

Bank of America

Barclays 23rd Annual Global Financial Services
Conference

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Participants

Host

[Jason Goldberg](#) – Barclays

Participants

[Alastair Borthwick](#) – Bank of America, CFO

Q&A

[Jason Goldberg](#)

Next up, kicking off our afternoon session. I'm very pleased to have Bank of America Alastair Borthwick, Chief Financial Officer, representing. So Alastair, welcome back.

[Alastair Borthwick](#)

Thanks for having me.

[Jason Goldberg](#)

It's interesting, we always reach out to the investor community and say, oh, what questions should we ask? We ask each company and it's usually NII, expenses? What's the trading update for the quarter? I'm sure we'll get to all that. But interestingly, the #1 question was, is its Investor Day. It's been 15 years since Bank of America's last Investor Day. Why now? What are you hoping to accomplish? And maybe what do you want us to learn?

[Alastair Borthwick](#)

Well, I think the most important thing from our perspective is we feel like we've got an opportunity to close a relative value gap. So we're not entirely satisfied as a management team with where we stand right now on relative value. We feel like we've got a lot of growth opportunities across the various lines of business. I think we'll probably get into that later on. But this will really give us a good opportunity to go business by business, opportunity by opportunity, to lay out for people what we think we can do over the course of the next few years. So we're excited about that. I think it's a natural evolution in some ways of what we've been doing up in Boston at the Analyst Association Meeting. And just allows us a little more transparency with our investors. So if that's going to be helpful for people hearing about growth over time, improving returns over time, then we're eager to provide people the information.

[Jason Goldberg](#)

Got it. We'll be there.

[Alastair Borthwick](#)

Thank you. Thank you.

[Jason Goldberg](#)

Maybe start big picture, maybe start with the consumer. You guys have probably some of the best data out there serving almost 70 million consumer and small business clients. You obviously have the wealth management franchise. Maybe just talk to in terms of what you're seeing from Friday's Non-Farm payroll numbers seem to spook some people. There's kind of cross-current of activity there. Just any observations, I think we'd appreciate.

Alastair Borthwick

Well, I've said, look, it's been very stable so far through the quarter and actually through much of the year. We've talked about the fact that last year was a record year for consumer spend in the United States, up 3.0%, 3.5% on our cards. This year, that's accelerated. So last time we got together at earnings, we said it was somewhere between -- closer to 4.5%. It actually accelerated this year. Here we are midway through the quarter, that spending trend continues. As we look through to the asset quality, we talked about the fact that with less in the way of late-stage delinquencies at the end of Q2, we anticipated consumer net charge-offs should come down again this quarter. Generally speaking, I'd say we're kind of on track with that. So the consumer at this point appears to be exactly where we were, resilient, doing well, in a good position, and that's reflected in our asset quality numbers.

Jason Goldberg

Got it. And maybe just on the wholesale side there too between tariff and trade policy uncertainties and the like and what are you seeing, hearing on that front?

Alastair Borthwick

Well, very similar on the asset quality side. The commercial side of our house has been really clean over the course of the past several years with one area of commercial real estate office that has had its own systemic issues, return flexible workspace, plus higher interest rates. But as we look at that progressing, that's behaved the way that we thought it might at the end of last year, i.e., as we just keep taking down the size of that book, as we keep taking down the size of the NPLs, we should continue to see that just have less and less of an impact on asset quality. And that's been the case this year. We anticipate that will continue. The rest of commercial asset quality is really strong at this point. The hardest thing then becomes if you've got a very big commercial book like we do. And if you're off of a base of very, very low, it doesn't take a lot to change, but we haven't seen anything there. It feels very good to us at this point. So credit at this point, just isn't a story.

Jason Goldberg

Got it. And maybe just take -- translate that into in terms of loan growth. I mean, despite kind of these uncertainties, BAC has kind of been an outperformer there. It was up 7% year-over-year in the second quarter. Every segment is seeing higher balances on a year-over-year and linked quarter basis. Maybe talk to kind of what's driving this growth? What's differentiating you? And just how do you think that translates to the back half of the year?

