a whole, in each case pursuant to which the Common Stock will be converted into cash, securities, or other property;

(iii) any reclassification of the Common Stock into securities other than the Common Stock; or

(iv) any statutory exchange of the Corporation's securities for those of another person (other than in connection with a merger or acquisition).

(b) In the event that holders of the shares of the Common Stock have the opportunity to elect the form of consideration to be received in such Reorganization Event, the consideration that the Holders are entitled to receive upon conversion shall be deemed to be (i) the types and amounts of consideration received by a majority of the holders of shares of Common Stock that affirmatively make such an election or (ii) if no holders of shares of Common Stock affirmatively make such an election, the types and amounts of consideration actually received by such holders.

(c) The Corporation (or any successor) shall, within 20 days of the occurrence of any Reorganization Event, provide written notice to the Holders of such occurrence of such event and of the type and amount of the cash, securities or other property that constitutes the Exchange Property. Failure to deliver such notice shall not affect the operation of this Section VI.

Section VII. Reports as to Adjustments

Whenever the number of shares of Common Stock into which the shares of the Series S Junior Preferred Stock are convertible is adjusted as provided in Section I(e) or Section VI, the Corporation shall promptly compute such adjustment and furnish to the Holders a certificate, signed by the principal financial officer or treasurer of the Corporation, setting forth the number of shares of Common Stock into which each share of the Series S Junior Preferred Stock is convertible as a result of such adjustment, a brief statement of the facts requiring such adjustment and the computation thereof and when such adjustment will become effective.

Section VIII. Exclusion of Other Rights

Except as may otherwise be required by law, the shares of Series S Junior Preferred Stock shall not have any voting powers, preferences or relative, participating, optional or other special rights, other than those specifically set forth herein (as this Certificate of Designations may be amended from time to time) and in the Certificate of Incorporation. The shares of Series S Junior Preferred Stock shall have no preemptive or subscription rights.

Section IX. Severability of Provisions

If any voting powers, preferences or relative, participating, optional or other special rights of the Series S Junior Preferred Stock and qualifications, limitations and restrictions thereof set forth in this Certificate of Designations (as this Certificate of Designations may be amended from time to time) is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other voting powers, preferences and relative, participating, optional and other special rights of Series S Junior Preferred Stock and qualifications, limitations and restrictions thereof set forth in this Certificate of Designations (as so amended) which can be given effect without the invalid, unlawful or unenforceable voting powers, preferences or relative, participating, optional or other special rights of Series S Junior Preferred Stock and qualifications, limitations and restrictions thereof shall, nevertheless, remain in full force and effect, and no voting powers, preferences or relative, participating, optional or other special rights of Series S Junior Preferred Stock or qualifications, limitations and restrictions thereof herein set forth shall be deemed dependent upon any other such voting powers, preferences or relative, participating, optional or other special rights of Series S Junior Preferred Stock or qualifications, limitations and restrictions thereof unless so expressed herein.

Section X. Reissuance of Series S Junior Preferred Stock

Shares of Series S Junior Preferred Stock that have been issued and reacquired in any manner, including shares purchased by the Corporation or exchanged or converted, shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized but unissued shares of preferred stock of the Corporation undesignated as to series and may be designated or redesignated and issued or reissued, as the case may be, as part of any series of preferred stock of the Corporation. The Corporation may from time to time take such appropriate action as may be necessary to reduce the authorized number of shares of Series S Junior Preferred Stock.

Section XI. Rank

Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board or any authorized committee of the Board, without the vote of the Holders of the Series S Junior Preferred Stock, may authorize and issue additional shares of stock ranking junior or senior to, or on parity with, the Series S Junior Preferred Stock as to dividends and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section XII. Determinations

The Corporation shall be solely responsible for making all calculations called for hereunder. Such calculations include, but are not limited to, the calculations under Section I hereof. The Corporation covenants to make all such calculations in good faith. Absent manifest error, such calculations shall be final and binding on all Holders of shares of the Series S Junior Preferred Stock. The Corporation shall have the power to resolve any ambiguity and its action in so doing, as evidenced by a resolution of the Board, shall be final and conclusive unless clearly inconsistent with the intent hereof. Amounts resulting from any calculation will be rounded, if necessary, to the nearest one ten-thousandth, with five one-hundred thousandths being rounded upwards.

Section XIII. No Redemption

The Corporation may not, at any time, redeem the outstanding shares of the Series S Junior Preferred Stock.

Section XIV. Repurchases

Subject to the limitations imposed herein, the Corporation may purchase and sell shares of Series S Junior Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board or any duly authorized committee of the Board may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section XV. No Sinking Fund

Shares of Series S Junior Preferred Stock are not subject to the operation of a sinking fund.

Section XVI. Notices

All notices, requests and other communications to the Holder of Series S Junior Preferred Stock shall be in writing (including facsimile transmission) and shall be given at the address of such Holder as shown on the books of the Corporation. A Holder of Series S Junior Preferred Stock may waive any notice required hereunder by a writing signed before or after the time required for notice or the action in question. Notice shall be deemed given on the earlier of the date received or three business days after the date such notice is mailed by first-class mail, postage prepaid.

**CERTIFICATE OF AMENDMENT
TO THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
BANK OF AMERICA CORPORATION**

Pursuant to Section 242
of the General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation duly organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. The Amended and Restated Certificate of Incorporation of the Corporation is hereby amended by changing the number of shares of stock the Corporation is authorized to issue, so that, the first sentence of Article 3 thereof shall read as follows:

"3. The number of shares, par value \$.01 per share, the Corporation is authorized to issue is Eleven Billion Four Hundred Million (11,400,000,000), divided into the following classes:

Class	Number of Shares
Common	11,300,000,000
Preferred	100,000,000."

2. The foregoing amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be executed by a duly authorized officer on this 23rd day of February, 2010.

By: /s/ TERESA M. BRENNER

Name: Teresa M. Brenner

Title: Associate General Counsel

**CERTIFICATE OF AMENDMENT
TO THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
BANK OF AMERICA CORPORATION**

Pursuant to Section 242
of the General Corporation Law of the State of Delaware

Bank of America Corporation, a corporation duly organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. The Amended and Restated Certificate of Incorporation of the Corporation is hereby amended by changing the number of shares of stock the Corporation is authorized to issue, so that, the first sentence of Article 3 thereof shall read as follows:

"3. The number of shares, par value \$.01 per share, the Corporation is authorized to issue is Twelve Billion Nine Hundred Million (12,900,000,000), divided into the following classes:

Class	Number of Shares
Common	12,800,000,000
Preferred	100,000,000."

