PORTLAND INVESTMENT COUNSEL™

Overview & Investment Thesis:

- One of the world's largest financial institutions with assets of over $2.1 trillion and about 282,000 staff in more than 40 countries. A leading US bank, serving one in two households-with its retail banking footprint covering approximately 80% of the US population.
- Among the world's leading wealth management companies and a global leader in corporate and investment banking following its transformational acquisition of Merrill Lynch.
- One of the largest customer and client bases in the financial industry across three consumer groups: people, businesses of all sizes and institutional investors.
- Seeks to deepen long term profitable relationships to deliver long-term shareholder value.
- Provides the full range of financial services to all three customer groups in the US. Outside the US, it delivers corporate and investment banking, global markets and wealth management services to business clients, institutional investors and wealthy individuals.

Deposits

- Includes consumer deposit activities which consist of a comprehensive range of products, provided to consumers and small businesses. These products provide a relatively stable source of funding and liquidity. The Group earns net interest spread revenue from investing this liquidity in earning assets through client facing lending and asset management activities.
- Deposits also generate fees, such as account service fees, overdraft charges and ATM fees.
- Serves approximately 57 million consumers and small business relationships in the US through a franchise stretching coast to coast through 32 states utilizing a network of 5,700 banking centres and 17,750 ATM's nationwide with 29 million active on-line subscribers.
- Total earnings assets of over $418 billion (2010 $414 billion).

Global Card Services

- After acquisition of MBNA in 2006, became #1 credit card issuer.
- Provides a broad offering of products including US consumer and business cards, consumer lending, international card and debit card to consumers and small businesses.
- Provides credit card products to customers in the US, Ireland, Spain and the UK.
- Total loans and leases of $120 billion (2010 $137 billion).

Consumer Real Estate Services

- First mortgage products to US customers are either sold into the secondary mortgage market to investors while retaining the mortgage servicing rights or are held on the Group's balance sheet for asset and liability management purposes and reported in "All Other".
- Services through a network of 5,700 banking centres, mortgage loan offices in approximately 500 locations and a sales force offering direct telephone and on-line access.
- Total loans and leases of $112 billion (2010 $123 billion).

Global Commercial Banking

- A wide range of lending-related products and services to business banking and middle market companies with sales of up to $2 billion.
- Comprises of more than 7,000 commercial banking professionals serving 198,000 companies with total loans and leases of $189 billion (2010 $204 billion).

Global Banking and Markets

- Bank of America Merrill Lynch ranks #2 globally in investment banking fees.
- Global leader provides advisory, securities clearing, settlement and custody services, debt and equity underwriting, M&A and risk management products to institutional investors and corporate clients (generally defined as companies with sales greater than $2 billion).
- Is one of the world's best research and strategic advisory platforms and a premier sales and trading organizations with 800 research analysts covering 4,000 securities.
- Currently comprises of 10,000 Corporate clients and 12,000 Institutional clients with total earning assets of $493 billion (2010 $513 billion).

Global Wealth & Investment Management

- Provides comprehensive wealth management capabilities to a broad base of clients from emerging affluent to the ultra-high net-worth.
- Includes large 'army' (17,500) of client-facing wealth advisors at Merrill Lynch, Global Wealth Management, (15,500); US Trust, Bank of America Private Wealth and Retirement Services.
- Total earning assets of $263 billion (2010 $275 billion), with assets under management of $647 billion (2010 $643 billion), client brokerage assets of $1,024 billion (2010 $1,064 billion) and assets under custody $108 billion (2010 $115 billion).

All Other

- Equity investment activities including Global Principal Investments, Strategic Investments, the residential mortgage portfolio and other associated assets and liabilities management activities.
- Total loans and leases $267 billion (2010 $285 billion).

Business Description:

Bank of America Corporation is headquartered in Charlotte, NC and operates in all 50 states of the US and more than 40 countries. Provides a diversified range of banking and non-banking financial services which it delivers and reports the results of its operations through six business segments: Deposits; Global Card Services; Home Loans & Insurance; Global Commercial Banking; Global Banking & Markets and; Global Wealth Management with the remaining operations recorded in "All Other". On January 1, 2009 the corporation acquired Merrill Lynch & Company Inc.