Alastair Borthwick

Well, I think we have a good organic growth story in each of our lines of business. We try to put that forth in earnings every quarter, just giving some of the highlights from each of the businesses. But at the end of the day, all of them are trying to grow the customer base. All of them are trying to do more with their existing clients. So that core underlying organic growth shows up in loan balances. In addition to that, I think what differentiates us, we're obviously in a substantial capital position, meaning excess capital. I think that's true for many in the industry, but we're definitely in that position. We also have a substantial liquidity position. And all things being equal, we prefer to have our excess of deposits over loans in loans rather than securities, with a big securities portfolio. And we're looking to redeploy that out of there and into loans. So that remains an important thing for us. We've also benefited from the fact we have a big Global Markets business, and we've continued to invest in that Global Markets business. And with the continued development and growth of private markets, having long-standing relationships with those investors. Having the capital, the liquidity and the structuring ability to then be able to support that. That's been a further part of our own growth story. But it's all lines of business, fueled largely by organic growth and then a couple of differentiating factors to add to that.

Jason Goldberg

And just maybe just on deposits, while we're here. You've seen steady growth, I think, 8 consecutive quarters of average sequential deposit growth. Just how do you view the growth going forward? And what impact do you see on deposit balances cost, particularly with the Fed maybe cuts next week, as people tell me they will?

Alastair Borthwick

Well, on the balance side, it's just this continued return to more and more normalcy that we're seeing now. Obviously, we went through a period of very dramatic deposit gathering. And then we went through a period of things beginning to normalize a little as deposits flowed out of the industry. But now increasingly, if we were to look at our Global Banking business, it's very normal relative to year-over-year seasonal patterns. Consumer is now picking up that normalcy in a more predictable manner. Wealth is just bottoming out and will grow from here. So we're encouraged with the way as time passes. The deposits are beginning to look more and more normal. I think that will continue again next year. And then in terms of next week, we'll do obviously -- we'll respond according to what the Fed does, where the Fed to cut rates. Then obviously, we will change pricing pretty immediately. And all of that's baked into our NII forecasting.

Jason Goldberg

We're going to come back to NII forecasting.

Alastair Borthwick

Sure.

Jason Goldberg

But I just want to maybe pull up for a second and just talk about kind of maybe the biggest growth opportunities for Bank of America. Where you're investing to drive growth? And just maybe we think about it kind of Consumer Bank, Wealth Management, and Global Banking and Markets, maybe just kind of one or two of your most favorite growth initiatives in each?

Alastair Borthwick

Well, I think -- look, again, one of the reasons that we're going to do an Investor Day is to go through that in some detail with all of you. Ours is a big company. We are a very diversified. We hold an earnings call every quarter. We go through how we're doing, and we regularly get feedback from folks like yourself that our speech is too long. But the tricky thing is that when you're trying to cover a company like that, you need to spend time to engage with people so that they really understand what it is we're trying to do. And doing an Investor Day allows us to do that business by business, and then talk about some things that cut across all of the businesses.

So if I were to think about, for example, the Consumer business, there's a lot going on there. Obviously they are very focused on a payment strategy that allows them to drive net new checking, core net new checking. That's really important to them. In addition, they're constantly thinking of ways to use digital and marketing to their advantage. And those two increasingly are interlinked. Digital marketing, personalized offers, et cetera. So you'll hear that from the consumer team.

Let me get to wealth management. For them, it's all about net new relationships, gathering wealthy families and their relationships. It's bringing in more flows and it's converting more and more of them to have a banking relationship with Bank of America. So I think Merrill was up over 60%. And that obviously still gives us a very substantial opportunity to grow from here. Now we've grown that very steadily over the course of time. We can share with you what that looks like. We can share with you what it looks like in the future. But that puts a fortress around relationships. It's very good for the stickiness of those customers with us, and it is good for driving the profitability of that business. So that remains one of the important initiatives there.

In Global Banking, most of their growth is fueled by doing more with existing companies that we bank and turbocharged by net new additions. More important in the lower end to the commercial bank, and to

business banking, and small business banking. Obviously, at the upper end, GCIB, they bank the very largest companies in the world, and our market penetration there is extremely high. So they will talk, though, about our middle market investment banking business and what we're doing there to invest and grow. You've seen us continue to add head count in local markets all across the United States. And always with Global Banking, the international platform is one that we can invest in and can grow in, and we're excited about sharing some of the things we're doing there. So that's Global Banking.

