

Bank of America

Third Quarter 2025 Earnings Announcement

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Participants

Presenters

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Participants

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[Glenn Schor](#) - Evercore ISI

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[Matt O'Connor](#) - Deutsche Bank

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[Saul Martinez](#) - HSBC

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Presentation

[Lee McEntire](#)

Good morning. Thank you. Thank you for joining us to review our third quarter results. Our earnings release documents are available on the Investor Relations section of the bankofamerica.com website. Those documents include the earnings presentation that we'll make reference to during the call.

Brian Moynihan will make some brief comments before turning the call over to Alastair Borthwick, our CFO, to discuss more of the details in the quarter. Let me just remind you that we may make forward-looking statements and refer to non-GAAP financial measures during the call. The forward-looking statements are based on management's current expectations and assumptions and those are subject to risks and uncertainties laid out.

Factors that may cause our actual results to materially differ from expectations are detailed in the earnings material and available in the SEC filings on the website. Information about non-GAAP financial measures, including reconciliations to U.S. GAAP, can also be found in our earnings materials and are also available on the website. With that, Brian, over to you.

[Brian Moynihan](#)

Thank you, Lee, and good morning, and thank you, all, for joining us. Bank of America delivered a strong third quarter with good growth both in the top-line revenue and bottom-line EPS, all driven by strong operating leverage. Our ROTCE improved to 15.4%. This quarter's results provide good momentum as we finish 2025 and head into 2026. We have been demonstrating consistent organic growth for many quarters. This quarter's results highlight the continued organic strength of our world-class deposit and lending capabilities. Our results also underscore the benefits of a diversified business model with top-tier position, not only in lending and deposits, but also across the market-driven businesses in Wealth Management, Global Markets, and Global Banking.

Before I turn over to Alastair, I'm going to hit a few highlights here. We reported revenue of \$28 billion, up 11% year-over-year. EPS was \$1.06, up 31% year-over-year. We drove operating leverage of 560 basis points in the quarter. The efficiency ratio fell below 62%. The return on assets reached 98 basis points. And during the quarter, we returned to our shareholders \$7.4 billion through dividends and share repurchases.

Net interest income on an FTE basis reached a record \$15.4 billion. That was supported by strong commercial loan and deposit growth, along with continued balance sheet positioning. Investment banking fees exceeded \$2 billion, up 43% year-over-year. Our team in Sales & Trading grew revenue 8%, marking our 14th consecutive quarter of year-over-year revenue growth. Our asset management fees increased 12% compared to last year.

All the business segments contribute to earnings improvement and had growth in earnings. 2 stood out this quarter.

Our Consumer Banking team delivered \$3.4 billion in after-tax earnings, up 28% year-over-year, with 600 basis points of operating leverage. This reflects strong revenue growth and disciplined expense management. This business is driven off the core operating accounts of our consumer customers, and we gained more than this quarter. These accounts have strong balances per account, the customers give us great customer scores, and we operate them at lower cost with more primacy in the account and lower attrition compared to anyone in the industry. That is a winning combination.

Our Global Wealth and Investment Management teams posted net income of nearly \$1.3 billion, up 19%. That was driven by the strong Merrill and Private Bank advisor productivity and concomitant, continued growth in fee-based assets. Spending in this business was particularly strong with \$12 billion in loan growth in this quarter. GWIM also opened another 32,000 banking accounts and grew deposits \$3 billion from quarter 2.

As we look ahead, we believe this quarter's performance continues to reflect the impact of the investments we have made on a continuous basis for many years in technology, talent and client experience. These continue to translate into strong financial results. We have been growing loans with the right risk and deposits as we continue to gain market share through organic growth. That translated into continuous NII improvements and complement our growth in our fee-based businesses this quarter.

I also, as usual, will commend you to look at the digital slides in the appendix on Slides 20, 22, and 24. They show the continued progression across all the businesses of Applied Technology with lots of discussions going on about technology and AI and know the things we give you the stats. What you'll see in these slides is the customer-facing activities of Erica, for example. There are many other applications of AI going on in this company, but this one has been handling successful interactions for years with scale and that application has now been applied across other businesses and even across our employee base.

So we're confident in our trajectory of our results, and we are excited about the opportunities ahead. We look forward to talking to you at Investor Day in November. I'm going to turn it over to Alastair to walk through the financials in more detail.

Alastair Borthwick

Thank you, Brian. And I'm going to start with Slide 3 to begin our discussion. And I just have 3 things on the income statement that I want to add to Brian's comments.

First, we're pleased with the continued demonstration of expense discipline across our businesses. So in the third quarter, we delivered 11% year-over-year revenue growth significantly outpacing 5% expense growth and resulting in that strong 6% operating leverage. Of the \$28.2 billion in total revenue, an aggregated amount of \$11.3 billion came from our sales & trading, investment banking, and asset management fees, 3 of our more highly compensable market-facing areas. So those areas grew 15% year-over-year in the aggregate, and we're excited to continue our investments given their strategic importance and attractive returns. When coupled with investment spending and inflation, this revenue growth helps frame the 5% expense growth even better. Importantly, expense growth versus the second quarter was held under 1%,

while those same compensable revenue streams grew 8% sequentially, further reinforcing our ability to scale efficiently and invest where it matters most.

Second, provision expense improved this quarter with net charge-offs declining 10%, and we had a modest reserve release as a result of both credit card and commercial real estate improvement. The strong asset quality reflects the continued strength of our credit portfolio, years of disciplined risk management and higher growth of the portfolio than other banks with good credit results.

Lastly, our average diluted share count declined by 24 million shares from the second quarter. And this quarter included the dilution we've highlighted before in our filings, and that comes from our 2008 issued convertible preferred Series L stock.

On Slide 4, you'll note the various earnings highlights Brian and I have talked about. I don't have much to add here and would instead spend just a moment on our continued organic growth, which is powering our loan and deposit activity.

We added new clients, and we deepened relationships with existing clients and across consumer, wealth, commercial and institutional businesses, our teams are winning in the marketplace by putting our clients first. As always, we highlight the continued organic growth across each of our businesses driven by client engagement, disciplined execution and strategic investment. And you can see the results there on Slide 5.

Consumer Banking continued to show strong momentum. We grew another 212,000 net new checking accounts, extending our string of consecutive growth to 27 quarters. This includes the fourth consecutive quarter of increased average noninterest-bearing deposits. And those are important because they are the primary operating account for a relationship and they're quite beneficial as a low-cost funding source. Additionally, card, home, and auto loan balances grew year-over-year, reflecting healthy consumer demand, and we believe those further cement the relationship beyond just the operating account alone. In small business, we continued our strength of lending growth, and we remain the #1 leading provider of credit to small business in the United States.