2. The foregoing amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be executed by a duly authorized officer on this 28th day of April, 2010.

By: /s/ TERESA M. BRENNER
Name: Teresa M. Brenner
Title: Associate General Counsel

**CERTIFICATE OF DESIGNATIONS
OF
6% CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES T
OF
BANK OF AMERICA CORPORATION**

BANK OF AMERICA CORPORATION, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Sections 103 and 151 thereof, DOES HEREBY CERTIFY:

The board of directors of the Corporation (the "Board of Directors"), in accordance with the provisions of the amended and restated certificate of incorporation of the Corporation and applicable law, at a meeting duly called and held on August 25, 2011, adopted the following resolution creating a series of 50,000 shares of Preferred Stock of the Corporation designated as "6% Cumulative Perpetual Preferred Stock, Series T".

RESOLVED, that pursuant to the authority vested in the Board of Directors, the provisions of the amended and restated certificate of incorporation of the Corporation and applicable law, a series of Preferred Stock, par value \$0.01 per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions, of the shares of such series, are as follows:

Section 1. Designation. The distinctive serial designation of such series of Preferred Stock is "6% Cumulative Perpetual Preferred Stock, Series T" ("Series T"). Each share of Series T shall be identical in all respects to every other share of Series T.

Section 2. Number of Shares. The authorized number of shares of Series T shall be 50,000. Shares of Series T that are redeemed, purchased or otherwise acquired by the Corporation shall revert to authorized but unissued shares of Preferred Stock (*provided* that any such cancelled shares of Series T may be reissued only as shares of any now or hereafter designated series other than Series T).

Section 3. Definitions. As used herein with respect to Series T:

(a) "Bylaws" means the amended and restated bylaws of the Corporation, as they may be amended from time to time.

(b) "Business Day" means a day that is a Monday, Tuesday, Wednesday, Thursday or Friday and is not a day on which banking institutions in New York City generally are authorized or obligated by law, regulation or executive order to close.

(c) "Certificate of Designations" means this Certificate of Designations relating to the Series T, as it may be amended from time to time.

(d) "Certification of Incorporation" shall mean the amended and restated certificate of incorporation of the Corporation, as it may be amended from time to time, and shall include this Certificate of Designations.

(e) "Common Stock" means the common stock, par value \$0.01 per share, of the Corporation.

(f) "Junior Stock" means the Common Stock and any other class or series of stock of the Corporation (other than Series T) that ranks junior to Series T either or both as to the payment of dividends and/or as to the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

(g) "Original Issue Date" means September 1, 2011.

(h) "Parity Stock" means any class or series of stock of the Corporation (other than Series T) that ranks equally with Series T both in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation (in each case without regard to whether dividends accrue cumulatively or non-cumulatively). Without limiting the foregoing, Parity Stock shall include the Corporation's (i) 7% Cumulative Redeemable Preferred Stock, Series B, (ii) 6.204% Non-Cumulative Preferred Stock, Series D, (iii) Floating Rate Non-Cumulative Preferred Stock, Series E, (iv) Floating Rate Non-Cumulative Preferred Stock, Series F, (v) Adjustable Rate Non-Cumulative Preferred Stock, Series G, (vi) 8.20% Non-Cumulative Preferred Stock, Series H, (vii) 6.625% Non-Cumulative Preferred Stock, Series I, (viii) 7.25% Non-Cumulative Preferred Stock, Series J, (ix) Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, (x) 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L, (xi) Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M, (xii) Fixed Rate Cumulative Perpetual Preferred Stock, Series N, (xiii) Fixed Rate Cumulative Perpetual Preferred Stock, Series Q, (xiv) Fixed Rate Cumulative Perpetual Preferred Stock, Series R, (xv) Floating Rate Non-Cumulative Preferred Stock, Series 1, (xvi) Floating Rate Non-Cumulative Preferred Stock, Series 2, (xvii) 6.375% Non-Cumulative Preferred Stock, Series 3, (xviii) Floating Rate Non-Cumulative Preferred Stock, Series 4, (xix) Floating Rate Non-Cumulative Preferred Stock, Series 5, (xx) 6.70% Noncumulative Perpetual Preferred Stock, Series 6, (xxi) 6.25% Noncumulative Perpetual Preferred Stock, Series 7 and (xxii) 8.625% Non-Cumulative Preferred Stock, Series 8.

(i) "Preferred Stock" means any and all series of preferred stock of the Corporation, including the Series T.

(j) "Voting Parity Stock" means, with regard to any matter as to which the holders of Series T are entitled to vote as specified in Section 8 of this Certificate of Designations, any and all series of Parity Stock upon which like voting rights have been conferred and are exercisable with respect to such matter.

(k) "Voting Preferred Stock" means, with regard to any matter as to which the holders of Series T are entitled to vote as specified in Section 8 of this Certificate of Designations, any and all series of Preferred Stock (other than Series T) that rank equally with Series T either as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up of the Corporation and upon which like voting rights have been conferred and are exercisable with respect to such matter.

Section 4. Dividends.

(a) Rate. Holders of Series T shall be entitled to receive, on each share of Series T, out of funds legally available for the payment of dividends under Delaware law, cumulative cash dividends with respect to each Dividend Period (as defined below) at a per annum rate of 6% (as such may be adjusted pursuant to this Section 4(a), the "Dividend Rate") on (i) the amount of \$100,000 per share of Series T and (ii) the amount of accrued and unpaid dividends on such share of Series T, if any (giving effect to (A) any dividends paid through the Dividend Payment Date (as defined below) that begins such Dividend Period (other than the initial Dividend Period) and (B) any dividends (including dividends thereon at a per annum rate equal to the Dividend Rate to the date of payment) paid during such Dividend Period); *provided* that if, on any Dividend Payment Date, the holder of record (for such Dividend Payment Date) of a share of Series T shall not have received in cash the full amount of any dividend required to be paid on such share on such Dividend Payment Date pursuant to this Section 4(a), then the Dividend Rate shall automatically be at a per annum rate of 8% with respect to the Dividend Period for which the full amount of any dividend required to be paid on such share on such Dividend Payment Date pursuant to this Section 4(a) was not made and for all Dividend Periods thereafter. Dividends shall begin to accrue and be cumulative from the Original Issue Date, shall compound on each Dividend Payment Date (*i.e.*, no dividends shall accrue on other dividends unless and until the first Dividend Payment Date for such other dividends has passed without such other dividends having been paid on such date) and shall be payable in arrears (as provided below in this Section 4(a)), but only when, as and if declared by the Board of Directors (or a duly authorized committee of the Board of Directors) on each October 10, January 10, April 10 and July 10 (each, a "Dividend Payment Date"), commencing on October 10, 2011; *provided* that if any such Dividend Payment Date would otherwise occur on a day that is not a Business Day, such Dividend Payment Date shall instead be (and any dividend payable on Series T on such Dividend Payment Date shall instead be payable on) the immediately succeeding Business Day. Dividends payable on the Series T in respect of any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of dividends payable on the Series T on any date prior to the end of a Dividend Period, and for the initial Dividend Period, shall be computed on the basis of a 360-day year consisting of twelve 30-day months, and actual days elapsed over a 30-day month.

