

Bank of America

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Conference

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Participants

Host

Richard Ramsden – Goldman Sachs

Participants

Brian Moynihan – Bank of America, Chair and CEO

Q&A

Richard Ramsden

So Brian, thank you very, very much for joining us. It is actually the 16th consecutive year. That is definitely a record. So thank you very, very much...

Anyway, so let's start off with just your take on the macroeconomic backdrop. We've obviously just had the Fed just came out. But I'm curious about how you're thinking about the path for the economy next year, what you're seeing in terms of consumer and corporate engagement heading into 2026?

And I think you have some of the best spending data and I think you do some of the best analytics around it. What have you seen over the fourth quarter? And what does that tell you about the outlook for next year?

Brian Moynihan

Well,-- so thanks, Rich, for having me. The first thing is our team had the Fed cutting rates today. So I guess they got that one right. Yes, I think there's a little surprise about the dot plots and what happens next year.

But if you look at -- our team has the economy in the U.S. growing 2.4% or so next year, that from this time last year to now, isn't a lot changed, but in between, they dropped 100 basis points off the growth rate -- liberation day all that stuff -- and then put it back. And so you kind of got around this trip.

I think the certainty the path forward from 6 months ago to now is higher because the trade and tariff has largely worked through the system in terms of people's understanding of what will happen. I think taxes is done. So I think immigration, deregulation are the issues that are still working through. And I think business looks at that and says, "I've got some basics right now. I can invest." They're still worried about making sure the immigration gets settled down, so they have the workforce they need to do their work. It's what the clients tell us all over the country. And our small business surveys show that labor availability is becoming a bigger issue. It was that a few years ago, then inflation, and now it's back to that. And that's just if you're a lot of the services-related business or construction business or things like that -- getting workers.

Our consumers in the month of November across all different things, so Liz Everett was on CNBC today. She talks about the credit in debit card, because they can track that most carefully. But if you look across the whole platform, that's about 20%, 25% of the money movement. If you look across the whole platform in a year, it's about \$4.5 to \$5 trillion. 70 million consumers, putting money in the economy. That is up 4.3% November this year versus November last year. If you think of that in a historical context, that's consistent with the 2% plus growth rate in the economy. The way they're spending the money has a little bit of the elements of a K economy to it; not as much as people think. If you actually watch what's happened in the last few months in 3 terciles. The bottom tercile has been growing at a slower rate, still growing. Top tercile growing at a faster rate, has been keeping that rate it's the middle one, it's moved more -- a little bit less to the higher growth rate of the upper end and above the lower. And that's just a recent phenomenon. So that number was 5% in October, 4.5% in November. But I wouldn't overly read into a 0.5% movement because weekends, how the calendar works, can affect all that.

So consumer is in a good shape. Our credit quality improved in the quarter -- last quarter. It's still there. It's good. Small businesses are fine. They're making money, Middle-sized companies: credit quality is strong. They're still using their lines at a lesser rate than they did pre-pandemic. And that's probably an indication of -- it cost for, honestly, the biggest beneficiary of a lower Fed funds rate is a lower SOFR rate and therefore, a lower rate for middle market and small business borrowers. It's counterintuitive to the consumer because mortgages are locked in. It's really more beneficial to that group. So we'll see if they start using their lines a little more aggressively, but they're all fine. Credit quality is good. So we're very constructive.

And in the capital markets side -- all of you participate in that. I think as you look, we think it's a constructive time, and deals are getting done, and people are out there bidding on stuff. It's all pretty good. The derailments or all the existential issues you can have wars, rate structure -- people not getting the Fed rate path right or the Fed not getting it right, hyperinflation, all this debt and all that stuff. But over -- in '26, we see pretty good shape.

Richard Ramsden

Then just from a consumer balance sheet standpoint, anything to note in terms of normalization of cash levels and how that looks relative to...

Brian Moynihan

Three years ago, people stood up and said they're going to spend all their money and they're going to be out of money. If you take the cohort of customers from early 2020 and look at them 6 years later -- almost 6 years later now, they have -- still have a lot more money in accounts. Except for the highest balances from that time, like more than \$250,000 in there; they move the money into money market funds and stuff. Everybody else is up somewhere between a multiple of 2 and a multiple of 3.