Global Wealth and Investment Management saw client balances climbed to more than \$4.6 trillion driven by strong AUM flows of \$84 billion in the past year, strong loan originations, and market appreciation. Our advisors continue to deliver comprehensive solutions to help clients achieve their financial goals.

In Global Banking, we saw a nice pickup in client activity in investment banking, resulting in market share gains, leadership rankings across many products and the highest non-pandemic fee quarter in our firm's history. Commercial client activity showed a continuation in the demand for loans and cash management needs as treasury service fees increased 12% year-over-year alongside deposit growth of 15%.

Global Markets continued to deliver on their string of year-over-year revenue growth and also continue to grow loans from healthy demand of our clients.

Let's transfer to a discussion of the balance sheet using Slide 6, where you can see total assets ended the quarter at \$3.4 trillion. That's down \$38 billion from the second quarter as good loan growth was offset by lower Global Markets assets and wholesale funding reductions as part of our plan to continue to tighten the balance sheet. Importantly, this balance sheet tightening will continue to benefit the net interest yield, NIY. Deposits ended just over \$2 trillion and were up \$72 million from the year ago period, with growth in both interest-bearing and noninterest-bearing deposits.

Average Global Liquidity Sources of \$961 billion remains strong, and shareholders' equity of \$304 billion was up \$4.6 billion from last quarter, as we issued \$2.5 billion of preferred stock. Otherwise, a \$2 billion increase in tangible common equity to \$208 billion included a modest capital build, as net income was slightly more than capital distributions, and we saw some improvement in AOCI. We returned \$7.4 billion of capital back to shareholders with \$2.1 billion in common dividends paid and \$5.3 billion of shares repurchased. Tangible book value per share of \$28.39 in rose 8% from the third quarter of '24. Looking at regulatory capital, our CET1 level increased modestly to \$203 billion, while the risk-weighted assets were

relatively flat and that drove our CET1 ratio higher to 11.6%. This is well above our October 1, 10% regulatory minimum. Our Supplemental Leverage Ratio was 5.8% versus a minimum requirement of 5%, which leaves capacity for balance sheet growth, and our \$473 billion of Total Loss Absorbing Capital means our TLAC ratio remains comfortably above our requirements.

On Slide 7, we show a 10-quarter trend of average deposits to illustrate the extension of consecutive growth across those periods. Average deposits were up \$71 billion or 3.7% from the third quarter of '24. Average consumer deposits were up 1% year-over-year, while Global Banking deposits grew 15% compared to a year ago. Our global capabilities, digital solutions and relationship managers continue to win clients in the marketplace. In addition, we remain disciplined on pricing to achieve that growth. Overall rate paid on total deposits declined 32 basis points year-over-year, reflecting both lower rates and disciplined actions in our Global Banking and Wealth Management businesses.

Rate paid on the roughly \$950 billion of Consumer deposits remained low at 58 basis points in Q3, driven by the operating nature of that account and client base. Compared to the second quarter, total deposit rate paid rose 2 basis points due to mix shift into interest-bearing, and we expect improvement next quarter driven by repricing after the Fed funds rate cut in late September.

Let's turn to loans by looking at average balances on Slide 8. You can see loan balances in Q3 of \$1.15 trillion improved 9% year-over-year driven by 13% commercial loan growth. Consumer loans grew at a slower pace and importantly, we're up across every loan type. For the second consecutive quarter, every business segment recorded higher average loans on both a year-over-year basis and on a linked-quarter basis. Focusing on commercial loans in global markets, we continue to take advantage of the strong financing demand in the marketplace from institutional borrowers, where we lend against diverse collateral pools. Small business is benefiting from our newly combined local market-based coverage model for small business and business banking, and that's creating more capacity for client expansion. And lastly, note the 9% improvement in Wealth Management as affluent clients borrowed for investments in assets like sports and arts and businesses.

So all of that balance sheet activity across deposits and loans results in net interest income. And let's turn our focus to NII on Slide 9. On a GAAP non-fully taxable equivalent basis, NII in Q3 was \$15.2 billion. On a fully taxable equivalent basis, NII was a little less than \$15.4 billion and as I said earlier, that's up 9% from the third quarter of '24. NII grew \$1.3 billion year-over-year and \$572 million on an FTE basis over the second quarter driven by higher loan and deposit balances and benefits from fixed rate asset repricing. And versus Q2, we also gained an extra day of interest. The net interest yield improved 7 basis points from the second quarter, reflecting the growth in NII, while the earning asset balance modestly declined as loan growth replaced lower-yielding securities and Global Markets balances declined modestly. And as I said, we reduced expensive wholesale funding and cash.

Regarding interest rate sensitivity, on a dynamic deposit basis, we provide a 12-month change in NII for an instantaneous shift in the curve. So again, that means interest rates would have to instantaneously move another 100 basis points lower than the expected cuts that are already contemplated in the curve. So if you think about that, 100 basis points below what the curve implies more simply put, that would mean, for instance, on the short end, the July Fed Funds rate next year will be getting down to 2.25%. So on that basis, a 100-basis point decline would decrease NII over the next 12 months by \$2.2 billion. And if rates went up 100 basis points, NII would benefit approximately \$1 billion.

With regard to a forward view of NII, let me give you a few thoughts. In January and again in April, we provided our expectation that we could exit Q4 of 2025 and with NII on a fully taxable equivalent basis on range of \$15.5 billion to \$15.7 billion. We also noted our expectation for that growth to accelerate in the second half of 2025. Despite all the uncertainties we've experienced around tariffs and rates, we've seen good performance against our expectations. And even with the third quarter late quarter interest rate cut, and with the curve anticipating 2 more cuts in October and December, we believe fourth quarter NII will be

in the higher end of that range of expectations. So think of that as being \$15.6 billion plus on a fully taxable equivalent basis. And that would represent approximately 8% growth from the fourth quarter of '24.

Thinking a bit more generally, we just note for the full year of 2026, our expectations about the drivers of growth are largely aligned with 2025 performance. We expect good core NII performance driven by core loan and deposit growth a little bit above GDP, which will additionally benefit from sizable fixed-rate asset repricing. And in 2026, we expect to see roughly \$10 billion to \$15 billion in combined quarterly mortgage-backed securities and mortgage loans. Those will roll off, and they'll be replaced with new assets at 150 to 200 basis points higher yield. That should result in full year NII growth somewhat similar to 2025 performance over 2024. So think of that as something like 5% to 7% growth.