Dividends that are payable on Series T on any Dividend Payment Date will be payable to holders of record of Series T as they appear on the stock register of the Corporation on the applicable record date, which shall be the 15th calendar day before such Dividend Payment Date (as originally scheduled) or such other record date fixed by the Board of Directors (or a duly authorized committee of the Board of Directors) that is not more than 60 nor less than 10 days prior to such Dividend Payment Date (each, a “Dividend Record Date”). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day.

Each dividend period (a “Dividend Period”) shall commence on and include a Dividend Payment Date (other than the initial Dividend Period, which shall commence on and include the Original Issue Date of the Series T) and shall end on and include the calendar day next preceding the next Dividend Payment Date. Dividends payable in respect of a Dividend Period shall be payable in arrears on the first Dividend Payment Date after such Dividend Period.

Holders of Series T shall not be entitled to any dividends, whether payable in cash, securities or other property, other than dividends (if any) declared and payable on the Series T as specified in this Section 4 (subject to the other provisions of this Certificate of Designations).

(b) Priority of Dividends. So long as any share of Series T remains outstanding, no dividend shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than a dividend payable solely in Junior Stock), and no Common Stock, Junior Stock or Parity Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into other Junior Stock or of Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock or of one share of Parity Stock for or into another share of Parity Stock (with the same or lesser per share liquidation amount) or Junior Stock) during a Dividend Period, unless all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 4(a) above, dividends on such amount), on all outstanding shares of Series T have been or are contemporaneously declared and paid in full (or declared and a sum sufficient for the payment thereof has been set aside for the benefit of the holders of shares of Series T on the applicable record date). The foregoing provision shall not apply to (i) redemptions, purchases or other acquisitions of shares of Common Stock or other Junior Stock in connection with the cashless exercises and similar actions under any employee benefit plan in the ordinary course of business and consistent with past practice prior to the Original Issuance Date; (ii) purchases or other acquisitions by a broker-dealer subsidiary of the Corporation solely for the purpose of market-making, stabilization or customer facilitation transactions in Junior Stock or Parity Stock in the ordinary course of its business; (iii) in connection with the issuance of Junior Stock or Parity Stock, ordinary sale and repurchase transactions to facilitate the distribution of such Junior Stock or Parity Stock; and (iv) the acquisition by the Corporation or any of its subsidiaries of record ownership in Junior Stock or Parity Stock for the beneficial ownership of, and at the ultimate cost of, any other persons (other than the Corporation or any of its subsidiaries), including as trustees or custodians.

When dividends are not paid (or declared and a sum sufficient for payment thereof set aside for the benefit of the holders thereof on the applicable record date) on any Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within a Dividend Period related to such Dividend Payment Date) in full upon the Series T and any shares of Parity Stock, all dividends declared on the Series T and all such Parity Stock and payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) shall be declared pro rata so that the respective amounts of such dividends declared shall bear the same ratio to each other as all accrued and unpaid dividends per share on the Series T (including, if applicable as provided in Section 4(a) above, dividends on such amount) and all Parity Stock payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) bear to each other.

Subject to the foregoing, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors (or a duly authorized committee of the Board of Directors) may be declared and paid on any securities, including Common Stock and other Junior Stock, from time to time out of any funds legally available for such payment, and the Series T shall not be entitled to participate in any such dividends.

Section 5. Liquidation Rights.

(a) Voluntary or Involuntary Liquidation. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, holders of Series T shall be entitled to receive for each share of Series T, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, and after satisfaction of all liabilities and obligations to creditors of the Corporation, before any distribution of such assets or proceeds is made to or set aside for the holders of Common Stock and any other stock of the Corporation ranking junior to the Series T as to such distribution, payment in full in an amount equal to the sum of (i) \$100,000 per share and (ii) the accrued and unpaid dividends thereon (including, if applicable as provided in Section 4(a) above, dividends on such amount), whether or not declared, to the date of payment. Furthermore, without limiting in any way the obligation of the Corporation to make the payments specified in the immediately preceding sentence, in connection with the payment of the amounts specified in clause (ii) of the immediately preceding sentence, the Corporation shall use its best efforts to ensure that, immediately prior to any such liquidation, dissolution or winding up, the Corporation shall declare and pay any accrued and unpaid dividends (including, if applicable as provided in Section 4(a) above, dividends on such amount) outstanding as of such time.

(b) Partial Payment. If in any distribution described in Section 5(a) above the assets of the Corporation or proceeds thereof are not sufficient to pay the Liquidation Preferences (as defined below) in full to all holders of Series T and all holders of any stock of the Corporation ranking equally with the Series T as to such distribution, the amounts paid to the holders of Series T and to the holders of all such other stock shall be paid *pro rata* in accordance with the respective aggregate Liquidation Preferences of the holders of Series T and the holders of all such other stock. In any such distribution, the “Liquidation Preference” of any holder of stock of the Corporation shall mean the amount otherwise payable to such holder in such distribution (assuming no limitation on the assets of the Corporation available for such distribution), including an amount equal to any declared but unpaid dividends (and, in the case of any holder of stock, including the Series T, on which dividends accrue on a cumulative basis, an amount equal to any accrued and unpaid dividends (including, if applicable, dividends on such amount), whether or not declared, as applicable), *provided* that the Liquidation Preference for any share of Series T shall be determined in accordance with Section 5(a) above.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series T, the holders of other stock of the Corporation shall be entitled to receive all remaining assets of the Corporation (or proceeds thereof) according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the merger or consolidation of the Corporation with any other corporation or other entity, including a merger or consolidation in which the holders of Series T receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding up of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at its option, subject to the approval of the Board of Governors of the Federal Reserve System, may redeem, in whole at any time or in part from time to time, the shares of Series T at the time outstanding, upon notice given as provided in Section 6(c) below, at a redemption price equal to the sum of (i) \$105,000 per share and (ii) the accrued and unpaid dividends thereon (including, if applicable as provided in Section 4(a) above, dividends on such amount), whether or not declared, to the redemption date. Without limiting in any way the obligation of the Corporation to make the payments specified in the immediately preceding sentence, in connection with the payment of the amounts specified in clause (ii) of the immediately preceding sentence, the Corporation shall use its best efforts to ensure that, immediately prior to any such redemption, the Corporation shall declare and pay any accrued and unpaid dividends (including, if applicable as provided in Section 4(a) above, dividends on such amount) outstanding as of such time. The minimum number of shares of Series T redeemable at any time is the lesser of (x) 10,000 shares of Series T and (y) the number of shares of Series T outstanding. The redemption price for any shares of Series T shall be payable on the redemption date to the holder of such shares against surrender of the certificate(s) evidencing such shares to the Corporation or its agent. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the Dividend Record Date for a Dividend Period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such Dividend Record Date relating to the Dividend Payment Date as provided in Section 4 above.