Now remember, across 6 years, people get job promotion and stuff. So you got to be -- there should be a natural progression to all that, and cash, inflation went up. But there's no indication if you look year-over-year at the cap balance the consumer continues to push forward. And so there's just really -- they're not spending the money down. Their credit quality is good. The FICOs and the portfolios are very strong, like you'd expect. The housing is going to be slow just because of the rate structure, but that's not a credit quality. It's not an issue for the consumers that are locked in the mortgages, they're in good shape.

Richard Ramsden

Okay. So you just had the Investor Day, I think it was a month -- pretty much a month ago, right, just over a month ago. You set out both broader targets for the firm. You gave a very significant number of KPIs by business. From your perspective, what are the 2 or 3 main points coming out of the Investor Day that you want to reiterate? But the other thing I wanted to ask is, I know you spent time with investors since the Investor Day, what do you think is most underappreciated in terms of the message that you wanted to get across?

Brian Moynihan

So I'd start from -- the point was to say we have an organic growth engine, which has a competitive position, and around that competitive position, there are some serious moats that are hard for people to discern in sort of the day-to-day flow of the world. And it's been growing organically. And with all things on the net interest income, you'll see it even grow faster from a rig perspective.

So we came off the quarter with EPS was up 30%. Operating leverage was 600 basis points, et cetera, et cetera, revenue growth 10%, and expense growth 4%. It came off a good quarter, and you said this is because of all the work we've done organically growing the franchise and a product quality et cetera. We want to make that message understood. That's number one.

The competitive moats by showing how much the technology spend, the complexity of running a markets business on a global basis with 50 regulators, those types of things. Wanted to make sure people saw that. And then they saw where we had unique programs that we could grow our employee bank investments

program, our local markets capabilities, the way businesses work together, our international capabilities, which is critical to the middle market business in the United States nowadays, and even Business Banking, which is 50 million revenue companies and under.

Those three ideas: organic growth engine, already doing it, returns increasing, efficiency increasing, because the NII. And that's what the investors see and say, we got it. We probably talk to investors of a whole 25% or 30% of the stock since then, because we have a routine that we go through every fall with all of them.

Richard Ramsden

Okay. So the plan does incorporate a significant pickup in growth rates and market shares in a number of businesses. So a couple of questions here. I mean the first is, do you feel the current distribution footprint and platforms are set up for the growth from here?

And then secondly, look, a lot of your peers do seem to be leaning into growth. Obviously, one of your peers announced a step-up in terms of strategic and investment spend yesterday. Can you talk a little bit about the competitive environment, what you've seen in the competitor environment so far this year and how you're expecting that to unfold next year?

Brian Moynihan

So if you look at the market share of Consumer Banking, we have grown that consistently. But the difference between us and others is we've grown primary checking account deposit holders for the mass market consumer. That's a place where you're going to be in the middle of the finance in the household and where you're going to make the most money. And so the \$950-odd billion in balances they have a substantial -- the total rate paid is 50-odd basis points or 60. I mean, that's because the mix of deposits is all core, average deposit in our checking account is \$9,000, the industry is \$3,000. That difference is immeasurably different. And that's because we're not just trying to sell things. We're trying to sell stuff that sticks to the ribs. And so we had a time in this company when we sold 10 million checking accounts a year, and we grew 1 million checking accounts. Today, we sell 4 million and grow 1 million primary checking. Think about the difference in terms of amount of work that goes on for those 2 dynamics. And so -- and that just kept kicking 27 straight quarters of growth. So those types of investments in organic growth are there.

And organic growth in commercial were up 8% year-over-year. The market was up half that or something. We're seeing numbers of what we call logos, the clients we had in the midsized business, the 50 new bankers we put the work across the private banking.

I'd say wealth management, we pointed out to the group that we need to -- we had taken them out of recruiting experienced advisors for a bunch of years, just because the economics weren't there. We've now gone back into that to where we need advisors plus the training program. So that's probably the most aggressive -- Eric and Lindsay put the most aggressive targets on the table from going from 2% to 3% net new assets to 4%. And they've been working at that. They've got the plans. Everyone else, frankly, what people saw was growth rates were just a compounding of all the work they've done and really a continuation of the growth they've been seeing.

