

# EXHIBIT 2



**Bank of America**

**Addressing Legacy Mortgage  
Issues**

**January 3, 2011**

**Bank of America** 

## Key Takeaways

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

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

## Government Sponsored Enterprises

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

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

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

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

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

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