

AMSOUTH BANCORPORATION

Form 10-Q

November 08, 2005

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2005

Commission file number 1-7476

AmSouth Bancorporation

(Exact Name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
Incorporation or Organization)

63-0591257
(I.R.S. Employer
Identification No.)

AmSouth Center
1900 Fifth Avenue North
Birmingham, Alabama
(Address of principal executive offices)

35203
(Zip Code)

(205) 320-7151

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(Registrant's telephone number, including area code)

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes No

As of October 31, 2005, AmSouth Bancorporation had 347,598,000 shares of common stock outstanding.

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Forward-Looking Statements

Statements in this document that are not purely historical are forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995), including any statements regarding descriptions of Management's plans, objectives or goals for future operations, products or services, and forecasts of its revenues, earnings or other measures of performance.

Forward-looking statements are based on current Management expectations and, by their nature, are subject to risks and uncertainties. A number of factors – many of which are beyond AmSouth's control – could cause actual conditions, events or results to differ materially from those described in the forward-looking statements. Factors which could cause results to differ materially from current Management expectations include, but are not limited to: the effects of previously disclosed regulatory settlements on AmSouth's branch expansion plans; the execution of AmSouth's strategic initiatives; legislation and regulation; general economic conditions, especially in the Southeast; the performance of the stock and bond markets; changes in interest rates, yield curves and interest rate spread relationships; prepayment speeds within the loan and investment security portfolios; deposit flows; the cost of funds; cost of federal deposit insurance premiums; demand for loan products; demand for financial services; competition, including a continued consolidation in the financial services industry; changes in the quality or composition of AmSouth's loan and investment portfolios including capital market inefficiencies that may affect the marketability and valuation of available-for-sale securities; changes in consumer spending and saving habits; technological changes; adverse changes in the financial performance and/or condition of AmSouth's borrowers, which could impact the repayment of such borrowers' loans; changes in accounting and tax principles, policies or guidelines and in tax laws; other economic, competitive, governmental and regulatory factors affecting AmSouth's operations, products, services and prices; the effects of weather and natural disasters such as hurricanes; unexpected judicial actions and developments; results of investigations, examinations and reviews of regulatory and law enforcement authorities; the outcome of litigation, which is inherently uncertain and depends on the findings of judges and juries; the impact on AmSouth's businesses, as well as the risks set forth above, of various domestic or international military or terrorist activities or conflicts; and AmSouth's success at managing the risks involved in the foregoing.

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Forward-looking statements speak only as of the date they are made. AmSouth does not undertake a duty to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

Table of Contents**PART I****FINANCIAL INFORMATION****Item 1. Financial Statements (Unaudited)****AMSOUTH BANCORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

	September 30 2005	December 31 2004	September 30 2004
(Dollars in thousands)			
ASSETS			
Cash and due from banks	\$ 1,223,228	\$ 966,993	\$ 1,073,175
Trading securities	39,186	1,883	1,121
Available-for-sale securities	6,033,746	6,322,665	6,516,319
Held-to-maturity securities (market value of \$5,759,141, \$6,199,451 and \$6,089,342, respectively)	5,821,967	6,188,010	6,068,666
Loans held for sale	460,816	103,273	240,879
Loans	35,064,456	33,512,398	33,210,442
Less: Allowance for loan losses	384,647	366,774	381,255
Unearned income	729,287	711,061	708,221
	<u>33,950,522</u>	<u>32,434,563</u>	<u>32,120,966</u>
Net loans	33,950,522	32,434,563	32,120,966
Other interest-earning assets	88,476	36,149	63,151
Premises and equipment, net	1,088,322	1,060,574	1,053,923
Cash surrender value bank owned life insurance	1,144,048	1,111,934	1,100,576
Accrued interest receivable and other assets	1,255,074	1,322,327	1,449,086
	<u>\$ 51,105,385</u>	<u>\$ 49,548,371</u>	<u>\$ 49,687,862</u>
LIABILITIES AND SHAREHOLDERS EQUITY			
Deposits and interest-bearing liabilities:			
Deposits:			
Noninterest-bearing demand	\$ 8,022,022	\$ 7,182,806	\$ 6,798,077
Interest-bearing demand	6,838,125	7,115,545	6,817,361
Money market and savings	9,928,034	8,810,972	7,814,945
Time	9,710,125	9,476,075	9,560,652
Foreign	1,181,819	1,647,381	928,381
	<u>35,680,125</u>	<u>34,232,779</u>	<u>31,919,416</u>
Total deposits	35,680,125	34,232,779	31,919,416
Federal funds purchased and securities sold under agreements to repurchase	3,374,744	2,291,988	2,497,632
Other borrowed funds	681,618	429,098	1,964,121
Long-term Federal Home Loan Bank advances	2,388,222	4,371,745	5,678,135
Other long-term debt	3,634,730	2,899,773	2,108,128
	<u>45,759,439</u>	<u>44,225,383</u>	<u>44,167,432</u>
Total deposits and interest-bearing liabilities	45,759,439	44,225,383	44,167,432