Go to Market, we invest a lot \$300 billion to \$400 billion in balance sheet letting the G-SIB move up because that's what is required, and Jim and the team have done a good job. So we -- the place is growing organically, and now we just got to keep hammering home.

And the investment rate is interesting, and we can talk more about that when we talk about expenses because -- if you could talk about expenses -- because what we've been able to do for a number of years is consistently take money out of stuff we didn't want to do and put it in the stuff we want to do. And that number is staggering, and that's what we tried to -- we showed that in slide Investor Day, showed 285,000 people coming down to 203,000 people, and we were setting up 2 points. When you go from that period of time to now, we added 4,000 more coders. We've added 2,000 more client-facing people in the core relationship businesses in the American business. We had another 1,000 people in the Markets business. We

had a -- we've been adding people all over the world to support that. Meanwhile the headcount's been basically flattish since 2022. Low point of maybe 208; high point at 216, but basically the last 3 years, 212.9, 213.1, and 213.1. Meanwhile, you're putting tons of people in, and you're taking people off the back end of the process.

What AI gives is different, and that gives us a chance to attack a different group of people. The point of that slide was of the 80,000 people that came out, 80,000 came out of retail and operations. That's not really -- we'll do that, but there's only 50,000 people left in retail. So there's so much you can go. What you're really going to do is take it out of place that you haven't been able to do.

Richard Ramsden

And then on the competitive environment, I mean, what have you actually seen? And what are you expecting -- and then I guess, look, added to that, obviously, regional bank consolidation is obviously a big theme. Is that an opportunity for you, because those organizations become inward focus as they integrate? Or is a threat because they actually have more scale? How do you think about that?

Brian Moynihan

So a couple of things. One, when stuff goes on, people had to switch banks, switch names of banks, the client base churns, and that's an opportunity for us. How do we know that? We did it literally, if you go back in the history of the company, almost -- probably you can count up 1,000 of them. So this is not new to us. We've been on the other side of that trade. We know what happens, so we do it.

The second is talent comes loose, because if you're covering client -- middle market companies in market, and I'm covering middle-market companies, and we're 2 competitors merging, chances of us having an overlap or high, so we don't need 2 of us to do it. And then talent comes available. So we go in and take advantage of that.

Will that consolidation continue? Absolutely. We run our consumer business at a cost of goods sold -- as you take the cost you pay on deposits plus all the operating costs of all the platforms, you get into 150, whatever it is today. That is several hundred basis points off a lot of the competitors. That allows you to have a low fee structure. It allows turn to not take place, allows you to invest in a competitive advantage. And that we're doing. As NII picks up, that business, we'll go from earning X to almost double X in the next few years. So as that's going on in the mid-markets space, we'll take advantage. Will it keep happening -- it has to because as much as people debate about scale in our industry, the industry, if you look across many years, the ROA of the industry keeps inching down. And so the only -- what we've done is taken the expense out to keep below that and get a constant sort of return on tangible common equity. So we're good in a 4,000-person competitive market to pass through the benefits to the market on a lot of that. But if you aren't doing it, you can't do that. And that's where the fees, and other things, and the churn of the customers, we just don't see in our customer base, and that allows us to price well and grow, get the core household. And meanwhile, it also gives us the right to invest a lot.

Richard Ramsden

So let's talk about efficiency. It's everybody's favorite topic, and you gave a lot of data around this, and I think it's very encouraging. You talked about getting the efficiency ratio back below 60% near term into the high 50s, sustained operating leverage of 200 to 300 basis points. Talk us through what the efficiency agenda looks like from here, where you see the greatest opportunities.

And obviously, look, AI is still a very, very dominant theme. I mean do you think that AI will allow you to reduce the expense base in absolute terms, not necessarily in the next 1 to 2 years, but as you think out over the next 3 to 5 years?

Brian Moynihan

The very last part of that is it will absolutely allow us to reduce the expense base of a particular product, service, or capability. The question of what you do with that money is going to be based on all the other things we talked about, competitive consumers need to invest in stuff.