Global Markets at this point, we've got 13 successive quarters of year-over-year revenue growth. We're on track right now for a 14th this quarter. And what Jim and the team are doing there is just continuing to invest in balance sheet, technology, people, as we continue to drive that business. And they're doing more in the way of loans with the largest investors in the world, many of whom are expanding their own business. So we're catching some of that growth as well.

And then, Jason, I'd say that if those are kind of the line of business specific, then there's a variety of things that we do across the whole company that we'll talk about at Investor Day. We'll tell you a little bit about what we're doing with our technology investments. We'll invest another \$4 billion in new growth initiatives and/or new expense efficiency ideas. So another \$4 billion plus next year. We'll talk a little bit about AI, how that impacts things. It can have a revenue impact. It can have an expense impact. So we'll talk a little bit about that. We can update you on digital and on marketing.

And then importantly, and I know many people here know this, but a core part of our strategy has been local markets business integration. So this is this idea that in any given city, where Bank of America is operating, we've typically got multiple lines of business in that city, and they are coordinating and working with one another to introduce clients to one another. And we feel like that's an important differentiator for us. And we haven't just started this. We're well over 10 years in this journey. And so I think Dean Athanasia will likely give an update to everyone in terms of what we're doing there. So that's a lot. That's why it takes a day. You can't get through that every earnings call, but we're excited to bring that to people.

Jason Goldberg

So a lot there, and I want to delve into all of it, but I appreciate we don't have the time, and we'll save the rest for your Investor Day. But one thing you touched on, which is AI. You obviously invested there. There's a lot of use cases, a lot of patents. Maybe just kind of update us on some of your investments there and just how that could drive some of these efficiencies you touched on?

Alastair Borthwick

Well, Erica is obviously the best example we have right now, 20 million customers using Erica. It's now saved us 3 billion interactions. So you can think about that in terms of the people and time saved over time to give clients a great experience. It also helps to enhance the client experience because a person might take a little longer to find the information that Erica will find for people near instantly. So that's obviously been important for us.

But we've taken that same technology and given it to our commercial clients. I think we shared last time at earnings that now 65% of our commercial clients who use CashPro. So that's our main payment system that we give to corporate clients. 65% of the clients are now doing 40% of their interactions using CashPro chat. So you can think about that as an extension of Erica in the commercial world. 90% of our employees are using Erica for their own questions, and it's saving our own internal service desk thousands of ours of people answering questions from people like you and me. Where is my -- where can I find about my 401(k)? Or where can I find this thing that I'm looking for? Our coding teams, we have 18,000 people who are now using GitHub, that we think is saving us 15%, 20% of their time.

These are productive use cases at scale. And then there's a variety of things that now we feel like we can deploy, and we have deployed, in areas like fraud, customer service departments, more and more tools for groups like my own group, the finance group. So we're still towards the early innings, but we're encouraged

with just the number of things we've been able to use at scale already. And the benefits that we see from that.

Jason Goldberg

Got it. All right. Now maybe flipping to financials we'll put up the next ARS (Audience Response) question. But loan and deposit growth plus fixed rate repricing of assets and cash flow swaps, you talked about in NII in Q4 of \$15.5 billion to \$15.7 billion. I guess, first off, do you feel good about that? And then maybe help us determine kind of which factors do you think will determine kind of higher, or upper, end of that range? And just maybe beyond the next couple of quarters, just how you think we should think about NII looking further out?

Alastair Borthwick

Yes. So when we put that in place at the beginning of the year, we said we thought we would be somewhere between \$15.5 and \$15.7B. That would take NII up 6% to 7% for the year. And that would take us to a new record for NII. That -- when we refreshed that recently, we reiterated that guidance. No reason to change that at this stage. And that included two Fed cuts. So that's sort of the assumption that we had used. That remains the case today. And as of right now, I'd say, yes, we're on track for that. We had been asked at the end of the Q2 earnings, what did we expect for this quarter? We thought it'd be somewhere around \$15.2B, i.e., kind of a linear progression, if you like. We still feel good about that. And the things that are going to drive that over the course of the next, call it, 4 months, will be mainly about just core deposit growth. That will be mainly it. We've seen -- you obviously see some impact from rates, but we're running out of time for that in the course of the year, just given where we are. So if there were a substantial rate cut environment over the course of the next 4 months, that could change things. But broadly speaking, we feel pretty good about where we are at this point. And I think it will be mainly about deposits and to a secondary degree, it will be about loans. Looking forward, we got that question at the end of Q2 earnings, how do you begin to think about next year, and we haven't begun to refine how we think about next year for formal guidance. But if you think about what we benefit from right now, it's two things. Number one, it's core organic growth delivering on balance growth. And you can see our balanced growth. You can see the loan growth, you can see the deposit growth. And you can see what that looks like in the course of this year. Then we get a boost from the fact that we're replacing fixed-rate assets that are yielding 2% with things that are a 4% environment right now. So that phenomenon is going to exist again next year, and for the following years. So you're going to see our NII -- I would think kind of growing similar to this year, where it's about core balance growth, plus that boost from fixed-rate asset repricing. And I think that's a multiyear phenomenon at this point.