Okay. Let's turn to expense, and we'll use Slide 10 for the discussion. First, I just want to highlight the strong operating leverage, which we expect again in Q4. We reported \$17.3 billion in expense this quarter and that was up modestly compared to the second quarter and up 5% year-over-year. As I noted earlier, the year-over-year increase was primarily driven by incentives tied to growth, especially in our market-facing businesses, as well as ongoing investments across the enterprise. Looking ahead to Q4, we expect expenses to remain roughly in line with Q3.

As you know, headcount is the key driver of expense from compensation and benefits to occupancy costs and technology. And we manage this closely not just in total numbers, but also an organizational structure, ensuring we're striking the right balance of managers and teams. And the good news is we continue to manage headcount well. So looking at the past 3 years, we've been able to lower our headcount from a peak of 217,000 to 213,000 now. And more recently, since the third quarter of last year, we're down 500, which includes the addition last quarter of nearly 2,000-plus college grads, and it's this disciplined approach that supports both efficiency and growth. So let's now move to credit and turn to Slide 11.

And you can see asset quality remains sound with improvements in several key indicators. Net charge-offs were \$1.4 billion, down about 10% from the second quarter, with the improvement split pretty evenly between credit card and commercial real estate. The total net charge-off ratio this quarter was 47 basis points, down 8 basis points from Q2. Q3 provision expense was \$1.3 billion and mostly matched net charge-offs. We had a modest reserve release associated with improved outlooks for both credit card and commercial real estate.

Focusing on total net charge-offs again and looking forward, in the near term, we would not expect much change in total net charge-offs given the steady consumer delinquency trends, stability of C&I and reductions in CRE exposures.

On Slide 12, in addition to the improvement in consumer losses, note the reductions in both reservable criticized and nonperforming loan metrics in commercial portfolios. Nonperforming loans are down 19% from Q2, and reservable criticized exposure in commercial real estate is now down nearly 25% from the third quarter of '24 as we dealt with the more problematic exposures across the year.

Let's turn to the performance across our lines of business, beginning with Consumer Banking on Slide 13. Consumer Banking delivered strong results, generating \$11.2 billion in revenue, up 7% year-over-year and \$3.4 billion in net income or 28% growth. Return on allocated capital rose to 31% -- these results reflect the value of our deposit franchise, underscoring both the breadth of our platform and the success of our organic growth strategy and digital banking capabilities. Innovations such as family banking, our high-value cashback credit cards, and our industry-leading preferred rewards program are delivering differentiated value to clients and value we believe is unmatched elsewhere. This client value proposition, combined with disciplined pricing helped drive a 9% year-over-year increase in net interest income. Another strong highlight this quarter was expense management, which enabled us to deliver more than 600 basis points of operating leverage. Continued innovation and the deployment of advanced technology and tools helped us to hold expense growth to just 1% year-over-year, while revenue grew significantly. As a result, our efficiency ratio improved, falling below 50% for the quarter. We continue to invest in high tech, which drove higher digital engagement, and we continue to invest in high touch. We continued our march into new

markets, filled out more of previously expanded markets and supported our brand in those communities. As an example, we just opened 4 new financial centers in Idaho over the past 6 months, expanding our presence and complementing our existing Merrill team in the local market to better serve clients in that region. Consumer investment balances grew 17% to \$580 billion, supported by market appreciation and \$19 billion in full year client flows. Third quarter average balance per new account of \$110,000 is up 6% from last year. And the investment platform serves as a great catch basin for first-time investors and for more affluent investors looking to manage some element of their own money. As mentioned earlier, consumer net charge-offs improved on a linked-quarter basis following a decline in delinquencies. The largest component of consumer losses is credit card, and our loss rate decreased from 3.82% to 3.46% linked quarter. This contributed to an improved risk-adjusted margin on credit card approaching 7.5%. Finally, as shown on appendix Slide 20, strong digital adoption and Erica engagement continues and customer experience scores remain elevated, reflecting the impact of our ongoing investments in digital capabilities.

Turning to Wealth Management on Slide 14. The business delivered a strong quarter, marked by improved profitability. Net income grew 19% year-over-year to nearly \$1.3 billion, driven by new household growth, strong AUM flows, loan growth, and disciplined expense management that produced meaningful operating leverage and a 26% return on allocated capital. We achieved 300 basis points of operating leverage, which contributed to a 27% pretax margin, an improvement of over 200 basis points. Together, Merrill and the Private Bank managed \$4.6 trillion in client balances and continue to generate organic growth with \$84 billion in AUM flows over the past year. This reflects a healthy mix of new client assets and existing clients putting more capital to work. During this past quarter, Merrill and the Private Bank added 5,400 net new relationships with the average size of new relationships continuing to grow across both businesses. And importantly, we're not just adding relationships, we're deepening the ones we enjoy already. And reflecting the strength of our integrated model and our product offering, the percentage of clients with banking products continue to rise, and it's now at 63%. In the third quarter, GWIM reported record revenue of \$6.3 billion, up 10% year-over-year, led by a 12% increase in asset management fees. Loan growth remained strong, and we saw a notable pickup in custom lending with both volume and loan size increasing, and that drove a 9% year-over-year increase in average loans. Finally, I'd highlight the continued digital momentum as shown on Slide 22. New accounts are increasingly being opened digitally, underscoring the effectiveness of our digital investments and the evolving preferences of our clients.

On Slide 15, you see the results for Global Banking, which benefited from improved investment banking activity, significant deposit growth and solid loan performance. In Q3, Global Banking delivered net income of \$2.1 billion, up 12% year-over-year, supported by 500 basis points of operating leverage and a 17% return on allocated capital. The standout driver of performance was a 43% year-over-year increase in firm-wide investment banking fees, which fueled 7% overall revenue growth. Firm-wide investment banking fees rose across the solution set. Advisory was up 51%, debt underwriting increased 42%, and equity underwriting grew 34%. We maintained our #3 position year-to-date, and we also gained market share during the quarter. Notably, we participated in several of the industry's largest transactions, a clear testament to the value clients place on our financial advice and solutions. Noninterest expense grew compared to last year as we continue to invest in the future. And average deposits grew 15% year-over-year, contributing to a 6% increase in global transaction services revenue. And importantly, disciplined pricing, coupled with lower rates led to a 47-basis point decline in rate paid compared to a year ago.

Switching to Global Markets on Slide 16. I'll focus my comments on results, excluding DVA, as we typically do. As Brian mentioned, we extended our streak of strong revenue and earnings performance and once again achieved a solid 13% return on allocated capital. In the third quarter, Global Markets generated net income of \$1.6 billion, up modestly year-over-year and consistent with the prior quarter. Revenue, excluding DVA, grew 10% year-over-year, driven by strong sales and trading performance and the benefit of higher investment banking revenue shared with Global Banking. Focusing on Sales & Trading, revenue ex DVA rose 8% year-over-year to \$5.3 billion. FICC revenue grew 5%, driven by improved performance in credit products. Equities trading led the improvement with 14% revenue growth, supported by increased financing activity in Asia. Expense growth year-over-year reflects both the revenue increase and higher trading-

related costs in certain Asian markets, and those costs are passed through to clients and therefore, appear in both the revenue line and the expense line. As noted earlier, we continue to benefit from lending opportunities tied to highly collateralized pools of high-quality assets and clients value our expertise and the liquidity we provide in delivering these solutions.

