BANK OF AMERICA

Bank of America

BancAnalysts Association of Boston Conference

November 5, 2026

Participants

Presenters

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Charles Peabody – Portales Partners
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John McDonald – Truist Securities
Julian Wellesley – Loomis Sayles
Mike Mayo – Wells Fargo
Saul Martinez – Piper Sandler

Presentation

Brian Moynihan

Good afternoon, and thank all of you for joining us. It's good to be back with all of you at BAB. I was thinking back, we've been doing this many, many years, hosting dinners, sometimes made presentations. But last year, we did something different, as you know, we did our Investor Day. And at that, we took the time to lay out the company with all the leaders presenting. And we also laid out medium-term targets for 2028 to 2030.

Today, the mission is pretty straightforward. It's basically we're going to update you on those targets. So let me start with the headline. Across the targets we set a year ago, growth earnings and returns, we are on track. Dean and Jim, our Co-Presidents, will highlight the line of business targets which all report to those two, as we described to you last year when it was newer, so to speak. Alastair, our CFO, will cover them from the top of the house. And so all our targets being met through the strong core organic growth, our 200,000-plus teammates produce every day. Loans have grown for 20 straight quarters. Deposits have grown for 11 straight quarters, and we continue to add relationship managers and clients across every one of our businesses to support further growth. We've turned that growth into higher earnings and returns for our shareholders. Two measures tell that story from the top of the house. EPS growth and ROTCE, return on tangible common equity.

Year-to-date, EPS growth was 19% over last year, excluding the regulatory settlement charge and 14%, even with that charge taken into account. Return on tangible common equity is 16%, excluding the charge, and is 15% even with the charge taken into account. Both are being driven by net interest income growth, which is durable and a result of strong organic loan and deposit growth. At Investor Day last year, we said NII will grow 5% to 7% over the medium term. We have raised that expectation during 2026 in each quarter. We've raised to 8% currently for full year 2026 over 2025. That's a number we gave you in October.

In addition, we said we expect 8% or more for 2027, again, exceeding the targets we had last year. We also work diligently to help drive our balance sheet efficiency, and our net interest yield improved 15 basis points over last year to 2.16%.

Today, we're going to remind you first of how we go to market. It hasn't changed since last year, eight lines of business across four world-class franchises. They all have differentiated capabilities to create long-term

competitive advantage. We remain excited as we told you last year that there are substantial opportunities to broaden and deepen our client relationships.

Another distinct advantage is how we deliver those eight lines of business locally on a scaled platform. The secret isn't the lines of business themselves. It's having talented people in almost every market in America, and many more around the world who can capitalize on opportunities for their communities and clients. So today, the agenda is straightforward as I said, I'm going to cover a few opening remarks.

Dean is going to update you on the scale consumer and wealth management platforms, our business which stretches from general consumers in America and their families to the wealthiest clients in the world. Then Jim will come and comment on the progress in serving our commercial, institutional and investor clients, with the capabilities from lending, capital markets, payments, market making, advisory and research.

And Alastair will cover our capital priorities and strength and review detailed progress over the past year on the core operating metrics. We'll come back at the end with some closing thoughts, and then we'll open up for Q&A.

So, we all started at Bank of America with a question. What would you like the power to do? It's a question we ask our customers and clients every day because it's about them, not us. It's about our ability to help them live their lives, reach their goals in a holistic integrated way. Whether it's a person buying a home, making an investment or planning for retirement, whether it's an entrepreneur growing a business, whether it's a large multinational or an investment firm.

We help to manage their complex needs around the world. But the role is always the same, provide tools, advice and support to help those clients succeed. We also have foundational beliefs about our company, and we showed you these last year. We believe in a customer and client-focused model, leveraging the industry-leading platforms we have.

Everything starts with that. We believe our clients benefit from those integrated world-class capabilities delivered through those eight lines of business and supported by scaled industry-leading platforms. It's not about any one product, any one transaction. It's about offering advice and ideas to serve clients across their lives, whether a person, a business, or an institution. Being core to the clients' lives gives us deep insight into their needs and their ability to grow each relationship over time.

The result is long-tenured and extremely valuable relationships with low attrition and low cost delivering additional products. We also believe in delivering national global scale on a local basis. As I said, we have operations in more than 30 countries around the world and a significant presence in every major U.S. market.

We serve clients where they live, work and play, while keeping local relationships that matter most. We connect the world to our clients and our clients to the world. We're built on scale. Our platforms took decades and billions and billions of dollars to build. We built them so we can serve more clients and do it more efficiently. We believe the next decade in financial services will continue to be defined by technology leadership.

This takes continuous investment in both high-tech and high-touch capabilities. Clients want it all: humans, digital, 24/7. They want everything at their fingertips. The combination of technology and talent is what keeps us innovating for clients and driving growth. We're also focused on durable investments to drive sustainable growth in our company for you, our shareholders. That means driving steady organic growth in line with our long-term strategies and importantly, consistent growth in your investments you have with us. It's represented by tangible book value per share growth.

At the same time, we manage the risk with expense discipline, which has helped us navigate economic cycles, regulatory changes and market volatility and while continuing to deliver strong results. We also are sharply focused on efficiency. In an extremely competitive business, lowering our relative cost to serve and sell is critical to the profitability of every one of our businesses.

The technology investments we make every year, including those in AI are helping us do that. And our scale means that more of it drops to the bottom line. We turn that growth and strong profitability, and we create value for our shareholders through consistent capital management. Over the past several years, we've earned and returned hundreds of billions of dollars to shareholders through dividends and buybacks, all while maintaining a strong balance sheet.

Now, we're operating in an interesting backdrop, and you can see that laid out on the slide. Our clients tell us every day, all these things are on their mind that you see on the left-hand side, and that creates some uncertainty. But at the end of the day, our research team expects the U.S. economy to grow at 3.4% this year in the world. Excuse me. Our global GDP is 3.4% and a similar level in 2027.

The U.S. economy, they are growing this year, about 2.4% and about 2.3% in 2027. Inflation is above target and monetary policy is expected to tighten further. Now a big part of that story is what the U.S. consumer does day in and day out. What we see in our data remains encouraging. Spending remains solid, up 5% year-over-year. Our consumer credit remains very strong and continues to get better. Our business clients are investing in hiring selectively but hiring. Commercial credit continues to improve from very strong levels also.