(b) No Sinking Fund. The Series T will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Series T will have no right to require redemption of any shares of Series T.

(c) Notice of Redemption. Notice of every redemption of shares of Series T shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series T designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series T. Notwithstanding the foregoing, if the Series T are issued in book-entry form through The Depository Trust Company or any other similar facility, notice of redemption may be given to the holders of Series T at such time and in any manner permitted by such facility. Each notice of redemption given to a holder shall state: (1) the redemption date; (2) the number of shares of Series T to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price. Notwithstanding anything to the contrary herein, upon receipt of any notice of redemption hereunder, the holder of any share of Series T outstanding at such time shall have five (5) Business Days to deliver to the Corporation written notice of its election to pay some or all of the applicable exercise price with respect to an exercise, in whole or in part, of such holder's rights under any warrant to purchase Common Stock of the Corporation originally issued by the Corporation in connection with the issuance of the Series T by means of a surrender to the Corporation of shares of the Series T in accordance with the terms and conditions hereof and of any such warrant, and the Corporation's right to redeem the shares of Series T specified in such notice of redemption shall be (x) tolled during such five (5) Business Day period and (y) if the holder so elects to exercise such warrant and surrender such shares of Series T, in whole or in part, automatically terminated only with respect to such shares of Series T to be so surrendered.

(d) Partial Redemption. In case of any redemption of part of the shares of Series T at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or in such other manner as the Corporation may determine to be fair and equitable. Subject to the provisions hereof, the Corporation shall have full power and authority to prescribe the terms and conditions upon which shares of Series T shall be redeemed from time to time. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

(e) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been deposited by the Corporation, in trust for the *pro rata* benefit of the holders of the shares called for redemption, with a bank or trust company doing business in the Borough of Manhattan, The City of New York, and having a capital and surplus of at least \$50 million and selected by the Board of Directors, so as to be and continue to be available solely therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company, without interest. Any funds unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

Section 7. Conversion. Holders of Series T shares shall have no right to exchange or convert such shares into any other securities, except in connection with the surrender to the Corporation of shares of the Series T to satisfy any portion of the applicable exercise price with respect to an exercise, in whole or in part, of any warrant to purchase Common Stock of the Corporation issued in connection with the original issuance of the Series T by the Corporation.

Section 8. Voting Rights.

(a) General. The holders of Series T shall not have any voting rights except as set forth below or as otherwise from time to time required by law.

(b) Class Voting Rights as to Particular Matters. So long as any shares of Series T are outstanding, in addition to any other vote or consent of stockholders required by law or by the Certificate of Incorporation, the vote or consent of the holders of at least 66 2/3% of the shares of Series T and any Voting Preferred Stock at the time outstanding and entitled to vote thereon,

voting together as a single class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Authorization of Senior Stock. Any amendment or alteration of the Certificate of Incorporation to authorize or create, or increase the authorized amount of, any shares of any class or series of capital stock of the Corporation ranking senior to the Series T with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding up of the Corporation;

(ii) Amendment of Series T. Any amendment, alteration or repeal of any provision of the Certificate of Incorporation so as to materially and adversely affect the special rights, preferences, privileges or voting powers of the Series T, taken as a whole; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange or reclassification involving the Series T, or of a merger or consolidation of the Corporation with another corporation or other entity, unless in each case (x) the shares of Series T remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of the Series T immediately prior to such consummation, taken as a whole;

provided, however, that for all purposes of this Section 8(b), any increase in the amount of the authorized Preferred Stock, or the creation and issuance, or an increase in the authorized or issued amount, of any other series of Preferred Stock ranking equally with and/or junior to the Series T with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and/or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the rights, preferences, privileges or voting powers of the Series T.

If any amendment, alteration, repeal, share exchange, reclassification, merger or consolidation specified in this Section 8(b) would adversely affect the Series T and one or more but not all other series of Preferred Stock, then only the Series T and such series of Preferred Stock as are adversely affected by and entitled to vote on the matter shall vote on the matter together as a single class (in lieu of all other series of Preferred Stock).

If any amendment, alteration, repeal, share exchange, reclassification, merger or consolidation specified in this Section 8(b) would adversely affect the Series T but would not similarly adversely affect all other series of Voting Parity Stock, then only the Series T and each other series of Voting Parity Stock as is similarly adversely affected by and entitled to vote on the matter, if any, shall vote on the matter together as a single class (in lieu of all other series of Preferred Stock).

(c) Series T Voting Rights as to Particular Matters. In addition to any other vote or consent of stockholders required by law or by the Certificate of Incorporation, so long as at least 10,000 shares of Series T are outstanding, the vote or consent of the holders of at least 50.1% of the shares of Series T at the time outstanding, voting in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Authorization or Issuance of Senior Stock. Any amendment or alteration of the Certificate of Incorporation to authorize or create, or increase the authorized amount of, any shares of any class or series of capital stock of the Corporation, or the issuance of any shares of any class or series of capital stock of the Corporation, in each case, ranking senior to the Series T with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding up of the Corporation;