So let's back up. Our efficiency ratio was overstated because of a way versus other people's efficiency ratio for 2 basic reasons. One is -- 3 basic reasons. One is the NII is still kicking in, so that basically all goes to the bottom line.

The second was we have a higher percentage of our business in the least efficient business, which is a great business, which is a wealth management business, but that's a higher percentage of our revenues. And so until the NII kicks in, that also dilutes it down. We're more efficient than anybody in the business.

But the third reason is the -- we had, the way we accounted for these tax credit deals, which goes away. And so that was 200 basis points. So whenever you said you're operating at 63, we're actually 61 on apples-to-apples, before you make anything. So we feel good about getting below 60 because, frankly, what happens over the course of -- you get the growth rate in the NII, which basically pours to the bottom line, the fee-based businesses bring a lot of expense. Obviously, the wealth management business brings \$0.50 on the dollar, investment banking brings another chunk, and Markets the same. So you'll see that as that pours through, that's what drives it. And that's what we've seen so far.

And we had years we operated with operating leverage every quarter. The efficiency ratio in the mid to upper 50s in investing, and you'll see that come back, and that's largely really -- all things being equal, is just largely due to the NII rolling over and going the other way from 8 quarters ago, whatever it is now.

Richard Ramsden

Okay. So 16% to 18% ROTCE. I think you said you plan to get to the lower end in 2 years, the higher end in 3 years. How should we think about the improvement in returns from here? I mean, is it linear over that time period? Or is it more back-end loaded? So maybe talk a little bit about the nearer term versus the longer term.

Brian Moynihan

I'd say you'd be careful a particular quarter generates different activities. So this quarter marks a little lighter than the first quarter, and that stuff happens. But generally, you'll see a progression year-over-year in the current plan -- we put together a multiyear plan. You basically see it breakthrough towards the middle end of the second year breaks in, and then it breaks the higher end of that towards the 12th quarter.

So I actually said, 7, 8 quarters in 12 quarters, 8 to 12 quarters, it's really kind of rolls into it and then rolls out. It's a 3- to 5-year target. I just told you we should hit it in the third year, and that would be pretty ratable. Although a particular quarter, it could go up and down depending on how the market's doing.

Richard Ramsden

Okay. So nearer term, can you just give us some high-level thoughts on the fourth quarter? Has anything changed since you last spoke either in terms of NII or trading? Is there anything we should be aware of in terms of credit and expenses? How is the fourth quarter shaping up?

Brian Moynihan

Look, so on NI no new news. That's good, because we keep hitting that progression. And in credit, we're seeing charge-offs basically flatten out. So we don't see any news there.

I think the 2 or 3 things just to make clear. If you look at investment banking fees for 2025 over 2024, we expect it to be up about 4-ish percent. That number would mean the fourth quarter implied at least sort of flattish to a little bit down from last year, \$1.5 billion, \$1.6 billion. That largely had -- we did \$2 billion last quarter. You were saying what -- its largest deal flows and timing and stuff, so we feel good about that.

Markets, we think, if you look at it year-over-year, as we think the fourth quarter finishes up, will be up 10% year-over-year, and the fourth quarter will be up high single digits or close to 10%, and that's pretty good - would be 15th, 16th consecutive quarter of linked quarter growth. So we feel good about that. So NII, was what we told you those 2 items, everything else.

Expenses. Look, the thing on expenses is that from '24 to '25 million you'd look at it, we're up 4-ish percent, 4.25% or 4.5%, 4.4% I think if you come in at the year-end. Last year's fourth quarter to this year's fourth quarter, you're going to be up 4% and change, and the pressure on that is all due to the wealth management business, and that's incremental on some of what they call BCE, the clearing expense on Markets. But if you look at that and look at it fairly last year, we had the credits in the FDIC. So it's up about 2.5% to 3.0%

And so we think it will be -- we said it would be flattish; it'll be bouncing around that, maybe I think, \$100 million either way, but it's a pretty good expense growth control year-over-year.