On Slide 17, All Other shows a loss of \$6 million in the third quarter with very little to talk about here. Our third quarter effective tax rate was 10.4%. And excluding the tax credits related to investments in renewable energy and affordable housing and a small number -- a small amount of discrete items, the effective tax rate would have been much closer to a normal corporate tax rate at approximately 23%. So thank you. And with that, we'll jump into the Q&A.

Q&A

Operator

We'll take our first question from Glenn Schorr with Evercore.

Lee McEntire

Hey Glenn, before you start, let me just say, it seems like one of the phone lines may have cut out at some point during the call, but the webcast was working throughout. So just a reminder that the website will have the replay of the call in case you were on one of the lines that might have had a break in it. So Glenn, go ahead.

Glenn Schorr

No problem. No problem. So Alastair, I heard your comments on the expense message for the fourth quarter. So I appreciate that. I guess I have a bigger picture AI question of -- Okay. Big banks still are -- you're ahead of the curve in terms of digitizing the whole franchise. But with the infusion of AI throughout the organization, and you still have big manual functions throughout the firm, why aren't you and others talking about AI as a huge efficiency driver of better margins in the years to come? Is it just a little too far off? Am I a little too optimistic? I was just curious on that front. I think your operating leverage is great. I'm not talking about that. I'm just talking about AI's potential in general.

Brian Moynihan

I take -- Glenn, it's Brian. Good to hear your voice. Look, we believe applied technology, which is a range of outcomes from the digitization that we show in those pages in 20, 22, and 24, over the period of time and the customer adoption of technologies and interface with our company and technology always provides that. So we had 285,000 people 15 years ago. We have 213,000 people. Three years ago, we had 217,000 people after pandemic and all the manual stuff we had to build up. We've worked that back down. So we believe strongly that all technologies help drive that. And this technology and artificial intelligence -- allows you to do things that heretofore haven't done.

And so I think the question is just it's to put it in place, you have to have your data appropriately arrayed. You have to make sure the models are going to give the right answer. It has to be in a controlled environment because in a regulated institution like ourselves, we don't get -- excuse saying the model said it, sorry, it has to be right. And so if we turn down a mortgage loan under automated underwriting, we're liable for the outcome irrespective of how we did it. So we're seeing it go everywhere. And the volume activity in the company have gone up huge since that period of time where the headcount has come down by a lot. And so we continue to apply it. What I'd look at carefully on those pages is things like on the consumer page, you'll see Erica interactions building up and Erica users building up, and we've gone from 210 questions that could be answered to 700 but just to put that in context, over the last 24 hours, there were 2 million interfaces where a consumer got an answer from Erica and our company. And that same technology is applied in institutional basis. I think you can see on Page 22, if I'm right, or maybe 24, but you can see that, Erica, in the institutional, a lot smaller number of customers, but rising very fast.

So that's just one model. We have models all over the company. So we believe strongly that this will have an impact we will continue to manage it. But the implementation -- these are not poofs of concept and things like that. They're past tense -- things happening. 2 million customer interfaces yesterday. So this isn't something to come. We've been at it a while. But I think the idea of providing constant leverage and constant reinvestment with the same expense base is really what we're after and then grow the revenue faster, continue to take market share. So its impact on expenses is felt. We are reinvesting some of that to actually grow faster and you're seeing the results of that.

Glenn Schorr

Okay. So that more revenue and same expenses would still bring us better margins in the future. That's really where going. It sounds like you agree but you don't want me to pin you down on a point in time.

Brian Moynihan

Yes. I think to say this will happen next week or the week after, you have to be a little careful because we have to get it right. That model took us years to perfect. It's not something you can snap your fingers at and make happen. And then we have -- it's even being changed, too. So stay tuned. We'll give you more of that broader we'll have the experts talk to you in early November. But it's here, it's working. I'm proud of the team for taking it to implementation across the board but it allows us to continue to manage this company with -- just in the last 5 years, we have 20% more core checking holders in Consumer than we did five years ago, think about that. And consumer checking balances are up by 50%. 50% in that time, if you think about the leverage in that, and that's why the consumer is kicking in as the NII kicks in, you're seeing them have such good year-over-year results.

Glenn Schorr

Okay. I appreciate that. Thank you.

Operator

We'll move next to John McDonald with Truist Securities.

John McDonald

You guys had good results across all your capital markets businesses, Sales & Trading, IB, Wealth. It's always hard to have an outlook here. But just wondering broadly how you're feeling about the environment, pipelines, and investments made in those businesses against what's usually a seasonally slower fourth quarter and coming off such a strong 3Q.

Alastair Borthwick

Thanks, John. I'll start with investment banking. We've obviously seen a pickup in activity here in the third quarter. We were happy to see that. As we've seen more certainty now around trade and tariffs and around taxes as well. It's allowed our client base to make longer-term decisions, and that's reflected in our investment banking activity. In terms of the pipelines, they're up this quarter. Up over double digits. So we feel good about the pipeline and the way it's developing. And we'll need to see how the transactions execute in but it feels like a good environment in terms of, for example, M&A at this point. Around the Global Markets business, we've obviously invested significantly there just as we have in investment banking. I should go back to investment banking and the investments we've made there. We've always profiled the investment we've made in middle markets and in international and in earlier-stage faster-growing economy. So that's been a big part of our investment banking growth in the course of the past year or so.

When we get to Sales & Trading, we've obviously invested a lot there in terms of technology and people and balance sheet. Normally, in Q4, you see a seasonal impact from client activity slowing as you move into the fourth quarter, that would be pretty normal. But the constructive environment for the Sales & Trading business remains as investor clients continue to reposition based on rates and policies as they develop around the world. So it feels like a continued constructive environment for the Global Market Sales & Trading business.

John McDonald

Great later. And just also, you mentioned deposit beta. What are you expecting for deposit beta across your various businesses if we continue to see the Fed moving rates down?

Alastair Borthwick

I think you'll see us do the same thing we've been doing. In the wealth business, obviously, we tend to move with money market rates. Those tend to be a full pass-through. So in the wealth business, I'd expect us to fully pass through rate cuts from this point forward. Around Global Banking, while we always do it on a client-by-client basis, particularly around interest-bearing, we'd expect to pass through as the rate cuts develop as well. So I'd expect you to see us with the same disciplined pricing on the way down. As we offered on the way back up. And the only thing I think you just have to remember is because the September rate cut came so late, you won't see that in our Q3 numbers, but you will see it in our Q4 numbers.