(ii) Amendment of Series T. Any amendment, alteration or repeal of any provision of the Certificate of Incorporation so as to affect or change the rights, preferences, privileges or voting powers of the Series T so as not to be substantially similar to those in effect immediately prior to such amendment, alteration or repeal; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange or reclassification involving the Series T, or of a merger or consolidation of the Corporation with another corporation or other entity, unless in each case (x) the shares of Series T remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof as are substantially similar to the rights, preferences, privileges and voting powers, and limitations and restrictions of the Series T immediately prior to such consummation; *provided, however*, that for all purposes of this Section 8(c), the creation and issuance, or an increase in the authorized or issued amount, of any other series of Preferred Stock ranking equally with and/or junior to the Series T with respect to the payment of dividends (whether such dividends are cumulative or

non-cumulative) and/or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the rights, preferences, privileges or voting powers of the Series T.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series T shall be required pursuant to Section 8(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of Series T (or, in the case of Section 8(c), more than 40,000 shares of Series T) shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been deposited in trust for such redemption, in each case pursuant to Section 6 above.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series T (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules of the Board of Directors (or a duly authorized committee of the Board of Directors), in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Certificate of Incorporation, the Bylaws, and applicable law and the rules of any national securities exchange or other trading facility on which the Series T is listed or traded at the time. Whether the vote or consent of the holders of a plurality, majority or other portion of the shares of Series T and any Voting Preferred Stock has been cast or given on any matter on which the holders of shares of Series T are entitled to vote shall be determined by the Corporation by reference to the specified liquidation amount of the shares voted or covered by the consent (*provided* that the specified liquidation amount for any share of Series T shall be the Liquidation Preference for such share) as if the Corporation were liquidated on the record date for such vote or consent, if any, or, in the absence of a record date, on the date for such vote or consent.

Section 9. Record Holders. To the fullest extent permitted by applicable law, the Corporation and the transfer agent for the Series T may deem and treat the record holder of any share of Series T as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

Section 10. Notices. All notices or communications in respect of Series T shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Certificate of Designations, in the Certificate of Incorporation or Bylaws or by applicable law. Notwithstanding the foregoing, if the Series T are issued in book-entry form through The Depository Trust Company or any similar facility, such notices may be given to the holders of Series T in any manner permitted by such facility.

Section 11. No Preemptive Rights. No share of Series T shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

Section 12. Replacement Certificates. The Corporation shall replace any mutilated certificate at the holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates that become destroyed, stolen or lost at the holder's expense upon delivery to the Corporation of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Corporation.

Section 13. Surrender Rights. In connection with the exercise of any rights under any warrant to purchase Common Stock of the Corporation issued in connection with the original issuance of the Series T, a holder of shares of Series T shall have the right to pay some or all of the applicable exercise price with respect to an exercise, in whole or in part, of such holder's rights under any such warrant by means of a surrender to the Corporation of the applicable amount shares of the Series T.

Section 14. Other Rights. The shares of Series T shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Certificate of Incorporation or as provided by applicable law.

IN WITNESS WHEREOF, BANK OF AMERICA CORPORATION has caused this certificate to be signed by its duly authorized officer this 3rd day of August, 2011.

BANK OF AMERICA CORPORATION

By: /s/ Mark D. Linsz

Name: Mark D. Linsz

Title: Corporate Treasurer

**CERTIFICATE OF DESIGNATIONS
OF
FIXED-TO-FLOATING RATE
NON-CUMULATIVE PREFERRED STOCK, SERIES U
OF
BANK OF AMERICA CORPORATION**

Bank of America Corporation, a corporation organized and existing under the laws of the State of Delaware (the “*Corporation*”), hereby certifies that, pursuant to authority conferred upon the Board of Directors of the Corporation (the “*Board of Directors*”) by the provisions of the Amended and Restated Certificate of Incorporation of the Corporation, which authorize the issuance of not more than 100,000,000 shares of preferred stock, par value \$0.01 per share, and pursuant to authority conferred upon the Series U Final Terms Committee of the Board of Directors (the “*Committee*”) in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the “*General Corporation Law*”), the following resolutions were duly adopted by the Committee pursuant to the written consent of the Committee duly adopted on May 21, 2013, in accordance with Section 141(f) of the General Corporation Law:

Resolved, that, pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated May 20, 2013, the provisions of the Amended and Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, par value \$0.01 per share, of the Corporation be, and hereby is, created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Section 1. Designation.

The designation of the series of preferred stock shall be “Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series U” (the “*Series U Preferred Stock*”). Each share of Series U Preferred Stock shall be identical in all respects to every other share of Series U Preferred Stock. Series U Preferred Stock will rank equally with Parity Stock, if any, will rank senior to Junior Stock and will rank junior to Senior Stock, if any, with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares.

The number of authorized shares of Series U Preferred Stock shall be 40,000. That number from time to time may be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series U Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors or any duly authorized committee of the Board of Directors and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series U Preferred Stock.

Section 3. Definitions.

As used herein with respect to Series U Preferred Stock:

“*Business Day*” means, for the Fixed Rate Period, each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina; and, for the Floating Rate Period, each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions are not authorized or obligated by law, regulation or executive order to close in New York, New York or in Charlotte, North Carolina and is a London Banking Day.

“*Calculation Agent*” shall mean The Bank of New York Mellon Trust Company, N.A., or such other bank or entity as may be appointed by the Corporation to act as calculation agent for the Series U Preferred Stock during the Floating Rate Period (as defined below).

“*Capital Treatment Event*” means the good faith determination by the Corporation that, as a result of any: (i) amendment to, clarification of, or change in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any shares of the Series U Preferred Stock; (ii) proposed change in those laws or regulations that is announced or becomes effective after the initial issuance of any shares of the Series U Preferred Stock; or (iii) official administrative decision or judicial decision or administrative action or other official

pronouncement interpreting or applying those laws or regulations that is announced or becomes effective after the initial issuance of any shares of the Series U Preferred Stock, there is more than an insubstantial risk that the Corporation shall not be entitled to treat an amount equal to the full liquidation preference of all shares of the Series U Preferred Stock then outstanding as “Tier 1 capital” (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of the Series U Preferred Stock is outstanding.

“*Depository Company*” shall have the meaning set forth in Section 6(d) hereof.

“*Dividend Determination Date*” shall have the meaning set forth below in the definition of “Three-Month LIBOR.”

“*Dividend Payment Date*” shall have the meaning set forth in Section 4(a) hereof.

“*Dividend Period*” shall have the meaning set forth in Section 4(a) hereof.

“*DTC*” means The Depository Trust Company, together with its successors and assigns.

“*Fixed Rate Period*” shall have the meaning set forth in Section 4(a) hereof.

“*Floating Rate Period*” shall have the meaning set forth in Section 4(a) hereof.