That's come from headcount. That goes back to what I said. The headcount has basically been able to manage flat headcount in the aggregate with redeploying a ton of people going in different directions. And that brings you to a question of AI, which at the end of the day, AI today at Bank of America. In Erica in the consumer business in the month of November, we had 1.4 billion digital connections with our customers. Erica's 20 million customers, about 200 million times a quarter. We think it saves today about 11,000 FTE equivalents. Now the big debate of that is, does it atomize behavior? What I mean by that is do you touch it 3 times a day where you wouldn't do something else 3 times a day. So you got to be careful about that. But the numbers of touch would equate to that. So -- and that's today. That's not -- yesterday, the 24-hour period, it does 2 million interactions. So we feel very good about its impact.

We took that same thing, to give you a completely starkly different example, and put it into the brake-fix technology widget. So when you go in and say, I need to change my password, my computer, I need something done, whatever; we went from people answering that or one-to-one chat to the spot answer and half the questions in 60 days. So you can see how it can affect process.

So we still have a lot of places where we think it can have -- in audit -- which is 1,200, 1,300 people for us and risk, which is 8,000 plus people in finance, which is 5,000-plus people, where you have not had a tool that could change process as much as this tool has the potential. And so that's where we think the upside comes from.

We've been taking out cost years and years and years out of the operations processes out of that, investing in technology, probably doubled the amount we spend every year on technology initiatives, and we spend another \$10 billion to just run the platform and keep them secure and all the stuff. And we invested in new branches and all that stuff. But the gig is different because the -- what you did there was a lot of process reengineering that you didn't have this tool for. So even on those, you can go back and get more: credit offering memorandum preparation, pitch book preparation; these are all out in operating.

So what the debate we have is how precise you can be in the very near term. We just rolled CoPilot with the whole 365 Copilot. -- will be 200,000 people using it by the end of the year. And then enroll additional feature functionality. How do you say what you get out of it? And that's the question? Do you just have to focus people on the you ought to be x percent more efficient over 2 or 3 years to pay for the amount of time and effort you're putting in that? That's a tougher question because it's not a process we're applying a technology, even an AI technology and saying 5 steps went to 3 steps. The 3 steps were enhanced this way, And you save money.

So it's going to be a little more interesting to that. But right now, we've been able to keep the headcount flat. So all the expense growth is really inflation around people costs, incentives to wealth management business, and then transactional costs. And inflation around people costs, the only way you're really going to manage it is to continue to drip, drip the heads down. And that's where a couple of years ago, we said we had to get back on the other trail, and we've done it. Meanwhile, you're putting tons of people out to the front. And we think commercial bankers will get a 10% efficiency out of the tools we gave them this year or

next year, which means they can do more logo development with the same number of people they would have otherwise done.

Richard Ramsden

Okay. So you mentioned the credit picture. But anything that you've seen of note in terms of early delinquencies. And then I guess? And I think the bigger picture question here is on the consumer side, in particular, asset quality has improved despite some of the weaker data from retailers and restaurants. Why do you think we're seeing this divergence between the banks and some of these other data points?

Brian Moynihan

I think how person spends money has -- is a different determination than whether they pay their credit because if they don't pay their credit, they get then we can see in a FICO and they've just changed their life, whether they decide to have to go out to dinner onetime less or not. So the rate of spend of restaurant stuff is growing. It's just not growing at the same rate spending like on cruises that's growing double digit in our hard base, so you'd say. So we don't see there's indications of consumer stress. All the spending is growing. The credit quality is good. The charge-offs in our consumer business came down and just basically plugging along at a level that is 3.5% in the credit card business, which 20 years ago, I thought that was Nirvana.

Richard Ramsden

Would you expect it to decline from those levels on ...

Brian Moynihan

I don't think so, because we take risk. And so you got to take the risk. So we underwrite 100 people, some of them are going to not turn out to have a -- they're going to get divorced, they're going to stick, they're going to lose their job, et cetera. So that's -- even with a prime business, you're taking that risk. So we expect to have that rate or a little bit higher, actually. So it's just performing about as good as it -- will there be times when it would go up and be a little better or not, yeah, but just sort of structurally, if we were much below that, I'd be worried we weren't taking the risk. And so -- but we just don't see it going anywhere. Our mortgage book has very little delinquency. The LTVs are 50% or something like that; the home equity book, the combined LTV is around the same, the FICO's 700. We've had credits, so to speak, recoveries in the home equity book, which is really old loans that keep drifting through the system from years ago. It's all prime book. So we don't see any deterioration at all.

