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Bank of America CEO: There Is No Capital Raise Needed Here

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By David Benoit OF DOW JONES NEWSWIRES

NEW YORK (Dow Jones)--Bank of America Corp. (BAC) Chief Executive Brian Moynihan adamantly denied the bank had any need to raise more capital as it continues to battle problems with mortgage investors and as it looks to raise its dividend.

"There is no capital raise needed here," Moynihan said, speaking at the Sanford Bernstein Strategic Decisions Conference in New York Wednesday.

The leader of the nation's biggest bank by assets was fielding questions about the bank's continued exposure to repurchase demands from investors in mortgage-backed securities as well as the need to build its capital to meet new regulations.

In the first quarter, the bank took a \$1.6 billion charge to settle some repurchase demands from bond insurer Assured Guaranty Ltd. (AGO) and took another \$1 billion in provisions for other repurchase claims.

But at the same time, the bank's estimate on potential losses didn't come down, sparking some worries the bank is not putting the claims behind it as fast as investors hoped. The bank still says it could potentially face up to \$10 billion in losses from repurchase claims from private investors, and that an extra \$4 billion could be added to that if certain assumptions the bank is making are ruled differently by courts. It does not expect to actually lose either of those estimates.

Moynihan said he will continue to fight claims that are unreasonable, but that the bank is also looking to settle when it can.

"There is a point where fighting doesn't have any value," he said. "We will fight and represent our interest to the point we have our interest represented."

Some of the increased claims in the first quarter were blamed on the continued drop in housing prices, and Moynihan said he thinks housing prices may continue down somewhat. That could again lead to adjustments of the bank's provisions for claims.

Bank of America's capital position has been a sensitive matter, as some saw the Federal Reserve's objection to the bank's 2011 capital plan as evidence there remains more work to be done. The bank has not said why the Fed rejected the plan, and Moynihan again said Wednesday the bank intends to resubmit its plan when it believes it will be approved. He did not provide a specific time frame.

"So, I think, stay tuned, we learned our lesson about the process being a little less easy," Moynihan said.

The bank's shares have fallen hard since the Fed's rejection and are now down 12% this year and nearly 16% over the past three months. Shares were down 0.5% to \$11.68 in premarket trading.

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