Operator

We'll take our next question from Jim Mitchell with Seaport Global Securities.

James Mitchell

Alastair, you noted you took down more expensive wholesale funding on the liability side, which kept the balance sheet relatively flat, which seems more NIM accretive than NII accretive. So the question, I guess, is how many quarters of that do you expect? And what sort of earning asset growth should we expect over the next year or so?

Alastair Borthwick

Yes. So we've talked about that would be a focus for us over time. When people ask us about net interest yield, we tried to explain, it's going to improve over time based on 2 things. First is net interest income is going to continue to increase. And the second is the balance sheet, we don't think will grow quite as fast as the loans and deposits grow. And that's because there's still some more wholesale funding that we can pay down -- as you point out, it doesn't cost us anything in terms of NII, but it is net interest yield accretive. So we've got a little bit more of that to do. It wouldn't be the major part of our NIY net interest yield accretion. But I think you can almost think about it being kind of like 1% slower maybe over the course of the next year or so.

James Mitchell

Okay. No, that's helpful. And then just maybe pivoting to capital. You guys -- as you noted, you're well above your 10% minimum. It seems like we have SCB surcharges likely coming down and other reforms. Why not -- how do you think about the buffer where it is today? And what prevents you from taking that down a little bit? And if you have a longer-term target that would be great.

Brian Moynihan

Our target will be, as we said before, Jim, sort of 50 basis points over the regulatory minimums. And so you should expect us to keep working that down. Interesting enough of the ratios are flat this quarter because of the extra earnings and stuff. So we took \$7.3 billion of capital and put it back in there. You'd expect us to continue at a good rate and then through a good organic growth, which is what we use the capital for, we used up some of it, and we'll continue to work it down if that organic growth isn't sufficient to use up the capital over the near term. We got to get these rules finalized. We make sure all the different -- 10 is it 10.2% on the averaging. This is all flapping out there, you'd expect in the first half of next year. The intent is there the outlines and rules there. The adoption of the actual rules is what we want to make sure it gets through and then we'll adjust. But our hope would be to grow our way through it because then you'd see a lot more earnings. But if not, we'll just keep peeling down the capital.

Operator

We'll move next to Erika Najarian with UBS.

Erika Najarian

You reported clearly a standout quarter with a ROTCE of 15.4%. I know I'm probably jumping ahead of what you plan to say on November 5, Brian. But one of your closest peers, Wells Fargo did put out a medium-term target of 17% to 18%. JPMorgan has had a 17% ROTCE target through the cycle for a long time. Given that you've hit this target now, should we presume that this is something that you could sustain over the near term and perhaps continue to work upwards sort of closer to those pure targets?

Alastair Borthwick

So Erika, I mean, I think you should expect us to continue to walk our return on tangible common equity north from here. We plan to take you through that at Investor Day. But I think if you take the kind of NII growth that we anticipate, you compound that over several years. When you think about the organic growth of the platform delivers, and then you think about the boost we get from fixed rate asset repricing. And you combine that with the fee growth, it gets pretty interesting over time. So we'll walk you through that when we get together in November.

Erika Najarian

Great. And on the efficiency ratio, one of your peers talked about a natural inflation rate just in labor of 3% to 4%. And clearly, you're delivering operating leverage this quarter and what you're implying for the fourth quarter as well. I guess this is a 2-part question. As we think about how you're framing that ROTCE walk and 2026, do you sort of plan to move away from the 1% to 2% expense growth and talk about efficiency instead? Or is there sort of enough still identifiable inefficient expenses in the franchise that you could recycle and perhaps continue on sort of this lower sort of expense rate target?

Brian Moynihan

I think Erika, there's a lot of pieces of that, but the expenses in our company are driven by the numbers of teammates and then what we pay them. And so our job is to keep using the technology as we just as I discussed earlier, that continues to allow us to do more with the same amount of people or less people and then to pay those people more in relation to the productivity of the company. And so yes, there's an embedded cost of teammates that grow, and we want to grow because FA compensation grows PCA -- private bankers' client compensation grows investment bankers because that grows more directly in line with revenue. But think about it in a broad context. If we keep the headcount basically running flattish. The volumes across it, the NII across it higher, and the growth that's coming is through some of the markets related businesses and then managing headcount appropriately around in the back office and other types of things. That's good.

What AI does give us a chance to manage some of the expense base a little differently going forward than we had in the past, which will be helpful. And so we feel good about that. Whether it's -- the idea is to grow revenue as faster, faster than expenses and create operating leverage is a simple way to think about it. But it's complex. And then the actual efficiency ratio, remember, this gets down to comparisons between companies or business mix. So our wealth management efficiency ratio is inherently 74% -- or 26% pretax margin. Consumer's at 50%. Banking is down below 50%. It really -- you got to see how much of your revenue is coming through the various pieces will determine the aggregate efficiency ratio. Our job is just to continue to improve it.

Erika Najarian

Improved from the 62%. Got it. Thank you so much.

Operator

We'll take our next question from Mike Mayo with Wells Fargo Securities.

Mike Mayo

Brian, you'd like to be hanging with that last answer when you talked about the efficiency ratio, you expect to improve it was 65% last year, last quarter and 62% and improve the efficiency ratio to what -- do we

have to wait until November 5? Or is that something that is kind of a guide to or -- and also in terms of -- I'm just looking for some more meat on the bone, so to speak, I mean, I guess, year-over-year headcount is down 500 and revenues are up \$3 billion. So I think that's kind of what you're talking about, but where does that eventually take you to, given your business mix?

Brian Moynihan

Look, the question is: where is the revenue coming from for the next 4 quarters. NII is obviously much more efficient in the sense of cost because same loan balances, the same people producing additional credit relationships, the embedded cost of production and consumer for the 1 million cards, we do new cards we do a quarter, the #1 small business lender in the country and producing good growth there. That all falls to bottom line. The expense base is built to have that kind of activity growth. So we feel good about it. We'll give you more guidance. But at the end of day, it will be a result of where the revenue is coming from especially in the markets business and how much that impacts it. But you should be very confident, Mike, we manage expense well in this company and the headcount well. And so we'll continue to do that.

Mike Mayo

Could you just give us a little bit more on AI? I mean you're ranked top 10 globally as far as a bank and using AI and with your patents and everything else. And it's getting back to that first question on this call, how much savings do you have from AI? How do you measure those savings? What are some of the best initiatives you think you have? Or just help us frame how that could transform the company a little bit more, if you could?