Jason Goldberg

It's interesting if you look at the audience. After NII up 7% to 8%, which is your guidance for Q4 2025 year-over-year, they see it slowing to 4% to 6%, at least most people do for Q2 2026. We will see.

Alastair Borthwick

We will see.

Jason Goldberg

I guess we talked about NII. Just maybe just talk about NIM over time. Your NIM is running it, it was 1.94% last quarter. In the past, you talked about 2.20%, 2.30%. If I take my model and just replace this quarter is that NIM with that NIM, my ROE goes up quite handsomely. Just how do you think about that?

Alastair Borthwick

Well, first thing I want to say is that is a core management team focus right now. We just feel like we have got an opportunity to improve balance sheet efficiency and we have an opportunity to drive core NII for the coming years. So we feel good about driving net interest margin over time. And more broadly, as a management team, we're focused on driving ROI. We focused on driving return on tangible common equity. And I think we're in a good place to continue doing that.

Jason Goldberg

Got it. And maybe on the fee side, you've put up some pretty good fee growth. Maybe talk to the primary drivers of that? And then maybe kind of third quarter update of what you're seeing? You mentioned year-over-year up in markets, but I'd love to delve more into that.

Alastair Borthwick

Well, the big three for fees tend to be investment in brokerage services. There, you're probably talking about -- because it's largely moving with the market. So you can think about that being the S&P, you can think about that being with the bond markets because obviously, our clients have an investment in both. But investment in brokerage services is going to be up towards the high single digits as a general matter.

When it comes to investment banking, investment banking fee pool is up 10% to 15%. I think we'll be kind of in line with that. Maybe we do slightly better, but we need to see. We're not finished yet with September, but I would think we're going to have a good investment banking quarter this quarter.

And then in terms of Global Markets, Jim wants to put up a 14th consecutive quarter. Right now, we think that will be kind of up mid-single digits, and year-over-year. So that's what we're driving towards. So pretty good fee growth in the core fee areas. It remains a good fee environment for us.

Jason Goldberg

I guess with that being said, no good deed goes unpunished. So how does that translate on to the expense side of the house? Just talk to in terms of maybe near-term expenses? And then we can talk about looking out?

Alastair Borthwick

Well, in terms of near term, Q2 earnings, we were asked the question, what do you think Q3 should look like? We said it should look pretty flattish. Because we anticipate running the company with pretty flat headcount, and that's where we are right now. We're running the company with pretty flat headcount.

That said, when you see the revenue come through, we also said if we were to see continued revenue growth, that will be the thing that would push expense slightly higher. So I think we're probably somewhere around \$17.3B for expense from \$17.2B in Q2 just given the revenue.

The philosophy of our management team remains the same. The NII has to drop to the bottom line. And then there's going to be an element of head count discipline that just keeps expense where expense is going to be. But then there's going to be some revenue that is compensable revenue. It comes with expense. That's good expense. And obviously, in a quarter like this where we feel like we're seeing pretty good fee growth on top of the NII growth. We just have a little bit of pressure coming from the expense side there, and it's largely revenue related.

Jason Goldberg

That's fair. And I think you...

Alastair Borthwick

By the way, the one thing I should just say. And again, just to repeat this because I think it's important. Our focus remains on just driving operating leverage. We talked about the fact we see operating leverage coming back in the second half. We do. We should be in a position to deliver operating leverage in Q3. That then allows us to make sure that we're driving the earnings per share in the way that we want to.

