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# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-K

**(Mark One)**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2011

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 No.:**

56-0906609

**Address of principal executive offices:**

Bank of America Corporate Center

100 North Tryon Street

Charlotte, North Carolina 28255

**Registrant's telephone number, including area code:**

(704) 386-5681

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	New York Stock Exchange London Stock Exchange Tokyo Stock Exchange
Depository Shares, each Representing a 1/1,000th interest in a share of 6.204% Non-Cumulative Preferred Stock, Series D	New York Stock Exchange
Depository Shares, each Representing a 1/1,000th interest in a share of Floating Rate Non-Cumulative Preferred Stock, Series E	New York Stock Exchange
Depository Shares, each Representing a 1/1,000th Interest in a share of 8.20% Non-Cumulative Preferred Stock, Series H	New York Stock Exchange
Depository Shares, each Representing a 1/1,000th interest in a share of 6.625% Non-Cumulative Preferred Stock, Series I	New York Stock Exchange
Depository Shares, each Representing a 1/1,000th interest in a share of 7.25% Non-Cumulative Preferred Stock, Series J	New York Stock Exchange

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## Report of Independent Registered Public Accounting Firm

### To the Board of Directors and Shareholders of Bank of America Corporation:

In our opinion, the accompanying Consolidated Balance Sheet and the related Consolidated Statement of Income, Consolidated Statement of Changes in Shareholders' Equity and Consolidated Statement of Cash Flows present fairly, in all material respects, the financial position of Bank of America Corporation and its subsidiaries at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Corporation's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Corporation's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an

understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



Charlotte, North Carolina  
February 23, 2012

[Table of Contents](#)**Defined Contribution Plans**

The Corporation maintains qualified defined contribution retirement plans and nonqualified defined contribution retirement plans. As a result of the Merrill Lynch acquisition, the Corporation also maintains the defined contribution plans of Merrill Lynch which include the 401(k) Savings & Investment Plan, the Retirement and Accumulation Plan (RAP) and the Employee Stock Ownership Plan (ESOP). The Corporation contributed approximately \$723 million, \$670 million and \$605 million in 2011, 2010 and 2009, respectively, in cash to the qualified defined contribution plans. At December 31, 2011 and 2010, 232 million shares and 208 million shares of the Corporation's common stock were held by these plans. Payments to the plans for dividends on common stock were \$9 million, \$8 million and \$8 million in 2011, 2010 and 2009, respectively.

In addition, certain non-U.S. employees within the Corporation are covered under defined contribution pension plans that are separately administered in accordance with local laws.

**NOTE 20 Stock-based Compensation Plans**

The Corporation administers a number of equity compensation plans, including the Key Employee Stock Plan, the Key Associate Stock Plan and the Merrill Lynch Employee Stock Compensation Plan. Descriptions of the significant features of the equity compensation plans are below. Under these plans, the Corporation grants stock-based awards, including stock options, restricted stock shares and RSUs. For grants in 2011, restricted stock awards generally vest in three equal annual installments beginning one year from the grant date.

For most awards, expense is generally recognized ratably over the vesting period net of estimated forfeitures, unless the employee meets certain retirement eligibility criteria. For awards to employees that meet retirement eligibility criteria, the Corporation records the expense upon grant. For employees that become retirement eligible during the vesting period, the Corporation recognizes expense from the grant date to the date on which the employee becomes retirement eligible, net of estimated forfeitures. The compensation cost for the stock-based plans was \$2.6 billion, \$2.0 billion and \$2.4 billion in 2011, 2010 and 2009, respectively. The related income tax benefit was \$969 million, \$727 million and \$892 million for 2011, 2010 and 2009, respectively.

For capital purposes, the Corporation issued approximately 122 million of immediately tradable shares of common stock, or approximately \$1.0 billion (after-tax) to certain employees in February 2012 in lieu of a portion of their 2011 year-end cash incentive.

**Key Employee Stock Plan**

The Key Employee Stock Plan, as amended and restated, provided for different types of awards including stock options, restricted stock shares and RSUs. Under the plan, 10-year options to purchase approximately 260 million shares of common stock were granted through December 31, 2002 to certain employees at the closing market price on the respective grant dates. At December 31, 2011, approximately 21 million fully vested options were outstanding under this plan. No further awards may be granted.

**Key Associate Stock Plan**

The Key Associate Stock Plan became effective January 1, 2003. It provides for different types of awards, including stock options, restricted stock shares and RSUs. As of December 31, 2011, the shareholders had authorized approximately 1.1 billion shares for grant under this plan. Additionally, any shares covered by awards under the Key Employee Stock Plan or certain legacy company plans that cancel, terminate, expire, lapse or settle in cash after a specified date may be re-granted under the Key Associate Stock Plan.