Markets are operating at a record pace. Trading was busy. 19 billion shares are changing hands every day, up 10% from last year. Companies are raising capital at record paces. Affordability, tax immigration policy, trade tariffs, war, cyber wars, deregulation, government deficits, all are going to play a role in what our customers and clients do and we think about every one of them.

They will play a role in the confidence those clients have to do things. So, what do we watch? Every piece of it, but we build a company to be resilient in many environments. As we think about how we serve, I want to remind you the operating model we showed you last year, eight lines of business, which reported to you through four primary reporting segments. Each of the eight is built because a group of customers or clients they serve is unique.

They have a service model tailored to those clients' needs. They work together sharing insights and coordinating strategies. So, clients get a seamless experience as their needs change whether they're a person, a company or an institution. Together, these businesses form what we call continuums. We serve people literally from birth to death.

We serve companies from startups to largest multinationals, and we serve investors from the individual investor to the largest investors around the globe. So, as you listen to Dean and Jim, listen to the scale they discuss. We've already built that scale. Our technology can support however often a client wants to engage with us without substantial additional costs. Because of that, we have a scale which few can match. With that, I'm going to hand it off to Dean to cover the consumer and wealth management business. Dean.

Dean Athanasia

All right. Thanks, Brian. Before Jim and I jump into the business, I'm going to cover four key platforms that help us drive growth and give us a competitive advantage. So we're going to start off on Slide 6, if I can jump there.

So looking at this slide from left to right on the bottom, you can see our four platforms. I'm going to start with our technology group that's led by Hari Gopalkrishnan, our CIO and Chief Technology Officer. Hari is with us today in the back of the room on the right-hand side.

We spend over $13 billion every year on technology to run the company, including $4 billion on new initiatives and capabilities to help drive business growth. That gives us an incredible competitive advantage as client behavior is increasingly moving towards digital and clients are leveraging technology more and more.

Speaking of which, that's the second platform, digital and marketing is run by David Tyrie. David is here as well with us in the room. David partners with Hari to create new digital capabilities, and he helps us acquire and deepen with clients using all of his marketing efforts. We spend over $2.5 billion on marketing.

You can see some of David's results there. Over 50 million of our clients are digitally active. We interact with clients over 30 billion times digitally throughout the year, just an incredible amount. And each one of those is an opportunity for a service or sale and improving the relationship. And we have 24 million clients using tools like Erica, and they've interacted with us over 550 million times so far year-to-date. So a lot of good work there. David can give you a little bit more as you talk to him throughout the night.

The third platform is our global payments platform, led by Mark Monaco that generates over $13 billion in revenue for the businesses and growing at double digits, predominantly on the corporate side. And my partner, Jim is going to talk about that when he hits the global institutional businesses. But just to give you some sense of size and scale here, Mark has over $4.5 trillion in annual retail payments running through his system and platform. He has over $450 trillion in annual corporate payments running through there as well. And he's got all kinds of products like CashPro for our corporate clients. The fourth and last is our global research platform and the #2 in the street, and you guys know it well.

They do over 5,500 events every year, connecting investors and issuers but they also supply data, analytics and research to all of our business leaders to help them understand their clients and run their businesses better. You can access the institute run by Liz Everett and you can go online. You can look at all the great capabilities that she has and all the research that she does.

All right. I'm going to hit one more area before if you could advance the slide. I'm going to hit AI before we jump into the businesses. So first off, we've centralized our AI program. It's led by Hari, who I mentioned earlier, and Jeff Busconi, who's also here, he's our Head of Strategy. They lead a group with representatives from every single line of business in every single area of the company, all working together on AI. That centralized approach allows us to move fast but we can also do things the right way.

There's no waste of technology. We can make decisions faster from ideation to deployment, and we have the right human oversight to safeguard our clients and our employees. And you can see on the left, some of their progress so far, over 1,800 AI machine learning patent filings. We have over 200,000 of our employees already using tools to enable them in what they do every day for our businesses and operations in over 130 generative AI use cases, all productive use cases built at scale.

So, if I was up here the next month or a month later, all those numbers would increase because it's an active program we would continue to drive that forward. Over to the right, the good news is when you go upstairs for those of you in the room, we're going to sample and let you see our capabilities, demonstrated by the experts. You can ask them any question you want. But for those of you not in the room, I'm just going to hit on a few.

Next-generation Erica, you all know Erica, we're empowering Erica with AI. It will help us reach 10 million more clients, both in terms of sales and service. So huge benefit there. Customer relationship management tools and banker productivity up top. That's going to enable 37,000 advisers and 4,500 corporate and investment bankers using AI tools. We tested a business before we rolled it out, business banking and they're experiencing a 40% uplift in client-facing activity. So huge productivity opportunity here.

And then last, going back to right in the middle on the bottom row, software engineering. Hari has got 20,000 of these developers using AI coding tools, and they're seeing a 24% productivity gain. So if you go back to the technology facts that I mentioned and what we're spending every single one of those dollars, we should get more out of it. It should go further, we should be more productive. So Hari's got all of his folks working on that.

All right. I'm going to jump into the businesses and start there where Brian talked about. So Brian talked about the four business areas we reported out on in the eight lines of business. I'm going to give you a little bit more of an internal view, showing out how all these businesses work together to help our clients. The

way to think about this slide on the left-hand side, this is all of our people businesses. As Brian said, they form a continuum that helps clients ranging from mass market all the way up to ultra-high net worth. So how does it work?

Consumer covers the mass market, mass affluent clients. And as those clients gain wealth, not all of them, but some of them gain wealth, they introduce them to their Merrill Lynch teammates, those teammates engage those clients with one-on-one financial planning and complex services so they can deepen and work with those clients and we can do more with them.

If those clients go on and become ultra-high net worth, our Private Bank is there to offer another echelon service, including very sophisticated, customized credit and trust solutions. So, under the arc, you're going to see all of our products and capabilities to serve across the continuum. And the best way to do that is to make sure all these clients are in the right spot, talking to the right advisers, getting the right advice. That way we can retain them, bring in more of their assets and grow the relationships overall.