Jason Goldberg

Right. No, that makes sense. And I think you touched on this, potentially, you could see expenses seasonally lower in Q4. Is that still on the table, or just because of this fee momentum?

Alastair Borthwick

Yes. It just depends on the fee side. It tends to be a quieter quarter for Global Markets, investment brokerage should go along with the markets, whatever they do. We'll need to see with investment banking. So we'll see how Q4 develops. But that remains our thought process. The head count should be pretty flattish and that's the main driver for expense.

Jason Goldberg

Right. And I guess on the investment banking front, it feels like a really good quarter. I just -- how to feel about that some people feel like this could be like a multi-quarter kind of come back for investment banking, given the pickup we've seen in M&A and IPO activity. Just kind of your thoughts on just despite the fact realizing revenues where pipeline stand? And also just on markets, any particular color between equities, FICC and the like?

Alastair Borthwick

Yes. Well, we'd obviously hope so with respect to investment banking. Matthew, I think, will give a longer-term perspective around just where investment banking fee pools are today relative to where they've been over the course of time. So one would think that we're in a position where with some pent-up demand for repositioning on corporate -- on the forms of corporate management teams that we could see a reasonable environment for investment banking going forward. In the same way that we've seen a reasonable environment for Global Markets, has been pretty constructive for both FICC and equities over the course of the past 2 or 3 years. Now in the case of Global Markets, you're doing naturally shorter-dated things. So when people go into a period of volatility and repositioning based on policy, or interest rates, or geopolitics, it can be a very good environment, immediately, and it can stay that way for a while. With investment banking, it takes a little longer because you're talking about strategic transactions that relate to companies with long-dated perspectives. And you have to look through some of the policies, and you have to look through some of the interest rates to think about: what does that mean for the long term before you commit to a large-scale capital program, or before you commit to a sale or a purchase. So you can see why investment banking would be -- it may take a while, but there is an awful lot of firepower out there to transact.

We have a world-leading investment banking franchise, and we're well positioned to take advantage of anything that happens.

Jason Goldberg

Got it. Earlier, when we kind of talked to macro, you touched on consumer credit quality and office CRE. Any other areas of concern out there?

Alastair Borthwick

Not at this stage. We've been pretty flattish now on net charge-offs, and we feel good about where the world is at this point. It's been -- it's been interesting to me just how good commercial asset quality has been, and it's been gratifying to see the consumer -- the consumer card, as that's flattened out over time. That's been good to see it's performing the way that we underwrote that risk. So we've been pretty happy with the asset quality position so far. So no news there, no update.

Jason Goldberg

And, I guess, we've seen -- Bank of America obviously makes a lot of money. And it's -- and on top of that, you have excess capital. You can make more capital. Capital requirements are coming down, at least kind of post this year's stress test and maybe even further. Just talk about how you're thinking about deploying that capital?

Alastair Borthwick

Well, we've -- our first priority, our first move is to support the growth of the company. To invest in our future and to support our clients. So that remains the case. So we've seen pretty good loan growth over the

course of the past year. We would love to see that continue. So that's going to be our #1 priority. We'd like to grow into the capital base, if you like. And obviously, once we take care of the dividend and the Reg Cap minimums, then that affords us some flexibility. We've gone over time from doing very little in the way our share buyback to \$1 billion and up to \$3.5 billion, then \$4.5 billion. More recently, we did \$5.25 billion. So I think you can expect that run rate for now.

And then we'll just see how the capital base develops over time. We obviously do have a lot of capital. We do have a lot of flexibility. That's going to allow us to pick our spots. But we're pretty long-term oriented, and we have the opportunity to do at least what we're doing currently and potentially to do more over time as we see everything develop. We still got to wait for some of the capital rules also because notwithstanding the fact that we see some positive developments and positive news. It takes a while for those to get in place. So we'll make sure that we make our decisions over time.

Jason Goldberg

I guess, on that front, maybe you could talk about your thoughts around just capital in the regulatory environment based on what we've seen? What you expect? What do you think are the most kind of impactful regulatory changes regulators can make more broadly?

Alastair Borthwick

Well, I've been encouraged to see changes around Supplemental Leverage Ratio. We think that's been appropriate. We think that's good. It gives us more flexibility. So we're happy to see that.