During 2011, the Corporation issued approximately 193 million RSUs to certain employees under the Key Associate Stock Plan. Certain awards are earned based on the achievement of specified performance criteria. Vested RSUs may be settled in cash or in shares of common stock depending on the terms of the applicable award. In 2011, approximately 126 million of these RSUs were authorized to be settled in shares of common stock. Certain awards contain clawback provisions which permit the Corporation to cancel all or a portion of the award under specified circumstances. The compensation cost for cash-settled awards and awards subject to certain clawback provisions is accrued over the vesting period and is adjusted to fair value based upon changes in the share price of the Corporation's common stock. The compensation cost for the remaining awards is fixed and based on the share price of the Corporation's common stock on the date of grant. The Corporation hedges a portion of its exposure to variability in the expected cash flows for certain unvested awards using a combination of economic and cash flow hedges as described in *Note 4 - Derivatives*.

At December 31, 2011, approximately 135 million options were outstanding under this plan. There were no options granted under this plan during 2011 or 2010.

**Merrill Lynch Employee Stock Compensation Plan**

The Corporation assumed the Merrill Lynch Employee Stock Compensation Plan with the acquisition of Merrill Lynch. Approximately 8 million RSUs were granted in 2011 which generally vest in three equal annual installments beginning one year from the grant date. There were no shares granted under this plan during 2010. Awards granted in 2009 generally vest in three equal annual installments beginning one year from the grant date, and awards granted prior to 2009 generally vest in four equal annual installments beginning one year from the grant date. At December 31, 2011, there were approximately 20 million shares outstanding.

**Other Stock Plans**

As a result of the Merrill Lynch acquisition, the Corporation assumed the obligations of outstanding awards granted under the Merrill Lynch Financial Advisor Capital Accumulation Award Plan (FACAAP) and the Merrill Lynch Employee Stock Purchase Plan (ESPP). The FACAAP is no longer an active plan and no awards were granted in 2011 or 2010. Awards granted in 2003 and thereafter are generally payable eight years from the grant date in a fixed number of the Corporation's common shares. For outstanding awards granted prior to 2003, payment is generally made ten years from the grant date in a fixed number of the Corporation's common shares unless the fair value of such shares is less than a specified minimum value, in which case the minimum value is paid in cash. At December 31, 2011, there were 12 million shares outstanding under this plan.

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The ESPP allows eligible employees to invest from one percent to 10 percent of eligible compensation to purchase the Corporation's common stock, subject to legal limits. Purchases were made at a discount of five percent of the average high and low market price on the relevant purchase date and the maximum annual contribution per employee was \$23,750 in 2011. Approximately 107 million shares were authorized for issuance under the ESPP in 2009. There were 6 million shares available at December 31, 2011.

The weighted-average fair value of the ESPP stock purchase rights representing the five percent discount on the Corporation's common stock purchases exercised by employees in 2011 was \$0.54 per stock purchase right.

**Restricted Stock/Unit Details**

The table below presents the status of the share-settled restricted stock/units at December 31, 2011 and changes during 2011.

**Restricted Stock/Unit Details**

	Shares	Weighted-average Exercise Price
Outstanding at January 1, 2011	212,072,669	\$ 13.37
Granted	138,083,421	14.49
Vested	(80,788,009)	14.90
Canceled	(15,401,263)	13.99
<b>Outstanding at December 31, 2011</b>	<b>253,966,818</b>	<b>\$ 13.46</b>

At December 31, 2011, there was \$1.2 billion of total unrecognized compensation cost related to share-based compensation arrangements for all awards and it is expected to be recognized over a period up to seven years, with a weighted

average period of 1.4 years. The total fair value of restricted stock vested in 2011 was \$1.7 billion. In 2011, the amount of cash paid to settle equity-based awards was \$489 million, which included cash-settled RSUs not reflected in the Restricted Stock/Unit Details table.

**Stock Options**

The table below presents the status of all option plans at December 31, 2011 and changes during 2011. Outstanding options at December 31, 2011 include 21 million options under the Key Employee Stock Plan, 135 million options under the Key Associate Stock Plan and 52 million options to employees of predecessor company plans assumed in mergers.

**Stock Options**

	Options	Weighted-average Exercise Price
Outstanding at January 1, 2011	261,122,819	\$ 50.61
Forfeited	(52,853,270)	65.12
<b>Outstanding at December 31, 2011</b>	<b>208,269,549</b>	<b>46.93</b>
Options exercisable at December 31, 2011	<b>208,259,354</b>	<b>46.93</b>
Options vested and expected to vest <sup>(1)</sup>	<b>208,269,549</b>	<b>46.93</b>

<sup>(1)</sup> Includes vested shares and nonvested shares after a forfeiture rate is applied.

At December 31, 2011, there was no aggregate intrinsic value of options outstanding, exercisable, and vested and expected to vest. The weighted-average remaining contractual term of options outstanding was 2.7 years, options exercisable was 2.6 years, and options vested and expected to vest was 2.6 years at December 31, 2011. These remaining contractual terms are similar because options have not been granted since 2008 and they generally vest over three years.