Now on the right, we know all banks, financial institutions report out differently. So we put all our people businesses together just to give you a sense of the scale of which we're operating at over to the right, just under – in this group of businesses is just under $7 trillion in client assets. That includes $1.2 trillion in consumer-related deposits, easily the #1 on the Street. $605 billion in Consumer and GWIM loans. And you can see our leadership positions, #1 in consumer deposits, #1 in managed personal trust assets, #2 largest traditional wealth manager in the U.S.

Now obviously, we strive to be #1, and I'm going to show you that as we get to the GWIM business page, what we're doing there. But we're going to start off with Consumer. I'm going to advance here. So just to orient you to this page, because you're going to see it not only for Consumer, but GWIM, Global Banking and Global Markets.

So four of these pages across the top, you're going to see our Investor Day metrics because we want to give you an update on the progress and where we are but underneath, we're going to show you the financial highlights, how we're focused on growth in each and every business, the drivers that are getting that growth and then priorities to continue growth in the future.

I'll start off with Consumer Banking. Holly O'Neill is in the room, she's back there on that side. So, Holly runs this business and our team does a great job. The targets for efficiency ratio and return on average capital are 40% and she's tracking on that. She's at an efficiency ratio of 51%. That's down 100 basis points year-over-year. So, she continues to move that forward and progress towards the 40% target. Same thing on return of capital. She's up 200 basis points year-over-year, so she's tracking to hit that 40% as well.

She's already hit her card loan growth. She's hit the investment assets are tracking towards $1 trillion, $664 billion, up 14% this year, and that business has grown 14% – double digits for as long as I can remember and been involved in it. And then last client experience. She's already at 89%, target is 95%, and she's tracking well there.

And just for that number that – those of you that don't know it, that's 89% of our just under 70 million clients rating us a 9 or 10 on the overall relationship. So just an incredible amount and a great work there. Financial highlights. Talk about growth here, $34 billion year-to-date in revenue, up 5%. Net income of $10 billion, up 10%. So great leverage there, great efficiency in the way we're getting growth, low interest noninterest deposits up 3% year-over-year, which is critically important, not only for this business, but for the company in general.

I mentioned card loan growth at 5%, investment assets at 14%. The drivers to the right. And I think we're up here, we talked about the new rewards program that we rolled out. I think at the end of the first quarter, second quarter in that time frame, that year, we've already got 18 million clients enrolled, the best clients enrolled in our rewards program.

That's 6 million new clients since we rolled this out, and it continues to pay benefits because those stay with us longer, they do more with us. 450,000 net new checking accounts. That's great growth, particularly on the 3% that I mentioned on deposits, 3 million new card accounts and then all of this is done with a 70% digitally enabled sales. So, we're getting great efficiency out of a great reach out to all those 70 million clients.

We still have 3,500 financial centers. We opened up 26 new ones. Those are strategically placed throughout the U.S., and we'll continue to do that and continue to have the most optimal productive and efficient network out there. And you'll see we're entering new markets next year and doing some additional financial center adds. Priorities for growth, quite simple, go after core operating accounts, do it with those financial centers, get them with digital, but also these newer channels that are emerging, family banking is a big one for us, student banking. It always has been, but we've doubled up on that. Employee banking and investments.

We're going to our corporate clients. We have over 1,200 corporate clients signed up for that program. They allow us to go through their properties and acquire their clients at Bank of America through a special program. So that's going. That's up close to 40% this year and will continue to grow. And then once we get the operating account, we deepen with all the great things David is doing in marketing, card, investments, and we continue to grow across the board. We will expand in six new markets through 2028 and add 50 new financial centers. And again, we are putting financial centers where our clients are going to, where they'll be. So we will always try to optimize the franchise and enter new markets where we aren't and – but it's always following the behavior of our clients.

And then last, strategic digital and AI innovation, I mentioned that Erica, we thought of it as a service tool, but it's also a sales tool. We can interact with clients. We can build relationships with that. We're doing a lot with that. When I mentioned empowering it with AI, that's going to be a key part of our strategy going forward.

So, Consumer, great progress, great growth. We continue to make the investments in people, marketing, technology and the financial centers in order to grow. And now we're going to hit –let's jump to the next slide and hit Global Wealth and Investment Management. So again, just same thing going across the top. These guys have a pretax margin and a return on average cost of capital goal of 30%. They're tracking towards that 28% pretax margin, 26%. And overall in terms of return on capital.

So doing a great job there. To the right is a little bit more challenged. Obviously, we've got our work to do here. We basically – we're on a great trajectory that $65 billion. We expect to end up at around $80 billion this year. So, we're tracking against that, and we'll continue to grow, but we've got to double those from where we are today. And I'm going to tell you the plans on how we get there and how we're doing that because we will make that happen.

Underneath the financial highlights, this business has done really well, run by Lindsay Hans, Eric Schimpf and Katy Knox. Lindsay and Eric are here, so you can talk to them afterwards. But revenue of $21 billion, up 13% and Net income of $4 billion is what we like, up 31%. So great efficient growth, doing a great job, $5.1 trillion in balances, $2.4 trillion in AUM balances up 12% and then loans of $283 billion. They've done – had some great progress there, up 12%.

So, we got a great balance between investment and banking and we continue to deepen with these clients, and we have a lot of opportunity. For drivers of performance, we have 25,000 wealth professionals equipped now with AI that I talked about, spending more time with clients, accessing more clients, building those relationships, doing more with them.

We brought in 14,000 net new $500,000-plus households so far year-to-date. So great progress there and all those clients bring in assets. And then the last two numbers are critically important for us hitting up the right-hand side. GWIM sits between our consumer business and our corporate businesses, and they get referrals from both of those for high-net-worth clients. So, it's 130,000 referrals moving back and forth

between this group and the other parts of the bank. And just to point out the last factoid on the page, 45% of Private Banks, the ultra-high net worth, the new clients are coming from elsewhere in the enterprise.

So there's a lot more of that coming. We're up over 25% in referrals year-over-year. So this is going to help us grow as we move forward. All right. I'll finish up here. Priorities to continue to grow, continue to invest in the talent, our training program, 2,500 financial advisers, continue. We've had one of our best recruiting years ever, recruiting experienced – and our attrition is at sort of a decade low. So, we're doing really well there and building and retaining and growing our financial adviser force.