Basel III final, we were very encouraged with Governor Bowman's capital conference because we have an opportunity to gather an awful lot of people who have an important perspective on capital to talk about what the issues are. Perhaps the most important thing over the course of the next 3.5 years, will be to try and finalize Basel III. That has been going on since 2017. So it's been an 8-year process. It would be good for the industry to get to a resolution there. And then there are some important things you have to solve as part of that. One of them, for example, is around the stress capital buffer. This fact that if you put market risk and operational risk in Basel III final, in the United States, we already have market risk and operational risk expense in the stressed capital buffer, so you run the risk of a double count. So we were able to articulate our point of view there that, that seems like it's solvable. But -- and it's definitely an issue. So I was encouraged by the capital conference. I think everybody was able to put their perspectives on the table. We'll see where the Fed takes that from there.

And then there's also the G-SIB buffer where the most important thing from our perspective has been United States uses Method 1 and Method 2. So there are two pretty straightforward fixes. You can either go to Method 1 only, which is how the rest of the world operates. Or you can index Method 2 for the fact that inflation over the course of the past 10 years has meant that all banks are bigger, all the big U.S. G-SIBs are bigger, but they're not bigger as a percentage of the system because the S&P has gone up in 10 years and the bond market is larger in 10 years. And our clients are bigger in 10 years, and our competitors are bigger in 10 years. So we feel like either you move to a single method, which will be consistent with Basel III final and harmonization. Or you have some kind of indexing for inflation and GDP. Either one of those would be a good thing. So there's more to do. These are complicated things. It takes a while.

In the meantime, nothing's changed for us. So we just operate the way that we do, run the company in the same way. But over time, I anticipate that there's an opportunity here. And I'm encouraged to see the Fed taking a look.

Jason Goldberg

Helpful. In the past, Bank of America's pointed to kind of a mid-teens ROTCE, and we talked about the NIM improving driving that higher. Is that the biggest factor? And kind of what other factors should we consider when thinking about how ROTCE can improve in the near and longer term?

Alastair Borthwick

Yes. So I mean this is one of the things we'll talk about at Investor Day also, because it's not just about the growth, it's also about the potential to improve returns over time. So I've just talked about the fact that for the course of the foreseeable future, we see NII growth that's going to be organic growth in balances, plus a boost from fixed-rate asset repricing. And that's the sort of growth that should drop to the bottom line. In addition, we've got a pretty interesting opportunity to drive fees in the big three areas where we have world-class franchises. And so we feel like we've got a pretty good opportunity there. And when we maintain expense discipline, head count being the main driver, 60% to 70%, then we're in a position to drive operating leverage over time. And it's been a while since we delivered that, but we feel like second half of this year is what we've told people we would do. We feel like we're on track for that. We feel good about delivering on the operating leverage.

When you then think about all those things added together, you see an efficiency ratio that's going to improve over time. You see ROA that's going to improve over time. We see return on tangible common equity improving over time. Net interest yield improving over time. So we have that opportunity. We told people when we touched the 12% return on tangible common equity. We weren't satisfied. Next up is 13%, check. Next up is 14%, next up 15%. That's the way we're thinking about it. So we'll lay that out for people so folks can see that. But we've got a pretty good opportunity, and we feel like we're going to have pretty good quarter that should be in line with that.

Jason Goldberg

And is 15% kind of the stopping point?

Alastair Borthwick

No. No. 15% is not a stopping point, but it's like everything I was in a group meeting the other day. We were talking about the fact that we were internally and a little bit of internal competition. My group was in 6, let's say, out of 10 and someone said, let's go find out what number 1 does? How about go find out what #5 does first. We are always looking to improve based on making that next incremental 1%. That's our mindset. We don't have a destination because the destination might be too low. There was a period of time, I think when people were asking, Brian, when we were at 1%, can you get to 10%? Okay. Well, that was a long time ago. And you didn't want to get trapped into that because you don't know 10% might be too low. So it turns out 10% was too low for this franchise. It is too low for this franchise. So right now, we have an opportunity ahead of us to continue improving return on tangible common equity year after year. We feel like that's one we're going to try and take advantage of.

Jason Goldberg

Good answer. I think there's one in the front here. Right there.

Alastair Borthwick

I'm going to be able to hear you but no-one else will be able to see.

Unknown Attendee

[indiscernible] any sign of deteriorating, including credit -- in the consumer credit?