“*Junior Stock*” means the Corporation's common stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which Series U Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*London Banking Day*” means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

“*Parity Stock*” means the Corporation's (a) 7% Cumulative Redeemable Preferred Stock, Series B, (b) 6.204% Non-Cumulative Preferred Stock, Series D, (c) Floating Rate Non-Cumulative Preferred Stock, Series E, (d) Floating Rate Non-Cumulative Preferred Stock, Series F, (e) Adjustable Rate Non-Cumulative Preferred Stock, Series G, (f) 6.625% Non-Cumulative Preferred Stock, Series I, (g) 7.25% Non-Cumulative Preferred Stock, Series J, (h) Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, (i) 7.25% Non-Cumulative Perpetual Convertible Preferred Stock, Series L, (j) Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M, (k) 6% Cumulative Perpetual Preferred Stock, Series T, (l) Floating Rate Non-Cumulative Preferred Stock, Series 1, (m) Floating Rate Non-Cumulative Preferred Stock, Series 2, (n) 6.375% Non-Cumulative Preferred Stock, Series 3, (o) Floating Rate Non-Cumulative Preferred Stock, Series 4, (p) Floating Rate Non-Cumulative Preferred Stock, Series 5, (q) 6.70% Noncumulative Perpetual Preferred Stock, Series 6, (r) 6.25% Noncumulative Perpetual Preferred Stock, Series 7, (s) 8.625% Non-Cumulative Preferred Stock, Series 8, and (t) any other class or series of stock of the Corporation hereafter authorized that ranks on a par with the Series U Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

“*Reuters Screen Page “LIBOR01”*” means the display page so designated on Reuters (or any other page as may replace that page on that service, or any other service as may be nominated as the information vendor, for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

“*Senior Stock*” means any class or series of stock of the Corporation now existing or hereafter authorized which has preference or priority over the Series U Preferred Stock as to the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

“*Series U Preferred Stock*” shall have the meaning set forth in Section 1 hereof.

“*Three-Month LIBOR*” means, with respect to any Dividend Period in the Floating Rate Period, the offered rate (expressed as a percentage *per annum*) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Reuters Screen Page “LIBOR01” as of 11:00 a.m. (London time) on the second London Banking Day immediately preceding the first day of that Dividend Period (the “*Dividend Determination Date*”). If such rate does not appear on Reuters Screen Page “LIBOR01,” Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than \$1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Calculation Agent (in consultation with the Corporation), at approximately 11:00 a.m., London time on the second London Banking Day immediately preceding the first day of that Dividend Period. The Calculation Agent will

request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the Calculation Agent (in consultation with the Corporation), at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than \$1,000,000. However, if fewer than three banks selected by the Calculation Agent (in consultation with the Corporation) to provide quotations are quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period in the Floating Rate Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had the dividend rate been a floating rate during the Fixed Rate Period (as defined below). The Calculation Agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period in the Floating Rate Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series U Preferred Stock upon request and will be final and binding in the absence of manifest error.

Section 4. Dividends.

(a) Rate. Holders of Series U Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors or any duly authorized committee of the Board of Directors, but only out of funds legally available for the payment of dividends, non-cumulative cash dividends based on the liquidation preference of \$25,000 per share of Series U Preferred Stock, and no more, payable (x) for the Fixed Rate Period, semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2013, and (y) for the Floating Rate Period, quarterly in arrears on each March 1, June 1, September 1 and December 1, beginning on September 1, 2023; provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day (unless, for the Fixed Rate Period, that day falls in the next calendar year or, for the Floating Rate Period, that day falls in the next calendar month, then in each such case payment of such dividend will occur on the immediately preceding Business Day) (i) on or prior to June 1, 2023, without any interest or other payment in respect of such delay, and (ii) after June 1, 2023, with dividends accruing to the actual payment date (each such day on which dividends are payable a “*Dividend Payment Date*”). The period from, and including, the date of issuance of the Series U Preferred Stock or any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a “*Dividend Period*.” Dividends on each share of Series U Preferred Stock will accrue on the liquidation preference of \$25,000 per share at a ~~rate~~ *per annum* equal to (1) 5.200%, for each Dividend Period from the issue date to, but excluding, June 1, 2023 (the “*Fixed Rate Period*”), and (2) thereafter, Three-Month LIBOR plus a spread of 3.135%, for each Dividend Period from, and including, June 1, 2023 (the “*Floating Rate Period*”). The record date for payment of dividends on the Series U Preferred Stock shall be the fifteenth day of the calendar month immediately preceding the month in which the Dividend Payment Date falls. For the Fixed Rate Period, the amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. For the Floating Rate Period, the amount of dividends payable shall be computed on the basis of a 360-day year and the actual number of days elapsed in a Dividend Period.

(b) Non-Cumulative Dividends. Dividends on shares of Series U Preferred Stock shall be non-cumulative. To the extent that any dividends on the shares of Series U Preferred Stock with respect to any Dividend Period are not declared and paid, in full or otherwise, on the Dividend Payment Date for such Dividend Period, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series U Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on or after the Dividend Payment Date for such Dividend Period or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series U Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation.

(c) Priority of Dividends. So long as any share of Series U Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in shares of Junior Stock, (ii) no shares of Junior Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into other Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock by the Corporation and (iii) no shares of Parity Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or *apro rata* portion, of the Series U Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, in

each case unless full dividends on all outstanding shares of Series U Preferred Stock for the immediately preceding Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. The foregoing limitations do not apply to purchases or acquisitions of the Corporation's Junior Stock pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted. Subject to the succeeding sentence, for so long as any shares of Series U Preferred Stock remain outstanding, no dividends shall be declared or paid or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series U Preferred Stock for the immediately preceding Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series U Preferred Stock and on any Parity Stock but cannot make full payment of such declared dividends, the Corporation will allocate the dividend payments on a *pro rata* basis among the holders of the shares of Series U Preferred Stock and the holders of any Parity Stock then outstanding. For purposes of calculating the *pro rata* allocation of partial dividend payments, the Corporation will allocate dividend payments based on the ratio between the then-current dividend payments due on the shares of Series U Preferred Stock and the aggregate of the current and accrued dividends due on the outstanding Parity Stock. No interest will be payable in respect of any dividend payment on shares of Series U Preferred Stock that may be in arrears. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors or any duly authorized committee of the Board of Directors may be declared and paid on any Junior Stock from time to time out of any funds legally available therefor, and the shares of Series U Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series U Preferred Stock shall be entitled, out of assets legally available for distribution to stockholders of the Corporation, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series U Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidating distribution in the amount of the liquidation preference of \$25,000 per share, plus any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation. The holders of Series U Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference plus any dividends which have been declared but not yet paid to all holders of Series U Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series U Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences, plus any dividends which have been declared but not yet paid, of Series U Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference plus any dividends which have been declared but not yet paid has been paid in full to all holders of Series U Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors, may redeem out of funds legally available therefor, (i) in whole or in part, the shares of Series U Preferred Stock at the time outstanding, at any time on or after the Dividend Payment Date on June 1 2023, or (ii) in whole but not in part, at any time within 90 days after a Capital Treatment Event, in each case upon notice given as provided in Section 6(b) below. The redemption price for shares of Series U Preferred Stock redeemed pursuant to (i) or (ii) of the preceding sentence shall be \$25,000 per share plus (except as otherwise provide below) dividends that have accrued but

have not been paid for the then-current Dividend Period to but excluding the redemption date, without accumulation of any undeclared dividends. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the record date for a dividend period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such record date relating to the Dividend Payment Date as provided in Section 4 above.