The one that's critically important that I mentioned, we're going to deepen high net worth enterprise relationships. We know there's 5 million high net worth clients in this company that do not have a GWIM relationship. There are another 1 million clients in our workplace benefits group that also can be customers of this. All we have to do is keep referring those clients into the Private Bank into Merrill Lynch, and we will grow our assets overall. And so we have a line of sight on that. Second from the bottom, expanding our alternative investments. We have an opportunity in the Private Bank. And on the upper end, we've grown 16%, so really good. But we think we have a $260 billion opportunity on the upper end if we continue along this path.

So that's another one that will help us on the top right. And then last connecting Merrill clients to banking. We're always bringing new clients in, so we've got to deepen with banking across, whether it's deposits or loans. And then Lindsay and Eric continue to deepen and penetrate with the clients we have. It helps us on the pretax margin, and it also helps us on the overall asset growth. So, with that, this business, it's doing – it's really performing well. We know we can do even better. We have a ton of opportunity within the company. In that sense, the continuum is a key to helping us hit our targets, bringing in more clients and continuing the great growth that they're seeing.

All right. I'm going to stop there. I'm going to turn it over to my partner, Jim DeMare, who's waiting patiently to jump in here on corporate and institutional businesses.

Jim DeMare

Great. Thanks, Dean. Good evening. So you're going to hear a lot of themes that repeated that Dean and Brian mentioned, scale, breadth, growth, broadening and deepening are the four main ones to keep in mind. Talking a little bit about the corporate and institutional business.

The same thing from a scale. As Brian said birth to grave, we'll go with small businesses to large businesses, not that everybody – every company grows to that larger scale, but the continuum that we have and the capabilities that we have and the scale itself what's important here.

And to give you some context in small business, we have about 3.5 million clients if you get into the corporate and institutional space, we have more than 46,000 clients. So the scale is there and you know that. The capabilities and the solutions that we can offer are the things that differentiate us, I think, from others, there are very few companies in financial services that can deliver these capabilities. You think about cash management and treasury services, of course, you're getting out to working capital and some of the other ways to raise capital for companies, payments, hedging of interest rates and foreign exchange payments, that's the theme that comes – you hear continuously one of our strengths, and we'll talk a little bit more about that.

And then also you get into the capabilities we have within sales and trading and investment banking dealing with both corporate commercial clients, corporate clients, and institutional clients as well. The scale is there, just under $700 billion in deposits, just under $650 billion in loans.

Not only do we think that we're – we have the size and scale, but it's clear based on the numbers that you can see here, others acknowledge it as well, #1 in small business balances, #1 in commercial and industrial lending. #1 bank for transaction banking, #1 in digital and corporate cash management in the U.S.

Digging a bit further into the banking business. So that's Page 12 or Slide 12 for those on the phone. Global Banking, you can see here as a continuation of what Dean mentioned for our two-legged businesses that we have. We continue to see growth in the Global Banking business as well. We're moving towards the targets that we laid out in detail for you last week. What I'd like to do is just spend a couple of minutes on areas of focus that are driving the performance. You can see that we're experiencing strong growth in investment banking fees, Global Payment Solutions, loans, and deposits, all high single-digit to mid-double-digit growth.

And the differentiation, I think, for us on how we're achieving that is a local approach. And that's here in the U.S. as well as it is internationally. We have – we're in over 200 communities in the U.S. We're in over 37 markets internationally. That's local coverage for – across the spectrum. It could be in the commercial bank, corporate bank, small business that also flows through to Merrill Lynch in the Private Bank, not to mention, as I mentioned, investment banking, regional investment banking is also a big priority while not – the number is not articulated clearly there. We have spent a great deal of time and resource to grow that business. I think we've more than quadrupled the number of coverage that we have in local markets, and it is a differentiator when you're out speaking with companies.

What else drove this performance over the last year. As I mentioned, investment banking revenues are up. We've got – we're a top four in seven of the eight sectors that are driving the fees in the space. We'll talk a little bit more about what the opportunities that we have there. But I want to continue on the theme of growth. We opened up 1,200 new international subsidiaries for both Commercial Banking and GCIB clients. Both of those businesses experienced mid-single-digit growth, which is something we were focused on last year for Investor Day, and that 500 in Global Payments solutions new relationships year-to-date is a subset of that 1,200 million. So again, you can see we're – it's a material part of that business, almost 40% of the growth there. Broadening and deepening was one of the other themes that we continue to talk about previously with Dean, Brian and as well as a theme from Investor Day last year.

And one of the focal points for us. Last year for banking and markets was to grow that coverage or that broadening and deepening of relationships across corporate and the commercial bank with solutions that can be offered by the markets business, and we're at about 40% there.

So how are we going to continue to do this? Experienced this growth? Again, continue to focus on coverage. We've added – I think we're up about 40% from 2023 in terms of client-focused coverage. We're going to continue on that path in 2028. International, it's pretty clear. We're going to continue on that. It is an opportunity. I think we're scratching the surface on what the capabilities that we have across banking and our payments business, investment banking, we focused on that. We continue to focus on it.

We know that we have some areas to continue to focus. And in particular, we've made some strategic hires in the past year in technology investment banking, which is obviously having a very strong year this year. Life Sciences is another area that we're focused on with talent. We think that, that's going to continue to be an area for potential growth given advances in AI and other activity that's happening.

In the middle market, it continues to be a focus. And with the teams, our local market coverage and continuing to drive that business forward is critical. Last but not least, on payments, we've – you've heard it from Dean, you've heard it from me. It's a continued focus. It's a big differentiator for us. That deepening and broadening is a focus. Advancing new products is also a large focus for us. This year, we started to offer real-time cross-border payment capabilities, which was received very well. And secondarily, we've allowed – we've given the capability for our clients to use AI to analyze payment flows so that they can make better decisions to run their businesses.

Turning to the markets business. Near and dear to my heart, since I ran it for quite some time, Dennis and Soofian are here, if you want to talk to them in detail, I didn't mention everybody else who's here for these businesses. But Sharon's here, Wendy is here. And I don't – corporate banking and investment banking, we don't have in person, but we have – Matthew came. Matthew was not supposed to be here, for other reasons. So, thanks. Matthew is here, and he can talk at length about the GCIB business.