Brian Moynihan

Yes. Well, as I said, with a little bit more time to dedicate to that discussion, we'll have a panel -- the experts will show you the work we're doing. But I'd make 3 or 4 points about AI. Our view of AI is its enhanced intelligence that the teammates -- are going to be critical to delivering the services. And therefore, it's an enhanced intelligence, not an artificial intelligence.

The second is it's not something to think about. It's something happened. As I said yesterday, 2 million customer interactions were handled through the Erica platform just on the consumer side alone. And then the third thing is we think the paybacks are coming in there. But what's interesting is that the places we can apply are different than some of the other technologies we had in the past. So and we'll take you through that. So we feel good about it ought to help with the overall efficiency of the company -- human cost being 60%, 70% of our costs. But it comes with higher technology costs, higher work. So just in the coding area, we've saved about 10% of the aggregate amount of coders we have working, but we're dedicating that to drive more efficiencies. So we'll take you through all that. It's exciting. It's not a theoretical question at Bank of America, it's an applied question of Bank of America but you do have to be careful about extrapolating things that have to be done right in order to work. And the \$3 billion we spent on data in sort of 2014 to '19 to get the data perfect in this company -- or as perfect as we could. Perfect is beyond reach. But that kind of number has to be spent by competitors, and we spend admittedly for potentially a little bit different reason, but it takes that much work.

Mike Mayo

All right. I'll take that as a teaser for November 5.

Operator

We'll move next to Chris McGratty with KBW.

Chris McGratty

On credit, overall, really strong results. I mean under the hood, if we go at a level deep, is there anything that's given you a little bit of pause today versus maybe 3 to 6 months ago? And anywhere that you're not leaning into with the balance sheet with the growth picking up anywhere you're avoiding?

Alastair Borthwick

Well, the broad outline is not yet and no, meaning -- and not yet. We haven't decided to change anything. And no, we're not really observing anything other than continued strong performance in the credit portfolios. So the report -- the results we reported today, you can see consumer charge-offs came down again. And commercial charge-offs came down again. Now those commercial charge-offs are at a really, really low level. So credit remains in a good place.

And we built this responsible growth strategy to do 2 things: first, to have a risk appetite that we're proud of through the cycle; and second, to deliver loan growth that exceeds the industry. So we feel like we're succeeding on both of those right now. Now when you see headlines do you immediately do a look across on everything, yes. If something changes overnight, do we spend time as a team considering, is there anything we should be changing? Yes. But right now, the broad message we need to send to people right now is the credit portfolios are performing very well at this point.

Brian Moynihan

So Chris, welcome to coverage of our company. A quarter like this is salubrious and that it shows you can both grow and do it the right way and have great credit results. So -- and if you look beyond that, remember, our industry, the regulated part of our industry -- the 30 banks or so go through a CCAR test -- you get to see the results on. They go through tremendous share credit depth of examinations you see. And so I think if you look at the statistics by our industry and our peers, they are in strong shape and the comparisons to 2019 are interesting because that was like a 50-year low in our or good, the best year in 50 years in our company's credit history. So we're comparing it to one of the best years. So we feel very good about it. We can both grow and do it with the right risk and Alastair talked about that. So we're comfortable we're pushing forward.

Operator

Take our next question from Ken Usdin with Autonomous Research.

Ken Usdin

Just a follow-on on the loan growth side. A lot of the loan growth you've been putting on in the commercial side, it looks like it's been in the market segment. And just wondering just how much full capacity you have to continue to build that part of the book, how much demand you're still seeing for it? And how do you think about like the spreads and returns on that part of the business versus kind of the banking book growth?

Alastair Borthwick

Yes. So in terms of capacity, we've got a lot. And I say that because, obviously, a \$2 trillion of deposits and \$1.150 billion of loans. We've got substantial excess that we can provide for clients in the economy over time. So we've got a lot of capacity. In terms of demand, I'd say it's been reasonably robust over the course of the past couple of years. And we happen to be in a good place to capitalize on that because when you talk about the world's leading asset managers, we have great relationships with them in our Global Markets business and in investment banking. And then we're in a position where we're not loaned up -- so we have the ability to provide the lending capital. And then you got to structure it the right way. And we obviously have that capability. So those sorts of things put us in a good position to see that demand. Spreads have been attractive. A big part of the Global Markets story of improving returns over time has been growing their loan book with attractive returns, and you've seen them consistently improve return on capital. So we've been happy there. And then the only other thing I would just remind you is because these are often so well-collateralized and structured. They're typically investment grade. They typically have better risk ratings than some of the lending that we do in other places. And our Res crit and our net charge-offs in this area have been close to 0. So we've had terrific empirical performance from this portfolio over a long period of time.

Ken Usdin

Got it. Okay. And on the retail side, on the consumer side, it looks like -- consumer deposits on average were down a little bit sequentially. Just wanted to see what you're thinking about. I know that's been something you've been looking for to get that mix going more towards retail deposit growth, and it's been a little bit more wholesale in the last couple of quarters. What are you seeing just in terms of when you expect that to inflect? And is it just people are putting money elsewhere, whether it's back in the markets or other places? Just your thoughts on retail deposit growth from here.

Alastair Borthwick

Yes. Well, look, we're encouraged. If you look back to last year's third quarter, we're up, and we were up second quarter to second quarter. So a little bit of this is second to third quarter seasonality. We feel like we have inflected on consumer. So we're up 1% year-over-year. I think you're detecting from me, would we love to see more growth in consumer? Would we like to be back to the 4% plus that we typically enjoy? Yes, we would. But remember, we're coming off of a period where consumer deposits really had to normalize after pandemic. And it was important for us to get to the third quarter of '24 where it looks like we kind of bottomed out. Now we're a year further in. And we're growing the core. So you can see our noninterest-bearing was up 1%. So look, we're not -- at this point, we're not chasing CDs broadly speaking. So that's not where the growth is coming from. We're trying to make sure these are high-quality operating deposits with the clients that really stick with us for the next 20 or 30 or 40 years. So that remains the strategy.

Brian Moynihan

Yes. Alastair, I'd just add, if you look at Page 19, lower left, you'll see that the growth, as Alastair said, the 1%, \$9 billion from third quarter last year to this year was all in the low interest and noninterest category, which is the more beneficial part of it. So go back to that 220,000 units of new checking primacy, that you have new checking accounts that are all primary, that we focus on the primary account and household. Think of that compounding over the last 3 years, 0.75 million new checking accounts per year that are 90-plus percent primary and household or the core transactional account. That's where we see that compounding in. Against that was sort of a buildup of some of the rate-seeking activity and a rundown of that. And then secondly, against that, frankly, was the higher-end consumers moving their money out in the lower-end stuff as rates rose that we're behind. But if you look in the core bracket of consumer, they're actually growing the deposits in that business and those customers continue to grow.

