

# BANK OF AMERICA NYSE-BAC

RECENT PRICE **16.03**

P/E RATIO **NMF** (Trailing: NMF Median: 11.0)

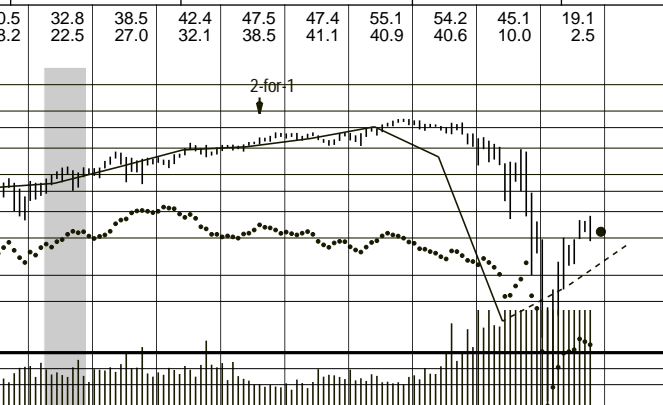
RELATIVE P/E RATIO **NMF**

DIV'D YLD **0.2%**

VALUE LINE

**TIMELINESS** 3 Raised 9/18/09  
**SAFETY** 4 Lowered 2/20/09  
**TECHNICAL** 1 Raised 11/13/09  
**BETA** 1.85 (1.00 = Market)

High: 44.2 38.2 30.5 32.8 38.5 42.4 47.5 47.4 55.1  
 Low: 22.0 23.8 18.2 22.5 27.0 32.1 38.5 41.1 40.9



Target Price Range  
 2012 2013 2014

**2012-14 PROJECTIONS**  
 Ann'l Total  
 Price Gain Return  
 High 40 (+150%) 26%  
 Low 25 (+55%) 13%

**Insider Decisions**  
 D J F M A M J J A  
 to Buy 0 10 9 0 0 0 0 0 1  
 Options 0 1 1 0 0 0 0 0 0  
 to Sell 0 0 0 0 0 0 0 0 0

**Institutional Decisions**  
 4Q2008 1Q2009 2Q2009  
 to Buy 666 486 894  
 to Sell 813 914 480  
 Hld's(mil) 42504823360655416361

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Price	1.24	1.52	1.76	1.96	2.09	1.82	2.34	2.36	2.48	2.96	3.57	3.69	4.04	4.59	3.30	.55	.50	1.25
Div	.41	.47	.52	.60	.69	.80	.93	1.03	1.14	1.22	1.44	1.70	1.90	2.12	2.24	.24	.04	2.24
EPS	9.02	9.86	11.57	11.80	14.91	13.30	13.22	14.74	15.54	16.75	16.63	24.56	25.32	29.70	32.09	27.77	22.95	24.10
Market Cap	1083.6	1105.8	1097.1	1147.0	1424.4	3449.0	3354.5	3227.3	3118.6	3001.4	2882.3	4046.5	3999.7	4458.2	4437.9	5017.4	8650.0	8700.0
P/E	10.2	8.3	8.3	10.6	14.7	18.6	13.7	10.3	11.6	11.4	10.6	11.5	11.1	10.8	15.0	55.8	3.41	3.41
Yield	.60	.54	.56	.66	.85	.97	.78	.67	.59	.62	.60	.61	.59	.58	.80	3.41	3.41	3.41
ROE	3.2%	3.7%	3.6%	2.9%	2.2%	2.4%	2.9%	4.3%	4.0%	3.6%	3.8%	4.0%	4.2%	4.3%	4.9%	7.3%	7.3%	7.3%

**CAPITAL STRUCTURE as of 9/30/09**  
 LT Debt \$456.3 bill. Due in 5 Yrs \$168.8 bill.  
 LT Interest \$14.8 bill.  
 Pension Assets-12/08 \$14.3 bill. Oblig. \$14.9 bill.  
 Pfd Stock \$58.8 bill. Pfd Div'd \$4.96 bill.  
 Common Stock 8,650,314,133 shs.