We go with markets having a good year, continuing to experience growth. We're focused on the targets of revenue. We're moving towards that goal, net income. Pretax margin marching towards 40%. And return on allocated capital of 15%. We're edging closer to that. Share of industry revenue is flat for this year at 7.6% year-to-date. So we do have some work to do there. We're hitting record revenues in the segment. So, thinking about the markets business plus investment banking, shared fees, capital markets. Straight up sales and trading, also hitting record revenues this year, up double digits year-over-year, record growth in equities. We're up 36% there, and net income we're almost up 15% year-over-year, and we continue to see strong demand in our lending business. How did we get here? What drove the stronger financial performance and drove these KPIs.

Our Prime Brokerage business continues to perform well, best year it's ever had and almost up 50% year-over-year. International, we're going to continue to talk about it. You're going to hear a continued opportunity for us, and I think you will continue to see growth there. Broadening and deepening theme, you may get tired of hearing this from us, but we're going to continue on that.

We set out goals last year for both – in markets for the corporate clients to grow. We're up 7% there. We also talked about priority clients within markets. That's up 13% year-over-year. So, I think we're making good progress there. And as well as our continued focus on driving the most out of the financial resources that we utilize in the markets business, the net income per dollar of RWA is up 10% year-over-year. So, I think those are all important things.

How are we going to continue to drive the growth this broadening and deepening within the business and across the firm? Market share. We say market share, but we mean market share and we mean the net income that's derived from continuing to leverage the business that we have built up over the last five years and continual focus, excuse me, on financial resources being efficient and driving returns and that would extend further to other resources when we think about tech, operations, continuing to simplify the business reducing risk from that perspective, and deploying technology.

And with that, I'm going to turn it over to Mr. Borthwick.

Alastair Borthwick

Thanks, Jim. Well, as Jim and Dean emphasized, we've got four world-class franchises, and we deliver them through the eight lines of business. Each one of those is highly profitable. And we've got a meaningful opportunity to just continue to drive growth and improve returns from here. I'm going to talk about capital generation. I just want to start by saying with $200 billion of tangible capital. And with more than $900 billion of liquidity, we've obviously got a very strong balance sheet to support our clients.

We start on the top right with a 10.9% CET1 ratio and that's relative to our regulatory minimum at 10%. We've generated $8.1 billion of average quarterly net income over the course of the last 12 months. So you can think about that as essentially 44 basis points of CET1 capital that we generate every quarter. So we generate a lot of capital now and we will in the future. And that gives us significant flexibility in how we deploy capital while we follow the priorities on the left-hand side of this slide highlighted here.

First, always, we support our clients and the future growth in our lines of business. And you can see we've added another 6% average loans year-over-year, and we've continued to invest in our Global Markets business with another 7% average global markets assets over the course of the past year.

Second, we're committed to support the regulatory minimum capital and sustain and grow our dividend over time. And here, we're showing – we've increased the dividend every year from $0.22 in the third quarter of 2022 to $0.32 in this past third quarter, a CAGR of 10% per year.

And third, we returned the remainder of our excess capital to shareholders, and that's allowed us to repurchase the $26 billion of shares you see here over the last 12 months. And allowed us over time to reduce the share count from 8 billion in the third quarter of 2022 to just 6.9 billion in the third quarter of 2026.

So now I want to turn to our progress relative to the Investor Day targets. And we laid those out last year right here in November of 2025. And we talked about medium-term targets for the next 3 to 5 years. So, it's now one year later. You can think about those targets now being 2- to 4-year targets, and it's a good time to assess our progress relative to what we laid out. I'll start with NII. You can see we talked about a target of a 5% to 7% CAGR over time. And in 2025, we grew 7% and we've delivered 9% year-to-date in 2026.

Most recently at our third quarter earnings, we shared that we expect to deliver full year growth this year of 8%, and we expect 8% or higher in 2027. And that forecast is for the entire company, and it assumes the two rate hikes in the forward curve for 2027. Since our Global Markets business remains liability sensitive, we expect the Global Markets NII may decline modestly in 2027, which obviously means that we expect the banking book NII will grow faster than the 8% for the total company.

We shared a medium-term target of 2.3% for net interest yield. And we were at 1.95% in 2024. Then we were at 2.01% in 2025, and we delivered 2.16% through the third quarter. So we've taken another meaningful step forward towards our medium-term target. And we anticipate hitting the 2.3% number somewhere late in 2027. And a full year ahead of what we expected at last year's Investor Day.

For deposits, we target 4% plus through the cycle, and that's in line with historical growth rates. We've averaged 2% to 3% over the course of the past two or three years. And we remain confident that our deposit growth rates are going to continue to normalize over time. We're especially encouraged right now by the 5% growth that we've seen in noninterest-bearing deposits this year, particularly because that is our strategy, continue to acquire high-quality operating accounts. In loans, we target 5% plus growth.

In 2025, we added 8% more loans and another 7% in 2026. So, it's obviously a good environment there. Last year, we set forth our target for an efficiency ratio between 55% to 59%. And as you read across this slide, 2024, we were at 63%, 62% in 2025 and year-to-date ex the reg settlement charge, our efficiency ratio is 61%. So again, we're on the path. We're another step closer to our goal.

We have a goal of 200 to 300 basis points or more of operating leverage. That's for the medium term. In 2024, we delivered 150 basis points. Last year, we delivered 250 basis points. And so far, this year, ex the reg settlement charge, we're at 185 basis points. So, we remain confident in our 200 to 300 basis points plus medium-term target. Given the core underlying organic growth that's coming through, combined with our expense discipline and then also the accelerating fixed rate asset repricing especially as the $122 billion of treasuries in our hold to maturity begin to mature.

We target earnings per share growth of 12% plus over the medium-term horizon. We delivered 19% growth in 2025 and another 19% year-to-date in 2026 ex the regulatory settlement charge. So that's the core earnings. And we've highlighted our intention to raise return on tangible common equity into the 16% to 18% range. We were at 13% in 2024, 14% in 2025. And year-to-date, ex the regulatory settlement charge, we've delivered 16%.

So, in total, when you look across all those metrics, we're on track. We're ahead of schedule in many and most importantly, we remain confident in our ability to deliver growth in both earnings and improved return on tangible common equity. So, with that, Brian, I'll turn it back to you.