Operator

We'll move next to Matt O'Connor with Deutsche Bank.

Matt O'Connor

Can you talk about how sensitive you are to lower, medium and long-term rates? We've obviously seen a decent drop here just kind of in the context of the benefits from fixed rate asset repricing and the 2.3% NIM that you've talked about looking out a couple of years.

Alastair Borthwick

Matt, I don't have a great deal to add to what I covered earlier. So when we talk about that asset sensitivity of an instantaneous drop in 100 basis points at both the long end and the short end, it has an impact of \$2.2 billion of net interest income. So that obviously requires, number one, it happens tomorrow. Number two, it exists all year. And number three, it happens at the short end and the long end, all at the same time. So I don't know how you would assign a probability to that, but it's obviously on the lower end. But we provide it so you get a general sense for asset sensitivity.

On the short end, you'd end up seeing probably 80% or so because so much, obviously, of the company's balance sheet just reprices daily. And then the longer end is probably 20% of the sensitivity. And that tends to be the fixed rate asset repricing. And then the question becomes, if you've got fixed rate asset repricing over many, many years, obviously, it can impact positively or negatively depending on where rates go and bounce around over that period of time. So we'll have plenty of time to guide you, I think, each quarter as

we go through, and we can share with you what's actually happened with rates and then what that means looking forward.

Matt O'Connor

Okay. And then just on this kind of more medium-term NIM outlook that you've talked about 2.2% -- sometimes it's 2.2%, sometimes it's maybe a little bit higher depending on the mix of earning assets and growth. But just any updates on that as you think about the medium-term NIM outlook?

Alastair Borthwick

No update other than we're one further quarter into that March. We added 7 basis points this quarter. We're up over 2%. And the team and I know what we need to do. We just have to keep going.

Operator

We'll take our next question from Betsy Graseck with Morgan Stanley.

Betsy Graseck

Alastair and Brian, I wanted to make sure I got the guidance right here. First off, on the NII, as you're thinking about 2026, highlighting that the inputs are similar to this year. And you indicated 5% to 7% up NII '26 over '25. Is that right?

Alastair Borthwick

Yes. And the background there, Betsy, just so you know is we're obviously going to get pretty good core growth from just the organic behavior of the clients and adding some over time. So think about that like 4% to 5% and then you get a little bit of boost from fixed rate asset repricing. You got a little bit of rate cuts in the future. But when you add all that together, we feel like it's probably something like 5% to 7%...

Betsy Graseck

Okay. Great. That was what I was wondering if it's just NIM or is that NIM plus volume and it's all in holistic?

Alastair Borthwick

Yes. And again, here we are, it's whatever it is, October 15. So as we go through time, we'll be able to update you more. And I think we'll give you a sense also at Investor Day of how that plays out over the course of multiple years because obviously, we're going to get this asset repricing over multiple years, and we're going to benefit from that.

Betsy Graseck

Yes, of course. And then more near term, there was a comment you made about expenses being flat in next quarter versus this quarter.

Alastair Borthwick

Yes. I think I said we thought they'd be flattish because we anticipate the headcount is going to be flattish. And that's just a question of what happens with the revenue side.

Betsy Graseck

The headcount would be flattish. Okay. But I wanted to get a sense as to are you thinking about -- how are you thinking about NII and fees on the back of that? Because the question that's coming up is, hey, you're guiding down for next quarter on expenses coming in flattish, not coming down. But I'm wondering what's your expectation for capital markets and other compensatory revenues? Because I think we would like to hear the whole picture, not just one piece of the income statement outlook.

Alastair Borthwick

Yes. So let me try to reframe on the expense side, what I'm trying to communicate is the overall expense base for the company, we expect to be kind of flattish for the fourth quarter because the headcount is flattish, we can just see that. It's just -- that's where it is, and that's the biggest part of the expense base of

the company. Now obviously, we have to watch and see what happens with revenue in the fourth quarter. We don't know that yet. But we have no reason to believe anything other than sort of flattish kind of expense at this point for the fourth quarter. And then in terms of the net interest income, I think we tried to make sure we were clear. We had earlier in the year thought \$15.5 million to \$15.7 million. We were making that projection a long time ago. That was a year ago. And now that we're 3 quarters through and now that the third quarter was probably a little ahead of where we hoped, we kind of feel like it's 15.6% or higher. It's going to be the higher end of the range is what we're trying to communicate.

Betsy Graseck

Okay. And the capital markets backlog, how is that shaping up? And what does that look like for next quarter?

Alastair Borthwick

Well, in terms of the investment banking outlook, I talked about that earlier. The pipeline looks good. It's just a question of what we can execute in Q4, but it feels to us like this is a more constructive environment for investment banking than it was earlier in the year. And then in terms of the Sales & Trading business, obviously, we have to think about the normal Q4 seasonality when you think about it relative to Q3. But it is a -- I'd say it remains a very constructive environment for the Sales and Trading business in particular. So we feel good about that. We're off to a good start this quarter, but obviously, it will depend on what happens with the -- it will obviously depend on what happens with the markets overall. And then just taking a big zoom out, always the key for us is just we got to manage those businesses for the long term. And we're looking forward to talking about that when we get together in November, together for Investor Day.

Operator

We'll take our next question from Gerard Cassidy with RBC.

Gerard Cassidy

Alastair, you guys are talking about your consumer deposits. And when you look at your consumer deposits back in the fourth quarter of 2019 and compare it to today, obviously, they're higher. And the Fed shows the entire industry's consumer deposits, household checking account deposits are significantly higher from pre-pandemic. So that pandemic surge hasn't left the banking system. Do you guys have any color on what you're seeing from that behavior from pre-pandemic to today? I know you're taking market share and you're growing why yours are growing. But any color on why we still have such elevated levels of deposits?

