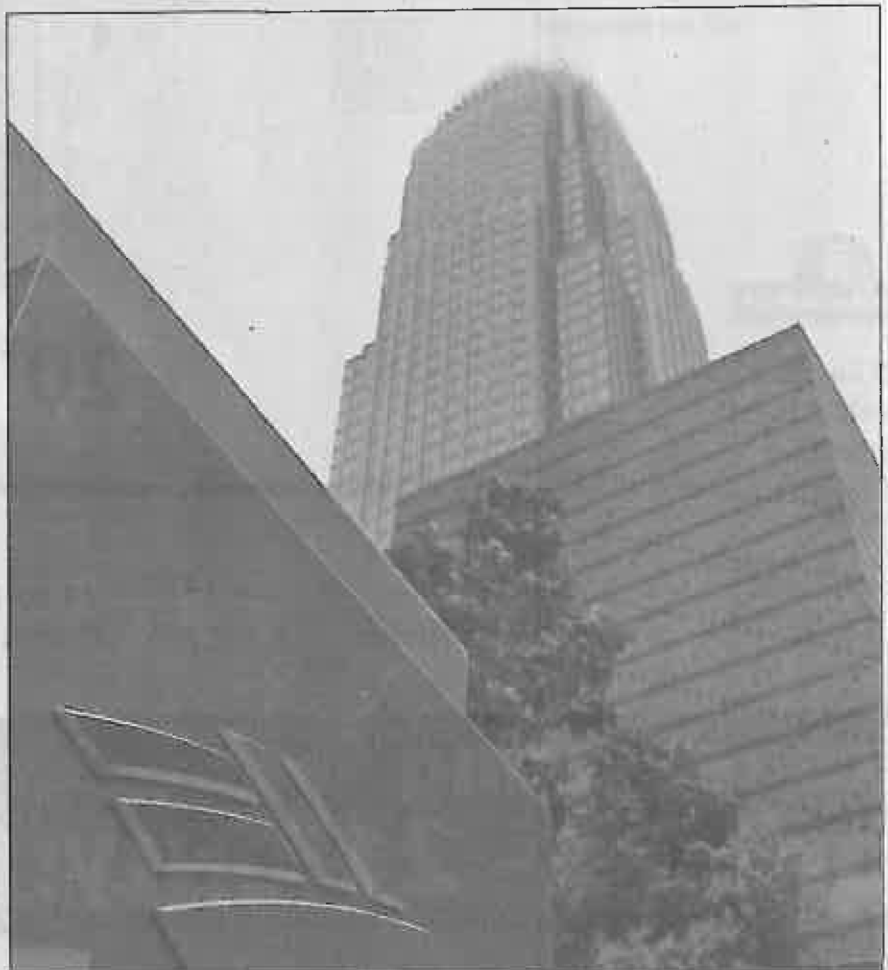
Rising progress



Bank of America, based in Charlotte, N.C., says it set aside less money to cover bad loans in the first quarter of 2012 than it has since before the 2008 financial crisis. AP

BofA's bad-loan provisions drop

By Pallavi Gogoi
The Associated Press

NEW YORK — Bank of America said Thursday that it set aside less money to cover bad loans in the first three months of the year than it has since before the 2008 financial crisis.

Because Bank of America serves about half of U.S. households, the results could be seen as a statement about the progress Americans have made in managing their household finances, saving more and paying back debt.

The bank said it put aside $2.4 billion for bad loans, down from $3.8 billion in the same quarter a year ago and the lowest since the third quarter of 2007, a year before the financial crisis.

It earned $653 million in the first quarter, down 68 percent from last year. The profits were hurt by a $4.8 billion accounting charge that the bank had to take because the value of its debt rose.

Just like American households, Bank of America has been cutting costs and paying back debt. CEO Brian Moynihan has been on a mission to simplify the behemoth bank. "Our strategy is paying off," he said Thursday.

Revenue fell 17 percent to $22.5 billion. Analysts expected $22.8 billion. The stock fell 15 cents to $8.77.

Investors seemed happy that there weren't any big hits to the most important parts of Bank of America's business. Last year, the bank took an $8.5 billion charge related to a mortgage settlement with investors, and in 2010 it wrote down $10.5 billion in its credit card division because of losses related to new regulation.

Bank of America has had a bruising few years. It took $45 billion in government bailouts during the financial crisis and has suffered deep losses since then on mortgage-related losses and settlements.