Industry Growth Drivers/Trends:

- The credit crisis accelerated the convergence of financial services, notably in the US which enabled the acquisitors to benefit from scale efficiency gains and for a few - pricing power.
- The investment banking market has been purged of weaker participants with regulators favouring integrated, diversified business models. Although such concentration is akin to an oligopoly (with structural benefits to the largest), it is likely to yield partially to boutique 'pure play' investment banks which will not be required to be so strongly capitalized.
- Disintermediation and securitization have been substantially replaced by the need to deleverage balance sheets. Going forward, in our view, growth drivers will more likely be the effects of globalization as firms expand international operations to tap into new markets and; privatization which increases the supply of equity and causes demand for capital to grow.
- Developing economies are embarking on one of the biggest building booms in history fueled by rapid urbanization. We feel that global wholesale banking is a large growth opportunity for Bank of America.
- In addition, in our opinion, global markets are expected to become more integrated and cross-border investment should continue to grow as will the savings culture, particularly in the US.
- Demographic and secular trends may increase demand for the Group's wealth management services. Trends include growth in the size of financial markets, aging populations and intergenerational wealth transfer, outsourcing of pension assets and increased cross-border investing.
- Notwithstanding financial reform, we believe the secular growth of preferring cards over cash payments should prevail and be the growth driver for the Group's Global Card Services business.
- Stabilization and ultimate recovery of the US housing market and improving employment rate should accelerate the Group's growth greater than most if not all large US banks.

Competitive Advantages:

- Significant global and US market shares in key financial services provides significant earnings power and huge economies of scale.
- Strongly positioned through transformational acquisition of Merrill Lynch to exploit leading global market positions.
- Reflecting its retail/consumer bias, the Group's improved credit profile may likely lag its peers but its overall franchise and earnings power is a key differentiator.
- US household brand name and difficult to replicate its franchises.

Competitors:

- US retail banks: JPMorgan, Citigroup, Wells Fargo, KeyCorp, Compass, US Bancorp, M&T Bank, Fifth Third and National City.
- Investment banks: Morgan Stanley, Goldman Sachs, JPMorgan, Barclays Capital, Deutsche Bank and Credit Suisse.
- Global private banks: UBS, Credit Suisse, Deutsche Bank and Northern Trust.
- Global custody banks: State Street, Bank of New York Mellon and Northern Trust.
- Institutional asset managers: Fidelity, Alliance Capital and Legg Mason.

Barriers to Entry:

- Governance and regulatory compliance costs include Basel III, IT and capital.
- Extensive branch network and global investment banking underwriting capability - prohibitively expensive to replicate.

Customers:

- US-centric but global customer base.
- No single customer contributes significant amount to total revenue.
- Merrill Lynch acquisition significantly diversified the business mix.

PORTLAND INVESTMENT COUNSEL™

Officers and Directors:

Leadership team: CEO, Brian Moynihan; CFO, Bruce Thompson; Co COO's, David Darnell (re Commercial Banking) and Thomas Montag (re Investment Banking & Management); Barbara Desoer, Bank of America Home Loans & Insurance.

Board of Directors:

- **12 member board** – 10 are non-executive and independent.
- Chairman,Charles Holliday, and members of the Boards Audit Enterprise Risk and Credit Committee are independent. Board has diversity of experience albeit mostly from finance.

Ownership:

State Street 4%, Vanguard 4%, BlackRock 3%, CitiGroup 2%, JP Morgan 2%, Dodge & Cox 1%. Berkshire Hathaway bought $5 billion preferred shares with a 6% coupon and warrants to purchase 700 million shares at $7.143 - equivalent to 6.9% ownership if exercised.

Restructuring:

- CEO cutting 30,000 jobs, 10.5% of workforce to save $5 billion a year from 1st phase of "project new BAC" i.e. about 18% of expenses in effected areas by the end of 2013. Focus is on organic growth and seizing control of franchise to execute strategies to restore profitability to normalized levels and benefit from scale and pricing power.
- Legacy mortgage issues may continue to drag on the rate of book value growth but recent proposal settlements and provisioning is expected to mark 1Q2012 as the trough in tangible book value (i.e. $12.87). Group is currently priced significantly below current 2Q 2012 tangible book ($13.22) and well below book value ($20.16) suggesting compelling long term value, as the US economy recovers.

Capital Allocation/Uses:

The acquistion of Countrywide and Merrill Lynch on terms far less attractive than rivals and with impaired franchises, initially weakened the Group and so the CEO resigned. New CEO's goal is to be customer-driven and build a 'fortress balance sheet' (replicates JP Morgan's strategy set out over 5 years ago). After absorbing the legacy mortgage issues the process of resolution is underway with almost $16 billion in reserves to handle the anticipated costs of mortgage-related representations and warranties claims. The Group also sold its Canadian consumer card portfolio, its 7% economic increase in Blackrock Inc. and all but a 1% holding in China Construction Bank Corporation and is actively reducing its legacy asset portfolio. Capital and liquidity continue to increase and are at record levels. The 2Q 2012 Tier 1 Capital ratio rose to 13.8% and the Tier 1 Common equity ratio rose to 11.2%. The Group guides its Basel III Tier 1 common equity ratio will exceed 7% by early 2013. Thereafter capital generated should be sufficient for this ratio to exceed the required Basel III minimum in each year from 2012 - 2019 achieving, the "all-in" 2019 requirement (of 9.5%) by 2014. We expect no further equity raisings or acquisitions but only modest dividend increases and share buy-backs through to 2013.