(b) Notice of Redemption. Notice of every redemption of shares of Series U Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series U Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series U Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series U Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series U Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series U Preferred Stock at the time outstanding, the shares of Series U Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series U Preferred Stock in proportion to the number of Series U Preferred Stock held by such holders or by lot or in such other manner as the Board of Directors or any duly authorized committee of the Board of Directors may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series U Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other funds, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors or any duly authorized committee of the Board of Directors (the “*Depository Company*”) in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depository Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights.

(a) General. The holders of Series U Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraphs 7(b) and 7(c) below or as required by law.

(b) Special Voting Right.

(i) Voting Right. If and whenever dividends on the Series U Preferred Stock or any other class or series of preferred stock that ranks on parity with Series U Preferred Stock as to payment of dividends, and upon which voting rights equivalent to those granted by this Section 7(b)(i) have been conferred and are exercisable, have not been paid in an aggregate amount equal to, as to any class or series, the equivalent of at least three or more semi-annual or six or more quarterly Dividend Periods (whether consecutive or not), as applicable, the number of directors constituting the Board of Directors shall be increased by two, and the holders of the Series U Preferred Stock

(together with holders of any class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of the such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist), shall have the right, voting separately as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships (and to fill any vacancies in the terms of such directorships), provided that the election of such directors must not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange (or other exchange on which the Corporation's securities may be listed) that listed companies must have a majority of independent directors and further provided that the Board of Directors shall at no time include more than two such directors. Each such director elected by the holders of shares of Series U Preferred Stock and any other class or series of preferred stock that ranks on parity with Series U Preferred Stock as to payment of dividends having equivalent voting rights is a "*Preferred Director*."

(ii) Election. The election of the Preferred Directors will take place at any annual meeting of stockholders or any special meeting of the holders of Series U Preferred Stock and any other class or series of the Corporation's stock that ranks on parity with Series U Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid, called as provided herein. At any time after the special voting power has vested pursuant to Section 7(b)(i) above, the secretary of the Corporation may, and upon the written request of any holder of Series U Preferred Stock (addressed to the secretary at the Corporation's principal office) must (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders), call a special meeting of the holders of Series U Preferred Stock and any other class or series of preferred stock that ranks on parity with Series U Preferred Stock as to payment of dividends and having equivalent voting rights and for which dividends have not been paid for the election of the two directors to be elected by them as provided in Section 7(b)(iii) below. The Preferred Directors shall each be entitled to one vote per director on any matter.

(iii) Notice of Special Meeting. Notice for a special meeting to elect the Preferred Directors will be given in a similar manner to that provided in the Corporation's By-laws for a special meeting of the stockholders. If the secretary of the Corporation does not call a special meeting within 20 days after receipt of any such request, then any holder of Series U Preferred Stock may (at our expense) call such meeting, upon notice as provided in this Section 7(b)(iii), and for that purpose will have access to the stock register of the Corporation. The Preferred Directors elected at any such special meeting will hold office until the next annual meeting of our stockholders unless they have been previously terminated or removed pursuant to Section 7(b)(iv). In case any vacancy in the office of a Preferred Director occurs (other than prior to the initial election of the Preferred Directors), the vacancy may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by the vote of the holders of the Series U Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) to serve until the next annual meeting of the stockholders.

(iv) Termination; Removal. Whenever full dividends have been paid regularly on the Series U Preferred Stock and any other class or series of preferred stock that ranks on parity with Series U Preferred Stock as to payment of dividends, if any, for the equivalent of at least two semi-annual or four quarterly Dividend Periods, as applicable, then the right of the holders of Series U Preferred Stock to elect the Preferred Directors will cease (but subject always to the same provisions for the vesting of the special voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods). The terms of office of the Preferred Directors will immediately terminate, and the number of directors constituting the Board of Directors will be reduced accordingly. Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Series U Preferred Stock (together with holders of any other class of the Corporation's authorized preferred stock having equivalent voting rights, whether or not the holders of such preferred stock would be entitled to vote for the election of directors if such default in dividends did not exist) when they have the voting rights described in this Section 7(b).

(c) Other Voting Rights. So long as any shares of the Series U Preferred Stock remain outstanding, the Corporation shall not, without the affirmative vote or consent of the holders of at least 66⅔% of the voting power of the Series U Preferred Stock and the holders of any other Parity Stock entitled to vote thereon, voting together as a single class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, authorize, create or issue any capital stock ranking senior to the Series U Preferred Stock as to dividends or the distribution of assets upon liquidation, dissolution or winding up, or reclassify any authorized capital stock into any such shares of such capital stock or issue any

obligation or security convertible into or evidencing the right to purchase any such shares of capital stock. Further, so long as any shares of the Series U Preferred Stock remain outstanding, the Corporation shall not, without the affirmative vote of the holders of at least 66⅔% of the shares of the Series U Preferred Stock, amend, alter or repeal any provision of this Certificate of Designations or the Certificate of Incorporation of the Corporation, including by merger, consolidation or otherwise, so as to adversely affect the powers, preferences or special rights of the Series U Preferred Stock.

Notwithstanding the foregoing, (i) any increase in the amount of authorized common stock or authorized preferred stock, or any increase or decrease in the number of shares of any series of preferred stock, or the authorization, creation and issuance of other classes or series of capital stock, in each case ranking on a parity with or junior to the shares of the Series U Preferred Stock as to dividends and distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to adversely affect such powers, preferences or special rights and (ii) a merger or consolidation of the Corporation with or into another entity in which (A) the shares of the Series U Preferred Stock remain outstanding or (B) are converted into or exchanged for preference securities of the surviving entity or any entity, directly or indirectly, controlling such surviving entity and such new preference securities have powers, preferences or special rights that are not materially less favorable than the Series U Preferred Stock shall not be deemed to adversely affect the powers, preferences or special rights of the Series U Preferred Stock.

(d) No Vote if Shares Redeemed. No vote or consent of the holders of the Series U Preferred Stock shall be required pursuant to Section 7(b) or 7(c) if, at or prior to the time when the act with respect to such vote or consent would otherwise be required shall be effected, the Corporation shall have redeemed or shall have called for redemption all outstanding shares of Series U Preferred Stock, with proper notice and sufficient funds having been set aside for such redemption, in each case pursuant to Section 6 above.