Brian Moynihan

Gerard, so I think if you remember back, and we're all in '21 and stuff trying to have the great debate about where all this cash that was put into the economy is going to flow right back out, et cetera. And if you drew a line of the growth rate leading up to '19 over a long period of time and then saw a bubble above it, it was working -- it's basically worked its way back down relative -- in the aggregate amount of deposits and relative synchronicity to the long-term growth rate. So the size of economy is bigger. The notional economy is bigger. We can get economists in our company, and I'm sure in your company that will have a great debate, notional real economy sizes and stuff. But it's just -- the economy is bigger, the amount of cash the circulation is bigger. So therefore, you expect it. Now the most important thing, though, is that we've gained share during that time in terms of core transactional. So we're 20%, 30% more core deposit transaction accounts in our consumer business. That's numbers of customers who are carrying instead of \$6,000, \$7,000 an average, \$9,000 in average and at the same time, we're probably -- we've reduced the numbers of branches because of more digitization, automation, the numbers of teammates in consumer dedicated to service et cetera. So it's a great operating leverage. So even though the economy grew and everything else. The fact of the matter is those deposits that are core and the all-in cost of all consumer deposits 58 basis points against the current rate environment is a big profit improvement in that consumer business. And just in the last year, you saw a 30% increase, and it's still gaining the efficiency not from cost reduction as much but cost levels against the NII improvement. As the NII comes in the company, they are a big beneficiary of

that amount. So it's -- so I'd say I think you're now seeing deposits grow in the industry now for -- at our company now for many quarters. I think it was the middle of almost 2 years, 1.5 years to 2 years ago where we bottomed out and have been growing since then. And so you ought to grow with economic growth. And if you take share, you go a little faster, that's the gig that we don't see any dynamic that even as they continue to adjust interest rates and stuff that you see a lot of money flowing back out of the banking system, it's kind of already happened, frankly.

Operator

We'll move next to Saul Martinez with HSBC.

Saul Martinez

Obviously, you've had pretty impressive growth in commercial loans and markets landing up 36% and just look at overall U.S. commercial -- overall commercial loan growth well into the double digits. You obviously have a very good track record versus your peers in terms of credit and underwriting. But that -- but I guess the question is what I guess what should give us confidence that you're not compromising on risk to get that kind of -- the kind of growth that you're seeing. What's allowing you to take share and grow in an outsized way versus your peers without changes to pricing or risk assessment?

Alastair Borthwick

Yes. Well, this is not new for us. And this is all focused on our clients. That's a core part of responsible growth. It's got to be focused on clients. And the clients that we're talking about here are typically the top asset managers or the top financial institutions in the world. So that's who we're interested in working with here. Beyond that, we're looking for collateral pools. We want high quality, we weren't diversified. We're looking for structures that have security, credit enhancement performance triggers mark-to-market. They typically tend to be shorter duration, and then we don't put all our eggs in one basket. We're diversified across multiple sectors. So that can be mortgage or it can be asset based. It can be business lending or private equity; it can be consumer assets or subscription facilities. And when you add all that up, you end up with a diversified book that's typically investment grade, it's lower risk -- and the loss content, if you look at our res crit, it's less than a basis point. If you look at our NCLs, it's less than 0.1%. So by the time you have those great clients, you have good collateral, you have good structures, generally speaking, you tend to have low losses. And then -- the asset test ultimately shows up in returns for the Global Markets business because any losses they absorb. And over time, they've done a good job of deploying capital while increasing ROA and return on capital. So we feel like that business has worked well. Final thing I'll just say is, I mean, I feel like we have differentiated capability here in that -- we tend to have very strong relationships with these global markets clients that we talked about. We have the structuring and the underwriting. And we've got the excess in the form of lots of deposits and less loans where we can actually make loans to those clients to satisfy the demand. Then it's just a question of, are we getting the return for the risk. We believe that we are.

Saul Martinez

Okay. That's helpful. I guess a related question. And I'd love to get your perspective on the sustainability of the results of your capital markets businesses. So not just the markets business, but investment banking as well. I mean this quarter, investment banking fees were at levels you haven't seen since 2021. And it feels like we really are in a sweet spot where we're seeing a resurgent investment banking activity, a lot of optimism that this has legs. And this is also occurring in an environment where the markets businesses are performing well, not just for you guys, but for a lot of folks. And I'm just curious if an environment where we do see investment banking continuing to grow over a multi-year period, is that consistent? Is that an environment where the markets businesses can continue to stay at current levels in terms of revenues because those are businesses that do generally benefit from more volatile economic and market backdrop. So I'm curious if you have a view on sort of the interplay between those two and whether the markets businesses can continue to do well in an environment that is a little bit more stable, that is more suited to investment banking continuing to grow.

Brian Moynihan

I think -- so let's sort that. And one of the reasons why we started a long time ago disclosing Global Markets separately as a separate operating unit because it supports the whole company, including the wealth management business, including the consumer business for FX transactions. So we disclosed it separately, but to do -- to show its breadth in the company, but also to show it's less volatile than people assume it is when you're running the way that Jim and the team have run it. So 14 quarters in a row of year-over-year revenue growth is a pretty sustainable record. And there might be some day that's broken. It hasn't been broken for 3-plus years. So that's good. And the profitability, i.e., the returns of the business continue to go up. And that has a lot to do with how they conduct the business and how they -- it's a moving business, not a storage business. It's not holding a lot of risk on a given day. On the lending, it's high-quality assets underneath and no subprime, et cetera, et cetera. So that's -- so we feel that is sustainable. And yes, it does benefit and especially on the equity side, when markets are moving around and people are trading more, sure, you saw that this quarter. But overall, it just keeps grinding its way forward. Now when you look on the investment banking, \$2 billion in fees coming in the quarter, everybody expected it to be less than that, it came. But you're seeing the activity spread out geographically. You're seeing a lot of activity in the mid-sized market in the U.S., which we are capturing through the combination of our investment banking teammates and our commercial banking teammates to cover all the markets and are out there in our middle market franchise and capturing strong market share from those customers. But I think one of the things you need to think about is that business -- we run a global corporate investment banking business as a consolidated -- as a business, and that goes into Global Banking in our middle market and our business banking business. Why that's important to think about is with our relationship with these customers, we have their credit relationship, their transaction services relationship and the fees for that anchor 12% year-over-year and their investment banking and their hedging and other types of things on top of that in the markets. And by doing all that, you actually have a more stable revenue stream attached to that business. So whether investment banking goes up or down by \$100 million. If you look at the Global Banking results, the volume of revenue is coming from the lending side and the deposit side. So it's great to see Matt and the team have a good quarter, but Matthew himself would tell you, it's also great that the loans grew -- the deposits grew year-over-year. The loans are solid that in working with the middle market and the loan growth we're seeing there. It's a holistic view of the customer, and I think that's sustainable.

Operator

And it does appear that there are no further questions at this time. I would now like to return the call to Brian.

Brian Moynihan

Thank you, operator. First, I want to thank our team here at Bank of America. A quarter like this is a salubrious setting for us to finish up '25 and head to '26. It's a great amount of work done by talent team, and I want to thank them for doing that. Next, I think for you as shareholders, you also saw a good quarter, good returns, good operating leverage, good growth in the core businesses, some extra kick from investment banking and else. But I think as we started, just focus on all the businesses grew their earnings, all the businesses have strong returns, and they all created operating leverage by and large. So we feel very good about that as we turn to '26. So we look forward to seeing you few weeks in our Investor Day and thanks for your time and attention.

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