Brian Moynihan

Thank you, Alastair. We're just going to close quickly, and we'll take some questions. So, we have a few takeaways. As we told you last year, and we told you again today, and we told you many times, four world-class franchises, eight lines of the business, acting in unison locally for clients and customers in every major U.S. market and 30-plus markets around the world. Those capabilities are differentiated, not because other people don't say they have them. It's a scale of everyone that's a top-tier business, and they have been scaled over decades and decades of investment.

The opportunities that you heard Dean and Jim talk about are substantial in every area, even though we have strong market shares on a relative basis against any other competitor. Our technology is scaled. The rate of investment in initiatives $4 billion, total spending $13 billion to $14 billion a year. But what that really

allows us to do is add lots of that transaction volume without having the expense base grow to support it. So, if you look at the consumer business years later, it's basically operating at relatively flat expenses with billions and billions more transactions going through. The earnings growth that Alastair just showed you continues to come through and the higher returns for shareholders that Alastair gave you the goals and we're hitting them. So those are the four or five key takeaways for today.

We're now going to turn to questions. I'll have my teammates come up. And raise your hand, we have microphones because we're webcast so we need that to go out and we'll get to you. Who'd like to ask the first question. Mike?

Q&A

Mike Mayo

Mike Mayo with Wells Fargo Securities. It looks like your scorecard, you have some wins and still need to work on some things I think you said your wins or returns EPS and NII. And I think areas that still need work would be net new assets, deposits, efficiency and operating leverage. So when you look at the areas where you're still falling short of where you want to be, where are you most confident about closing that gap, but why aren't you there yet? And as you drill down to each of the areas you guys manage what would you add to where there's potential that you're not achieving currently?

Brian Moynihan

So why don't we start, Alastair, won't you hit it from the top?

Alastair Borthwick

Can you pull up the slide for a second that we showed? We can pull up my slide on the returns. Let me just take a moment, just while we let that come up. Mike, while we're waiting for that slide because I just want to make sure I hit all the various points.

The biggest thing in some of these is just time. We can't go from 13% return on tangible common equity to 16% to 18% in the course of one quarter. Sometimes you can't do it in a year, you can't do it in three years, it takes a while. So when we go down this, I mean, obviously, right now, we're pretty confident in the NII because underneath it all, we've got terrific organic growth in deposits and loans that's just coming through as a base.

And then on top of that, we've got quite a lot of fixed rate assets that are all going to reprice in the course of the time. So that's one thing. The organic growth takes time, too. Jim and Dean talked about this broadening and deepening and adding clients. I've covered clients. It takes years sometimes to bring on board. So organic growth is constantly there. We've invested in that. We feel good about the NII because it ultimately shows up in balances in some cases, often shows up in fees, but in balances.

So, we like the organic growth, we like the fixed rate asset repricing. And we remind people, as we did last year, if that NII drops to the bottom line. There's no expense comes with a fixed rate asset repricing, just every year that's coming through. So we feel pretty good on net interest yield as well as a result, pretty obvious deposits and loans I touched on.

I'll let Dean and Jim talk about that if they choose to in a moment. The efficiency ratio comes with the operating leverage that we've talked about. Operating leverage – of all the things that we work on as a management team, that one is the one that we spend all our time on because you got to go to revenues and you got to have the expense discipline. So that one there, in particular, is the one that I feel like we're always challenging ourselves around. If we get that when the efficiency ratio is going to show through the EPS is going to show through and the ROTCE is going to show through. So operating leverage is probably where we spend the most time.

Dean Athanasia

Yes. I think the net new asset, Mike, was in mine. So maybe I'll just hit that one. But I think if I summarize, there's a lot of stuff on the page, but we're hiring more financial advisers, experienced financial advisers. We have a best year ever, low record lower attrition of those advisers. So, we're keeping more which keeps more assets overall. We're deepening and more productive. I talked about some of the AI tools.

But something like Merrill Edge, we can distribute Merrill Edge into Merrill Lynch. They're at a 13% penetration. We're going for a 40% penetration, what we have on the Private Bank. So we know we can get there. So line of sight – and then I mentioned those high net worth clients within the company 5 million, Eric gave me the stat. But if we just hit on 1.5% to 2% it's $100 billion in assets. It's a big number. So, I didn't mean to like just skip over that part. But referrals are up 25% year-over-year.

So, when we're looking at where we're going, we're progressing, more clients are coming in, more referrals coming in, but those assets are coming in with them. That's – and we hadn't done that at that level in the past. So that's why we feel good about where that's going.

Jim DeMare

The consumer investment – It's a similar story and the projection towards $1 trillion is – Dean and I spend a lot of time on wealth.

Brian Moynihan

Next question

Alastair Borthwick

Brian, you've got one over on the extreme right with the mic.

Charles Peabody

Yes. Charles Peabody with Portales Partners. Question about efficiency ratios. On the line of business, you talked about a 40% target for the consumer bank but a high 40s for the global corporate bank. Now I'm going to show my age because when I started this business, it was unheard of at the consumer bank would have a lower efficiency ratio than the corporate bank.

So, what has changed that you were thinking in terms of a lower efficiency ratio for the consumer bank? Is it scale? Is it technology? Is it how you're building share of wallet? And then the second question, if you can remember the first is on those two lines of businesses which are substantial within your organization, you're in the 40s, but your consolidated goal is in the 55% to 59%. So, what's the difference between those?

Brian Moynihan

So your second question is the sheer amount of revenue we have in our least efficient business, the wealth management business, which grew it's income 40%, is our least efficient business. And that relative to the total is a substantial $20-odd billion. So that's what changes the mix of efficiency ratios.

So that – and that will be – they're moving from up to 30%, but that, to your point, that's 30% against a – 30% profit margin. So, a 70% efficiency ratio across a fairly sizable business. Markets are somewhere in between. When you go to the Consumer business, it really comes from the deposit franchise.

And we're at places that, not showing your age, that we couldn't have dreamed about 30 years ago when I first came with the session with you guys here at BAB. You couldn't have dreamed about because then you'd say $50 million branch is big. Now we average several hundred million dollars, even the new ones we have hit hundreds and stuff. So that efficiency ratio of the total operating costs, the cost of deposits we so-called has dropped by 100, 150 basis points. And as a higher rate environment sits there.