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assets	632574	642191	621764	660458	736445	110457	291803	459737	715746	817943	2210000	2300000	Total Assets (\$mill)	2750000				
Loans	363834	385355	322278	335904	365300	513211	565746	697474	864756	908375	850000	900000	Loans (\$mill)	1200000				
Net Interest Inc	18237	18442	20290	20923	21464	28797	30737	34433	45360	46650	50000	66000	Net Interest Inc (\$mill)	66000				
Loan Loss Prov'n	1820.0	2535.0	3892.0	3697.0	2162.0	2769.0	4014.0	5010.0	8385.0	26825	48500	36000	Loan Loss Prov'n (\$mill)	25000				
Noninterest Inc	14309	14514	14823	14201	17363	22220	26438	37989	31886	27422	74800	72000	Noninterest Inc (\$mill)	82000				
Noninterest Exp	17986	18083	19404	18436	20127	27027	28681	35597	37010	41529	65800	65000	Noninterest Exp (\$mill)	78000				
Net Profit	8240.0	7863.0	8042.0	9249.0	10810	14143	16465	21133	14982	4008.0	7600	15750	Net Profit (\$mill)	31500				
Income Tax Rate	35.3%	36.3%	31.9%	28.8%	31.8%	33.4%	32.7%	33.9%	28.4%	9.5%	NMF	25.0%	Income Tax Rate	30.0%				
Return on Total Assets	1.30%	1.22%	1.29%	1.40%	1.47%	1.27%	1.27%	1.45%	.87%	.22%	.45%	.70%	Return on Total Assets	1.15%				
Long-Term Debt	60441	72502	68026	67176	75343	98078	100848	146000	197508	268292	460000	500000	Long-Term Debt (\$mill)	700000				
Shr. Equity	44432	47628	48520	50319	47980	99645	101533	135272	146803	177052	257500	268700	Shr. Equity (\$mill)	326000				
Shr. Eq. to Total Assets	7.0%	7.4%	7.8%	7.6%	6.5%	9.0%	7.9%	9.3%	8.6%	9.7%	11.5%	11.5%	Shr. Eq. to Total Assets	12.0%				
Loans to Tot Assets	57.5%	60.0%	51.8%	50.9%	49.6%	46.2%	43.8%	47.8%	50.4%	50.0%	38.5%	39.0%	Loans to Tot Assets	43.5%				
Return on Shr. Equity	18.5%	16.5%	16.6%	18.4%	22.5%	14.2%	16.2%	15.6%	10.2%	2.3%	3.0%	6.0%	Return on Shr. Equity	9.5%				
Retained to Com Eq	11.4%	9.4%	9.1%	11.0%	13.6%	7.7%	8.7%	8.7%	2.9%	NMF	1.5%	5.0%	Retained to Com Eq	8.5%				
All Div'ds to Net Prof	39%	43%	45%	40%	40%	46%	47%	46%	73%	NMF	67%	34%	All Div'ds to Net Prof	27%				

**MARKET CAP: \$139 bill. (Large Cap)**

Category	2007	2008	9/30/09
ASSETS (\$mill.)	632574	642191	621764
Loans	363834	385355	322278
Funds Sold	129552	82478	187761
Securities	410782	499363	556438
Other Earning	11773	9570	22992
Other	298883	318157	605418
LIABILITIES (\$mill.)	805177	882997	974899
Deposits	512289	452650	436154
Funds Borrowed	197508	268292	456288
Long-Term Debt	146803	177052	257683
Net Worth	53969	36952	126019
Total	1715746	1817943	2251043
Loan Loss Resrv.	11588	23071	35832