Alastair Borthwick

Yes. So the question was, how do you reconcile week unemployment numbers over the course of the past 3 or 4 months with pretty good consumer asset quality to this point? Yes. Well, I'll say this. We obviously have perfect information on our card book. And we underwrote those clients over the course of the past decades. So I feel like we've got a long-term risk appetite that we're prepared to express, consistent with what we consider to be responsible growth, that allows us to identify the customers we're looking to bank through the course of the cycle. What you're referring to in terms of unemployment weakness is what, 3 months, 4 months? So we haven't seen that yet in our numbers. And I feel like this is one of the most consistent things over the course of the past 2 or 3 years, where people regularly ask us, have you seen in consumer weaken?

Have you seen a consumer weaken? Have you seen the consumer weaken? We haven't seen the consumer weaken yet. But there's a lot more than just unemployment. Unemployment is a very important driver for card. No question, number one. But remember also, home prices in a very good place right now. Employment going from 4.2% to 4.3%. It's in a very good place right now. Wealth, generally, I'm thinking now about the markets in a very good place right now. And then balances, the balances we see on us are still in a very good place. So even when we look at the consumer payment rate, or we look at consumer balances outstanding, there are plenty of firepower still. So there's a lot more than just 4 months of unemployment goes into today's cards number, but card numbers still remain in a good place.

Jason Goldberg

Also, I want to give you a chance to respond because the question to the audience was why do you think Bank of America's share price performance has lagged its G-SIB peers. The #1 response was relatively large HTM, unrealized HTM losses, which to my knowledge every single security to date is mature to par pretty much. And I think you'd expect every other mature security to mature to par. Maybe just talk to how that dynamic plays out?

Alastair Borthwick

Yes. So listen, I think that might just be -- you're putting those words. The answer might be hold to maturity securities in terms of the category generally. But I think if you look back, we've now repriced \$150 billion or so of our securities. But we still have \$500 billion to reprice. So there's a pretty significant opportunity at this point for us to reprice securities over time. That's what I think if you are a buyer of our shares today, or you're a holder today, that's what you're going to benefit from. Because all of them are going to mature. They're going to mature over time. We're going to reinvest them over time. And it is, it's going to provide a lift to our NII. So that is the future opportunity for shareholders at this point.

Jason Goldberg

A couple of more minutes. I'm not sure if there's any other questions from the audience? I guess something I wanted to ask about earlier is maybe you touched on it, but just maybe just give an update on your kind of payment strategy, and how your offerings are driving the business? And just how you're thinking about this evolving landscape? Stablecoin is something that's been coming up a bit. Just your thoughts there?

Alastair Borthwick

Well, look, payments has always been the core of how we think about driving the company's future growth because, obviously, when you talk about attracting net new checking and consumer, what attracts them to a place like ours is the payments infrastructure, what they can do once they open an account with us. Together with all the different forms of paper, or in-person, or electronic, digital, whatever it may be. So we try to make sure that we offer the most compelling payments platform for consumers and for commercial. And when we do that, then we tend to be able to grow that core operating account, both on the consumer side and the commercial side. So I think we're going to put a spotlight on our payments business at Investor Day. You'll hear about that. We're really proud of that part. It's the backbone of the company in many ways and perhaps the most important thing that we do. Stablecoin is just a new form of payment. So Brian has talked about the fact that whether it comes down to us developing our own stablecoin or working with an industry consortium, we will move down the path to do that. And then we just have to see how the customers use it because you think about your own personal lives, you've got cash. You've got checks. It might have been a while since you wrote a check, but you have it. You can wire, you can ACH, you can use your credit card, you can use your debit card. And so stablecoin is going to have some pretty stiff competition in terms of just ease of use. There may be some use cases like low-value cross-border payments. But to see how the customers actually use that. In the case of something like some of the things like Venmo, we went with an industry solution called Zelle. Zelle today is larger than cash plus checks added together for us. But other things like buy now pay later, people prefer credit cards. So we'll have to watch how user acceptance develops over time, but our intent is to make sure that we have a really high-quality

payments infrastructure for our clients to choose from. If this is a new form, we'll make sure that we've got that for our clients.

[Jason Goldberg](#)

Great. On that note, please join me in thanking Alastair for his time today.

[Alastair Borthwick](#)

Thanks for having me.

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