We upgraded for 10 to 12 years with no front end with no high rate. You will see this thing pour through, and what did you earn this quarter, Holly? $3.5 billion or something after tax? So, it's just going to keep pouring through on that business. So that will help. And then the commercial business is largely more

traditional line with what you said, sort of it's below 50%, gets below 40%, but it gets tougher because it starts to run in the investment banking and things is also – so it's a consumer business really that does it.

And if you looked at Holly's slides from last year, she's talking about moving that income level up a substantial amount. A lot of that is just the pure value the deposits really shining through. And that's what we're focused on core operating.

Dean Athanasia

Brian, can I just add because there's one thing hanging out there. So, we're probably about the same age, but when I was in – I had 6,000 branches. Now I showed 3,500. Deposits are up in that bit what Holly $900 billion? So think about the leverage there. It's just incredible. And that's different, right? And people look at our branches and go, wow, you have that many deposits and they kind of haircut us and say, "No, no, no. That's actual."

That's what we do. We're very efficient. We go out there, we get our financial centers in the right spot. We make sure they're driving volume and they're driving business, and then we couple that with digital. That all didn't exist 5, 7, 10 years ago. Next question. We go here and then the.

Saul Martinez

Saul Martinez from Piper Sandler. I wanted to ask about the outlook and the strategy for the Consumer banking business. The 40% return on allocated equity, 40% efficiency ratio over, I guess, four years which is a pretty big lift from where you are today. Can you – one, can you just remind us of what the assumptions – the financial assumptions are that help you get there in terms of margin or growth or whatever it is?

And I guess more broadly, though, does it – I mean, does it make sense to take your ROE from 29% to 40% over that short of a time can an argument be made that you should be returning some of that excess return back to your customers in the form of higher rates or richer rewards or plowing more back into your business in marketing or tech and trying to grow the business over a sustained way?

Brian Moynihan

So let me just give you some things to think about in that context, really goes back. The marketing in the company has come from $1.5 billion to $2.5 billion across the last four or five years. The branch investment, Holly, $5 billion over the last three or four years, a physical plant. It's amortizing through new branches, completely reconditioned branches, the digital platform, thinking about it going from a decade ago, probably 15 million, 20 million customers to 70 million customers.

So, all that adds efficiency, but that investment then pays back. And so, it's running because it simply is driven by core operational deposit accounts, 40 million checking customers, average balance of $9,000-plus 3x industry average, branches the 3,500 for the largest deposit base also servicing Business Bank and Commercial Banking and other types of things. That all is really different.

And that has been years and years of investment watching. The core assumptions were, for the last year, were loan and deposit growth was for consumers 5% credit card. I remember that you put that up the basic loan to deposit growth.

Alastair Borthwick

Deposit growth, we've got low single digits for consumer in our mind. Normalizing over time back towards 4.5%, maybe 5% over time. And loans, as Brian pointed out, credit card get that back up to 5%. Holly and the team has done a nice job there. We were at 1%, then 2%, then 3%, then 4%. Now back to 5%. We've made the investments there. So that will stay in the run rate. The rest – Consumer outside of card a little bit slower growth right now. So, we don't have any heroic assumptions of that returning to big numbers for Consumer growth there. And as Brian pointed out, just again, just keep adding net new checking quarter after quarter after quarter, noninterest-bearing deposits.

Brian Moynihan

A couple of things. One is, remember, that the rewards program, it comes from the card income line, dead flat. The investment of that is gone -- is probably tripled in the amount of rewards cost against not only credit card, but remember it's against other parts of company. So that piece we've invested a lot in, you just see a net number, it's $5.X billion kind of bumps along, right?

So that's one thing. The second we made investment in health of our customers. And we made that investment around no-overdraft checking accounts, we made that investment around the small balance loan product, which we do for a $5 fee and no more. We did that investment around a lot of things. And what that's able to do is to drop the cost to serve dramatically, because our overdrafts have dropped by 90%, I think, in terms of dollar volume a year. So they're already down to such a low level, whether they'll bump along.

But the point was we made that investment in the health of the consumer, and that's paid us back in primary checking accounts, 90-plus percent customer delight scores you saw there and average balance two to three times history average, that's the dynamics of Consumer banking. That's how you going back to the question. Over here. Go ahead.

Julian Wellesley

Can I ask Jim a question about Prime Brokerage, which you mentioned was a key driver of markets business. I'm wondering if you could give us more color on this. Do you think it's sustainable? Or is it being driven by buoyant markets and maybe it's going to be hurt a bit by higher interest rates? Are there some structural drivers behind there? I'm also interested in what you think the trends are in your market share what the key kind of competitive advantage is there? And what the profitability trend is?

Jim DeMare

Sure. I'll answer a few of them, and I'll let maybe the guys answer a few. But to go back to it, obviously, we had a great deal of market appreciation. So, I think that's going to be the driver. That's the largest contributor to the overall growth rate. Now we've been dedicating more resources. As we mentioned earlier, we grew balance sheet by roughly 7% in the markets business year-over-year. So that is a contributor.

The market went through a period this year where the demand for equity financing was greater than the supply of it. And we saw an – where we saw a pretty dramatic increase in the cost of funding. So that also contributed to the greater profitability there. If you take a look at our business over the last five or six years, we've dedicated considerably more. I mean I think we were at $650 billion back in 2021 at the start of the year, just almost just shy of $1.1 trillion now. And if you look at our equity business today relative to where it was six years ago, it's a much larger contributor to the overall top line and bottom line of the business than it was than it was then.

Outlook for profitability. We've – the mantra of the firm is to be focused on expenses. I mentioned about driving efficiencies through technology, operations and the other. So, we know that that's critical to growth and to profitability. So we're continuing to focus on it from that perspective. I don't know if that covered all your questions because I know you had about six.

Julian Wellesley

Market share trends and what makes for a competitive advantage in this business and how you think about risk management as well?

Jim DeMare

Well, that's the thing. I think if you look at our business, people have different business models, different risk profiles, different returns on different risk and resource measurements. I think we're focused on driving the best returns out of those resources we have. We've shown before, and I don't have the latest numbers off the top of my head, but we drive a better return on risk than many others do, and that's probably one of

the key tenets for us is how we think about the business. Some of the others just have –others have a different profile.