Year	2006	2007	2008	2009	2010
ANNUAL RATES of change (per sh)	5.5%	9.5%	-4.0%	3.5%	-1.5%
Loans	5.5%	9.5%	-4.0%	3.5%	-1.5%
Earnings	12.5%	12.0%	NMF	8.5%	13.0%
Dividends	7.5%	10.0%	-2.0%	7.5%	10.0%
Book Value	7.5%	10.0%	-2.0%	7.5%	10.0%
Total Assets	7.5%	10.0%	-2.0%	7.5%	10.0%

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	610458	658873	660277	697474	
2007	714901	749575	784002	864756	
2008	858979	853334	922330	908375	
2009	947960	908463	878434	850000	
2010	830000	850000	870000	900000	

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	1.07	1.19	1.18	1.16	4.59
2007	1.16	1.28	.82	.05	3.30
2008	.23	.72	.15	d.48	.55
2009	.44	.33	d.26	d.01	.50
2010	.05	.20	.40	.60	1.25

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.45	.45	.50	.50	1.90
2006	.50	.50	.56	.56	2.12
2007	.56	.56	.64	.64	2.40
2008	.64	.64	.64	.32	2.24
2009	.01	.01	.01		

**BUSINESS:** Bank of America Corp. was formed by the merger of NationsBank with BankAmerica on 9/30/98. Acquired FleetBoston Fin'l, 4/04; MBNA, 1/06; LaSalle Bk., 10/07; Countrywide, 7/08; Merrill Lynch, 1/09. About 6,100 offices in 29 states & Wash. D.C. Loans (9/30/09): commercial, 26%; commercial R.E., 8%; residential, 26%; consumer, 37%; int'l, 3%. Net loan losses, 1.79% of avg.

**Bank of America's results dipped into the loss column in the September period.** Trading and investment/brokerage income were strong, due to favorable market conditions and the acquisition of Merrill Lynch in January, 2009. But large unusual items reduced September-period pretax results by nearly \$3 billion. (In the June quarter, unusual items boosted pretax earnings by \$2.6 billion.) Credit costs stayed high. Net interest income declined. Higher preferred dividends (deducted from the bottom line in computing results per share) worsened the share loss, despite increased common shares. **The company believes loan losses in the current economic cycle are close to topping out.** The encouraging signs include slower growth in net loan losses in the September interim than recent periods, and declines in early-stage credit card delinquencies in the past two quarters. **Even so, credit costs probably will remain elevated in 2010.** B of A expects to continue building the loan loss reserve in the next few quarters, to provide for credit card loans returning to the balance sheet (as securitizations mature), for pos-

sible further deterioration in mortgage and commercial real estate credits, and near-term losses on impaired loans associated with Countrywide, acquired in 2008. **The new year no doubt will start out slowly,** with first-half comparisons unfavorable. When credit quality concerns no longer require the company to build up the loan loss reserve—perhaps by the second half—earnings should get a lift. Meanwhile, weak demand, loan paydowns, and credit charge-offs probably will continue to depress loan balances and net interest income. Overdraft rule changes could clip \$200 million per quarter from fee income. But B of A is ahead of plan in realizing cost savings from integrating Merrill Lynch. Our estimates don't reflect the possible redemption in 2010 of the \$45 billion of preferred stock sold to the government. **The stock's recovery from its early 2009 lows stalled recently,** likely reflecting the weak September-quarter bottom-line performance. The issue's good comeback potential to 2012-2014 will probably take time to realize. Long-term investors will need to be very patient.

*Theresa Brophy*  
 November 20, 2009

(A) All figures prior to '98 are for NationsBank alone. (B) Based on diluted shares. Quarterly earnings per share may not equal total due to change in shares. Next earnings report mid-

(C) Dividends historically paid late March, June, September, & December. (D) Dividend reinvestment plan available. (E) Includes intangibles. On 9/30/09: \$98.7 billion, \$11.41/sh.

(E) In millions, adjusted for stock splits.

Company's Financial Strength	B
Stock's Price Stability	15
Price Growth Persistence	30
Earnings Predictability	45