(e) Procedures for Voting and Consents. Other than as set forth in Section 7(b), the rules and procedures for calling and conducting any meeting of the holders of Series U Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors or any duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Certificate of Incorporation and By-laws of the Corporation and to applicable law.

Section 8. Preemption and Conversion. The holders of Series U Preferred Stock shall not have any rights of preemption or rights to convert such Series U Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Certificate of Incorporation or this Certificate of Designations to the contrary, the Board of Directors or any authorized committee of the Board of Directors, without the vote of the holders of the Series U Preferred Stock, may authorize and issue additional shares of Junior Stock or Parity Stock.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series U Preferred Stock from time to time to such extent, in such manner, and upon such terms as the Board of Directors or any duly authorized committee of the Board of Directors may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series U Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of preferred stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series U Preferred Stock are not subject to the operation of a sinking fund.

IN WITNESS WHEREOF, Bank of America Corporation has caused this Certificate of Designation to be executed by its duly authorized officer on this 2nd day of May, 2013.

BANK OF AMERICA CORPORATION

By: /s/ ROSS E. JEFFRIES, JR.

Name: Ross E. Jeffries, Jr.

Title: Corporate Secretary and Associate
General Counsel

Bank of America Corporation and Subsidiaries
Ratio of Earnings to Fixed Charges
Ratio of Earnings to Fixed Charges and Preferred Dividends

Exhibit 12

		Year Ended December 31					
	Six Months Ended June 30, 2013	2012	2011	2010	2009	2008	
(Dollars in millions)							
<i>Excluding Interest on Deposits</i>							
Income (loss) before income taxes	\$ 7,482	\$ 3,072	\$ (230)	\$ (1,323)	\$ 4,360	\$ 4,428	
Equity in undistributed earnings (loss) of unconsolidated subsidiaries	(6)	212	596	1,210	(1,833)	(144)	
Fixed charges:							
Interest expense	5,965	14,754	18,618	19,977	23,000	25,074	
1/3 of net rent expense ⁽¹⁾	553	1,092	1,072	1,099	1,110	791	
Total fixed charges	6,518	15,846	19,690	21,076	24,110	25,865	
Preferred dividend requirements ⁽²⁾	1,005	1,080	n/m	802	5,921	1,461	
Fixed charges and preferred dividends	7,523	16,926	19,690	21,878	30,031	27,326	
Earnings	\$ 13,994	\$ 19,130	\$ 20,056	\$ 20,963	\$ 26,637	\$ 30,149	
Ratio of earnings to fixed charges ⁽³⁾	2.15	1.21	1.02	0.99	1.10	1.17	
Ratio of earnings to fixed charges and preferred dividends ^(3, 4)	1.86	1.13	1.02	0.96	0.89	1.10	

	Six Months Ended June 30, 2013	Year Ended December 31				
(Dollars in millions)		2012	2011	2010	2009	2008
<i>Including Interest on Deposits</i>						
Income (loss) before income taxes	\$ 7,482	\$ 3,072	\$ (230)	\$ (1,323)	\$ 4,360	\$ 4,428
Equity in undistributed earnings (loss) of unconsolidated subsidiaries	(6)	212	596	1,210	(1,833)	(144)
Fixed charges:						
Interest expense	6,713	16,744	21,620	23,974	30,807	40,324
1/3 of net rent expense ⁽¹⁾	553	1,092	1,072	1,099	1,110	791
Total fixed charges	7,266	17,836	22,692	25,073	31,917	41,115
Preferred dividend requirements ⁽²⁾	1,005	1,080	n/m	802	5,921	1,461
Fixed charges and preferred dividends	8,271	18,916	22,692	25,875	37,838	42,576
Earnings	\$ 14,742	\$ 21,120	\$ 23,058	\$ 24,960	\$ 34,444	\$ 45,399
Ratio of earnings to fixed charges	2.03	1.18	1.02	1.00	1.08	1.10
Ratio of earnings to fixed charges and preferred dividends ^(3, 4)	1.78	1.12	1.02	0.96	0.91	1.07

⁽¹⁾ Represents an appropriate interest factor.

⁽²⁾ Reflects the impact of \$8.8 billion of mortgage banking losses and \$3.2 billion of goodwill impairment charges during 2011 which resulted in a negative preferred dividend requirement.

⁽³⁾ The earnings for 2010 were inadequate to cover fixed charges and the ratio of earnings to fixed charges and preferred dividends. The earnings deficiency is a result of \$12.4 billion of goodwill impairment charges during 2010. The coverage deficiency for fixed charges was \$113 million and the coverage deficiency for fixed charges and preferred dividends was \$915 million.

⁽⁴⁾ The earnings for 2009 were inadequate to cover fixed charges and preferred dividends. The earnings deficiency is a result of accelerated accretion of \$4.0 billion recorded as a result of the repurchase of TARP Preferred Stock. The coverage deficiency for fixed charges and preferred dividends was \$3.4 billion.

n/m = not meaningful

**Certification Pursuant to Section 302
of the Sarbanes-Oxley Act of 2002
for the Chief Executive Officer**

I, Brian T. Moynihan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bank of America Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2013

/s/ Brian T. Moynihan
Brian T. Moynihan
Chief Executive
Officer and President

**Certification Pursuant to Section 302
of the Sarbanes-Oxley Act of 2002
for the Chief Financial Officer**

I, Bruce R. Thompson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bank of America Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2013

/s/ Bruce R. Thompson
Bruce R. Thompson
Chief Financial Officer

**Certification Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002**

I, Brian T. Moynihan, state and attest that:

1. I am the Chief Executive Officer of Bank of America Corporation (the registrant).
2. I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:
 - the Quarterly Report on Form 10-Q of the registrant for the quarter ended June 30, 2013 (the periodic report) containing financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
 - the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the registrant as of, and for, the periods presented.

Date: August 1, 2013

/s/ Brian T. Moynihan
Brian T. Moynihan
Chief Executive
Officer and President

**Certification Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002**

I, Bruce R. Thompson, state and attest that:

1. I am the Chief Financial Officer of Bank of America Corporation (the registrant).
2. I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:
 - the Quarterly Report on Form 10-Q of the registrant for the quarter ended June 30, 2013 (the periodic report) containing financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
 - the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the registrant as of, and for, the periods presented.

Date: August 1, 2013

/s/ Bruce R. Thompson
Bruce R. Thompson
Chief Financial Officer