Brian Moynihan

Next question. Gerard.

Gerard Cassidy

Thank you, Brian. Before I ask my question, I do want to thank you and your senior management team again, for supporting the BancAnalysts Association of Boston. It's – we never take it for granted. So thank you. Really appreciate it.

The 42% of your wealth management Merrill customers that don't have the deposit accounts. Obviously, Merrill came to Bank of America during the financial crisis. And I'm assuming many of them did not have Bank of America deposit accounts back then. So can you share with us the growth that you've had? And then what's the target – is the target 100% or some other number? And how long do you think it takes you to get to that targeted level.

Brian Moynihan

Target or goal? The goal is everyone. So that's obvious. But – and build it up. But it was an odd thing to get through the original combination and kind of get it settled in. You think 2009, 2010, 2011, 2012. And in fact, the sweep accounts were at another bank, we had to get rid of that product to bring them inside. So, there's a lot of pieces of that. And so Lindsay, why don't you go ahead.

Lindsay Hans

So, we're at 66% of our Merrill clients that have either a banking or lending relationship with us. So, we feel really strong about that result. – when we think about the delta and as Brian said, our goal is 100%. The balance of these clients typically are doing their banking elsewhere. So banking is sticky business, as you all know. So we fight every day to win that, and we have the platform to do so.

Brian Moynihan

So, the technical answer was 0% when we started. But there were obviously some all Bank of America securities from the retail brokerage that went in, which would have been part of it. But technically, it was 0%. So that crossover has moved 45% of banking, 60% of banking products is a distinction just not to lose people on that. That was core banking.

Dean Athanasia

Just remember, clients aren't staying static. I realized that when I was – we're adding clients outside the bank in. So, the denominator is always moving. So, it's not a static target that we're going after because that would be a lot higher. This is sort of everything, new clients coming in. We've got a – they come in on the investment side and got to cross-penetrate and deepen with them on the banking side. So think about that.

John McDonald

John McDonald, Truist Securities. In the third quarter, you had a tough operating leverage environment and that was the year-to-date below the 200 basis points, really is attributable to the third quarter. Can you talk a little bit about again, the mix explanation that happened to you in the third quarter? And maybe how you're dealing with what seems like a tricky markets environment so far in the fourth quarter. Maybe just leave it there. Can you maybe give some comments on that.

Alastair Borthwick

Well, in terms of operating leverage, obviously, when we put our thoughts together, number one, we have a pretty good sense a year out of what's going to happen with respect to net interest income. And we've got a point of view on what we think is going to happen with fees we're thinking about GDP, GDP plus because we believe we have distinctive competitive advantages.

We should be able to add clients and then do more with existing clients. So that's in the back of our mind. It doesn't mean you get operating leverage every single quarter. That's not the way it works. And it changes from year to year based on the characteristics of how business or the markets develop actually. Third quarter was a really interesting quarter for everyone, but particularly for fixed income investors, I'd say, just given the huge backup in interest rates, that tends to create a bear market in macro products, which is what you're talking about, I think, in terms of mix.

So, Jim will talk about that in just a second just to give you a sense of how that impacts those businesses. But bottom line is we feel like we've got a good platform to generate sustainable operating leverage because, as Jimmy just pointed out, we've been investing in global markets for years.

They've got 17 quarters in a row of up before that year-over-year. We're going to hit records in equities, records in sales and trading, records in international. So, the business is performing well. Third quarter mix issue got a little bit there. So, some things we'll do differently. But Jim, I'll let you talk about it.

Jim DeMare

I mean you basically covered it. I mean, we've always talked about it, micro business. We've been heavier than macro business in terms of our strengths, although we've been working on the macro side for quite some time. We did have fixed income has been in a bear market this year. And based on our weightings that had a larger impact on the overall. And while everybody talks about resources and so on and so forth, there's business mix of the products that you have, there's business mix of the clients, and there's business mix of the geography.

So there are many iterations and our core platform, it wasn't the best quarter for the way our business is constructed. That being said, it's nothing structural. We're confident in the investments we've made in the business and the opportunities we have on a go forward.

Brian Moynihan

And John, just in the broadest context. For years, we had talked about nominal dollars, and we were trying to move people around before the pandemic to operating leverage on the theory that we brought the expenses down, and we knew that we're going to have to go on a rational basis. And we were kind of doing that.

We had big 20 quarters, couple of quarters when interest rates moved all around, and we got back on it. Markets moves that fast, it's hard to move individually. So that's why we were clear for this quarter, fourth quarter versus third quarter relatively flat showing this isn't a question of expenses continue to grow. It's a question of getting the revenue to settle in and then back out and let the NII catch up and deliver.

And so we're seeing headcount down so far in the quarter, et cetera, all the things that we like to see that we set up not only this quarter, but importantly, next quarter, next quarter, we continue to see happen, and that's what we're doing.

But it's – when you get that kind of boom from $6 billion in the second quarter to $4 billion to $5-ish in the third quarter, that's a quarterly turn to get underneath and that takes a little bit of time, especially if it comes out of fixed income or frankly, dollar for dollar, you have more marginal profitability. Other questions? I think we've got just a few more minutes left. There's someone back here. I can't see who the.

Alastair Borthwick

There's one on the right, Brian.

Brian Moynihan

Yes. There's one on right here somewhere.

Charles Peabody

Just a sort of a tack on question for Jim. There was a story that hit maybe late this afternoon or early this evening about your rejiggering your balance sheet to be able to provide more liquidity and a Bloomberg story it has to do with the markets business.

First of all, I didn't read the story so I was wondering if you could explain what was going on there, but does that have – are you doing something to be able to provide more liquidity to enhance your Prime Brokerage business?

Jim DeMare

I tried to address it in the comments that I was making before. We look at resource allocation all the time across the company. I mean that's part of the discussion that we have regularly. And depending, like I said, not only is our business mix different, but company's positions are different in terms of percentage of their business they may put into markets or that may be their only business that they have, and therefore, that's where their liquidity and their capital and their balance sheet goes. Like we said, we continue to invest in the business. The business has adequate resources and we – it's a continuous dynamic optimization.

Brian Moynihan

All right. I don't see any questions, so somebody sees let me know. All right. Thank you for spending time with us tonight. That will close down the webcast portion.

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