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Accrued expenses and other liabilities	1,768,491	1,754,147	2,069,872
Total liabilities	47,527,930	45,979,530	46,237,304
Shareholders' equity:			
Preferred stock - no par value:			
Authorized - 2,000,000 shares			
Issued and outstanding - none	-0-	-0-	-0-
Common stock - par value \$1 a share:			
Authorized - 750,000,000 shares			
Issued - 416,723,000, 416,748,000 and 416,753,000 shares, respectively	416,723	416,748	416,753
Additional paid-in capital	734,850	726,411	714,278
Retained earnings	3,755,478	3,492,873	3,406,363
Cost of common stock in treasury - 68,161,000, 60,438,000 and 62,118,000 shares, respectively	(1,196,160)	(986,510)	(1,019,471)
Deferred compensation on restricted stock	(14,733)	(12,947)	(13,697)
Accumulated other comprehensive loss	(118,703)	(67,734)	(53,668)
Total shareholders' equity	3,577,455	3,568,841	3,450,558
	\$ 51,105,385	\$ 49,548,371	\$ 49,687,862

See notes to consolidated financial statements.

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	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2005	2004	2005	2004
(In thousands except per share data)				
INTEREST INCOME				
Loans	\$ 481,387	\$ 399,030	\$ 1,366,931	\$ 1,151,347
Available-for-sale securities	69,887	81,178	219,751	245,174
Held-to-maturity securities	68,828	67,030	212,006	193,557
Trading securities	278	39	655	136
Loans held for sale	5,675	2,863	9,787	8,760
Other interest-earning assets	459	133	1,070	579
Total interest income	626,514	550,273	1,810,200	1,599,553
INTEREST EXPENSE				
Interest-bearing demand deposits	23,748	10,237	60,449	26,223
Money market and savings deposits	42,394	10,599	108,718	29,602
Time deposits	79,496	59,636	213,630	179,396
Foreign deposits	11,084	4,361	24,584	10,548
Federal funds purchased and securities sold under agreements to repurchase	23,497	11,707	57,358	26,537
Other borrowed funds	4,563	2,555	8,620	6,441
Long-term Federal Home Loan Bank advances	31,193	61,016	110,025	181,960
Other long-term debt	35,806	14,256	93,692	42,033
Total interest expense	251,781	174,367	677,076	502,740
NET INTEREST INCOME	374,733	375,906	1,133,124	1,096,813
Provision for loan losses	34,800	28,800	73,100	83,500
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	339,933	347,106	1,060,024	1,013,313
NONINTEREST REVENUES				
Service charges on deposit accounts	95,141	96,508	271,660	284,100
Trust income	29,439	28,587	89,802	87,402
Consumer investment services income	18,668	17,565	57,575	59,906
Interchange income	22,884	19,649	66,793	56,576
Commercial credit fee income	12,178	10,369	37,019	32,043
Bank owned life insurance policies	11,386	11,377	32,479	34,656
Bankcard income	4,150	7,697	16,466	22,062
Mortgage income	5,873	4,164	14,655	15,565
Portfolio income	301	5,920	4,733	23,732
Net gain on sale of mutual fund management unit	44,007	-0-	44,007	-0-
Other noninterest revenues	15,622	11,335	63,047	35,811
Total noninterest revenues	259,649	213,171	698,236	651,853

NONINTEREST EXPENSES

Salaries and employee benefits	174,055	162,517	525,665	503,734
Net occupancy				