Key Products:

- Self professed 'best franchise in the industry with number 1 or 2 positions in the business segments in which we compete'. i.e. checking, savings, cards, mortgage and insurance.
- A global 'bulge bracket' investment bank determined to retain 'relevant' market shares.

Business Mix:

Net Income	2008	2009	2010	2011
Deposits	139%	41%	8%	7%
Global Cards Services	39%	(84)%	22%	34%
Consumer Real Estate Services	(63)%	(61%)	(1)%	(23%)
Global Commercial Banking	65%	(4)%	19%	26%
Global Banking & Markets	(79)%	160%	37%	17%
Global Wealth & Investment Mgmt	25%	27%	8%	10%
All Other	(26)%	21%	7%	29%

Geographic Mix	2008	2009	2010	2011
USA & Canada	81%	(61)%	77%	78%
Asia	19%	30%	9%	12%
Europe / Middle East & Africa	(6%)	98%	5%	8%
Latin America & Caribbean	6%	33%	9%	2%

Credit Exposure	2008	2009	2010	2011
Consumer:				
Residential Mortgage	27%	27%	28%	29%
Home Equity	17%	17%	15%	14%
Discontinued Real Estate	2%	2%	1%	1%
US Credit Card	7%	6%	12%	11%
Non-US Credit Card	2%	2%	3%	2%
Direct/Indirect consumer	9%	11%	10%	10%
Commercial:				
US Commercial	24%	20%	19%	20%
Commercial Real Estate	7%	8%	5%	4%
Commerical Lease Financing	2%	2%	2%	2%
Non-US Commercial	3%	3%	3%	6%
US Small Business Commercial	0%	2%	2%	1%

Interest Earning Assets	2008	2009	2010	2011
Treasury	6%	12%	12%	13%
Loans to banks, deposits	1%	2%	2%	2%
Gross Loans to customers	65%	56%	55%	56%
Trading Assets	9%	11%	11%	10%
Debt Securities	19%	19%	20%	19%
Customer Loans/Deposits	105%	91%	93%	90%

Financial Statement Summary: ($MM, years ended December 31)

Income Statement	2008	2009	2010	2011
Net Interest Income	45,360	47,109	51,523	44,616
Other Income	27,422	72,534	58,697	48,838
Provisions for Credit Losses	(26,825)	(48,570)	(28,435)	(13,410)
Non-Interest Expenses	(41,529)	(65,713)	(83,108)	(80,274)
Taxes	(420)	(1,916)	(915)	1,676
Net Income	4,008	6,276	(2,238)	1,446
EPS	0.54	(0.29)	(0.37)	0.01
Diluted EPS	0.54	(0.29)	(0.37)	0.01
Dividend per Share	2.24	0.04	0.04	0.04
Balance Sheet				
Common Equity	139,351	194,236	211,686	213,539
Book Value per Share	27.77	21.48	20.99	20.09
Tangible Book Value per Share	10.11	11.94	12.98	12.95

Key Profitability Ratios and Figures:

Y/E December 31	2008	2009	2010	2011
Tier 1 Common Equity Ratio	4.8%	7.8%	8.6%	9.9%
Tier 1 Capital Ratio	9.2%	10.4%	11.2%	12.4%
Total Capital Ratio	13.0%	14.7%	15.8%	16.8%
Efficiency Ratio (Costs / Income)	57.1%	55.8%	75.4%	85.9%
Provision for Credit Losses % of Avg Loans	2.9%	5.3%	2.9%	1.4%
Loan Loss Reserve as % of gross Loans	2.5%	4.2%	4.5%	4.1%
Loan Loss Reserve as % of Impaired Assets	129%	108%	132%	154%
Return on Average Equity	4.5%	3.1%	(1.0)%	0.6%
S&P Senior Rating of Debt	A+	A	A	A

Sourced from 2011 Annual Report.

Portland Investment Counsel Inc.
1375 Kerns Road • Suite 100 • Burlington, Ontario L7P 4V7 • Tel:1-888-710-4242 • Fax: 1-866-722-4242
www.portlandic.com • info@portlandic.com