

BANK OF AMERICA CORP /DE/
Form 10-Q
May 07, 2009
Table of Contents

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 March 31, 2009

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

Edgar Filing: BANK OF AMERICA CORP /DE/ - Form 10-Q

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.

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 April 30, 2009, there were 6,402,966,457 shares of Bank of America Corporation Common Stock outstanding.

Table of Contents

Bank of America Corporation

March 31, 2009 Form 10-Q

INDEX

		Page
Part I. Financial Information	Item 1. <u>Financial Statements:</u>	
	<u>Consolidated Statement of Income for the Three Months Ended March 31, 2009 and 2008</u>	3
	<u>Consolidated Balance Sheet at March 31, 2009 and December 31, 2008</u>	4
	<u>Consolidated Statement of Changes in Shareholders Equity for the Three Months Ended March 31, 2009 and 2008</u>	5
	<u>Consolidated Statement of Cash Flows for the Three Months Ended March 31, 2009 and 2008</u>	6
	<u>Notes to Consolidated Financial Statements</u>	7
	Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	
	<u>Table of Contents</u>	77
	<u>Discussion and Analysis</u>	78
	Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	181
Item 4. <u>Controls and Procedures</u>	181	
Part II. Other Information	Item 1. <u>Legal Proceedings</u>	181
	Item 1A. <u>Risk Factors</u>	181
	Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	182
	Item 6. <u>Exhibits</u>	183
	<u>Signature</u>	185

Index to Exhibits

186

2

Table of Contents**Part 1. FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS****Bank of America Corporation and Subsidiaries****Consolidated Statement of Income**

(Dollars in millions, except per share information)	Three Months Ended March 31	
	2009	2008
Interest income		
Interest and fees on loans and leases	\$ 13,349	\$ 14,415
Interest on debt securities	3,830	2,774
Federal funds sold and securities borrowed or purchased under agreements to resell	1,155	1,208
Trading account assets	2,428	2,364
Other interest income	1,394	1,098
Total interest income	22,156	21,859
Interest expense		
Deposits	2,543	4,588
Short-term borrowings	2,221	4,142
Trading account liabilities	579	840
Long-term debt	4,316	2,298
Total interest expense	9,659	11,868
Net interest income	12,497	9,991
Noninterest income		
Card income	2,865	3,639
Service charges	2,533	2,397
Investment and brokerage services	2,963	1,340
Investment banking income	1,055	476
Equity investment income	1,202	1,054
Trading account profits (losses)	5,201	(1,783)
Mortgage banking income	3,314	451
Insurance income	688	197
Gains on sales of debt securities	1,498	225
Other income (loss) (includes \$371 of debt other-than-temporary-impairment losses for 2009)	1,942	(916)
Total noninterest income	23,261	7,080
Total revenue, net of interest expense	35,758	17,071
Provision for credit losses	13,380	6,010
Noninterest expense		
Personnel	8,768	4,726
Occupancy	1,128	849
Equipment	622	396
Marketing	521	637
Professional fees	405	285
Amortization of intangibles	520	446

Edgar Filing: BANK OF AMERICA CORP /DE/ - Form 10-Q

Data processing	648	563
Telecommunications	327	260
Other general operating	3,298	931
Merger and restructuring charges	765	170
Total noninterest expense	17,002	9,263
Income before income taxes	5,376	1,798
Income tax expense	1,129	588
Net income	\$ 4,247	\$ 1,210
Preferred stock dividends	1,433	190
Net income available to common shareholders	\$ 2,814	\$ 1,020
Per common share information		
Earnings	\$ 0.44	\$ 0.23
Diluted earnings	0.44	0.23
Dividends paid	0.01	0.64
Average common shares issued and outstanding (in thousands)	6,370,815	4,427,823
Average diluted common shares issued and outstanding (in thousands)	6,431,027	4,461,201

See accompanying Notes to Consolidated Financial Statements.

Table of Contents**Bank of America Corporation and Subsidiaries****Consolidated Balance Sheet**

(Dollars in millions)	March 31 2009	December 31 2008
Assets		
Cash and cash equivalents	\$ 173,460	\$ 32,857
Time deposits placed and other short-term investments	23,947	9,570
Federal funds sold and securities borrowed or purchased under agreements to resell (includes \$45,342 and \$2,330 measured at fair value and \$153,044 and \$82,099 pledged as collateral)	153,230	82,478
Trading account assets (includes \$74,662 and \$69,348 pledged as collateral)	203,131	159,522
Derivative assets	137,311	62,252
Debt securities:		
Available-for-sale (includes \$127,234 and \$158,939 pledged as collateral)	254,194	276,904
Held-to-maturity, at cost (fair value - \$6,563 and \$685)	8,444	685
Total debt securities	262,638	277,589
Loans and leases (includes \$7,355 and \$5,413 measured at fair value and \$196,152 and \$166,891 pledged as collateral)	977,008	931,446
Allowance for loan and lease losses	(29,048)	(23,071)
Loans and leases, net of allowance	947,960	908,375
Premises and equipment, net	15,549	13,161
Mortgage servicing rights (includes \$14,096 and \$12,733 measured at fair value)	14,425	13,056
Goodwill	86,910	81,934
Intangible assets	13,703	8,535
Loans held-for-sale (includes \$26,230 and \$18,964 measured at fair value)	40,214	31,454
Other assets (includes \$40,926 and \$29,906 measured at fair value)	249,485	137,160
Total assets	\$ 2,321,963	\$ 1,817,943
Liabilities		
Deposits in domestic offices:		
Noninterest-bearing	\$ 233,902	\$ 213,994
Interest-bearing (includes \$1,682 and \$1,717 measured at fair value)	639,616	576,938
Deposits in foreign offices:		
Noninterest-bearing	4,133	4,004
Interest-bearing	75,857	88,061
Total deposits	953,508	882,997
Federal funds purchased and securities loaned or sold under agreements to repurchase (includes \$27,400 measured at fair value at March 31, 2009)	246,734	206,598
Trading account liabilities	52,993	57,287
Derivative liabilities	76,582	30,709
Commercial paper and other short-term borrowings (includes \$946 measured at fair value at March 31, 2009)	185,816	158,056
Accrued expenses and other liabilities (includes \$10,575 and \$1,978 measured at fair value and \$1,357 and \$421 of reserve for unfunded lending commitments)	126,030	36,952
Long-term debt (includes \$36,169 measured at fair value at March 31, 2009)	440,751	268,292

Total liabilities	2,082,414	1,640,891
<i>Commitments and contingencies (Note 9 - Variable Interest Entities and Note 12 - Commitments and Contingencies)</i>		
Shareholders' equity		
Preferred stock, \$0.01 par value; authorized - 100,000,000 shares; issued and outstanding 8,202,042 shares	9,778,142	37,701
Common stock and additional paid-in capital, \$0.01 par value; authorized 10,000,000,000 shares; issued and outstanding 6,400,949,995 and 5,017,435,592 shares	73,277	76,766
Retained earnings	100,864	73,823
Accumulated other comprehensive income (loss)	76,877	(10,825)
Other	(11,164)	(413)
Total shareholders' equity	239,549	177,052
Total liabilities and shareholders' equity	\$ 2,321,963	\$ 1,817,943

See accompanying Notes to Consolidated Financial Statements.

Table of Contents**Bank of America Corporation and Subsidiaries****Consolidated Statement of Changes in Shareholders Equity**

	Common Stock and Additional Paid-in Capital			Retained	Accumulated Other Comprehensive	Total		
	Preferred Stock	Shares	Amount	Earnings	Income (Loss) ⁽¹⁾	Other	Shareholders Equity	Comprehensive Income
(Dollars in millions, shares in thousands)								
Balance, December 31, 2007	\$ 4,409	4,437,885	\$ 60,328	\$ 81,393	\$ 1,129	\$ (456)	\$ 146,803	
Net income				1,210			1,210	\$ 1,210
Net changes in available-for-sale debt and marketable equity securities					(1,735)		(1,735)	(1,735)
Net changes in foreign currency translation adjustments					20		20	20
Net changes in derivatives					(316)		(316)	(316)
Employee benefit plan adjustments					18		18	18
Dividends paid:								
Common				(2,859)			(2,859)	
Preferred				(190)			(190)	
Issuance of preferred stock	12,897						12,897	
Common stock issued under employee plans and related tax effects		14,925	752			(291)	461	
Balance, March 31, 2008	\$ 17,306	4,452,810	\$ 61,080	\$ 79,554	\$ (884)	\$ (747)	\$ 156,309	\$ (803)