Now we're not in the subprime space. So you've had other people who could talk about that. And so a prime credit we're seeing none. And remember, that's one of our strategies, is we don't go seeking stand-alone credit. We really go after the combined relationship, what we call the stair-step on the consumer side, which is operational count, first borrowing, second borrowing, credit card, home equity or car, then home or home equity. That's the travel in investment. And so it's a very disciplined process. So you're anchoring off a good customer, you've actually seen in action stuff like that.

And on the small business side, we've seen a normalization of the small business card charge-offs, which are higher than 4.5%, I think, or something like that. But that's just a nature of small business success or not success.

And then commercial really, it's -- we all talked about commercial real estate 2 years ago. That's run through the system, and it's on its way down, and then really not a lot else. Episodically, you get 1 of these things and 1 of those things, but you're seeing no deterioration in the core portfolio.

Richard Ramsden

Okay. So I'm going to talk about a couple of your growth initiatives in a second. But just on the loan growth side, can you just touch on what you're seeing on the commercial side and the commercial real estate side? Does seem that some of your peers are talking about that inflecting heading into next year.

And then the other thing I would be curious and getting your views on is OCC rescinded some of the rules around levered lending. Does that in any way impact how you think about the opportunity set in commercial lending over the next few years?

Brian Moynihan

So if you've taken the last part first, the -- that's helped because the statement was you could do a handful outside of that guidance. And the guidance wasn't a rule, but you could do a handful. So let's define a handful. Let's define a handful when you have 10,000 middle-market, 20,000 middle market clients. Let's define a handful when you have several million small businesses, let's define a handful that's like beauty is in the eye of the beholder. So what happens when you did one, you get your head beaten around to do it.

So getting rid of that as a principal as a good principle. Let us make credit -- we're pretty good at it.

Richard Ramsden

And it just improves simplicity.

Brian Moynihan

It what also just says, if this deal is a deal you want to do go do it. So I think that will help because it was -- you could never be right. It was only looked at after the fact. So we went through SNC exam after SNC exam. So we're all fine. You look at the credit portfolio you're saying, so why do you -- so I think what they realized is let us underwrite the credit. And our credit process doesn't work, right, if we have an adverse amount of hits, talk to us then, but don't overprescribe the precision of which you see a credit versus what our experts see.

By the way, we got people -- this is all they do 24/7. I couldn't tell them how to do it either. So we feel good about it. It's more of the spirit of doing that. It lets us compete in the market. And when you come to the private credit side, which is one of the difficulties competing in private credit has been that imply constrained or explicit constraint in the application that that now lets us look at a middle market company that's going -- doing a recap with a private equity firm or a large if they're selling or if one of our clients is buying them, and they want to borrow at 5x or 7x for 6x in the right industry and believe the cash flow and they have a good plan, we can do it. And so that's what the constraint was. And the rest of the commercial loan growth largely be -- I think we're up 8% year-over-year, third quarter something like that.

And the markets business has grown, but also the core small business has grown. I think they're up low, mid-single digits. That's good. And then the commercial credit to wealthy people has grown very nicely. That was up and that really comes from wealthy people putting more in the market in its commercial credit because the structure of it. So we feel good about the commercial loan growth.

And now commercial real estate, I would say, after years of it kind of bumping along at the same level, you're seeing some life to it in well-structured deals. But that's a to do for next year. Right now, you're just seeing the start of it.

Richard Ramsden

Okay. So credit card and growth in the card business is one of the drivers to the improvement in the return of the consumer business. It does feel like that is a particularly competitive space. Obviously, you've had a number of refreshes, a number of people looking to grow that.

What do you think is your key differentiator in terms of growing the card business from here?

Brian Moynihan

If you look at the business we had from 3 or 4, 5 years ago to now, it's actually grown at 5%. What we did is we sold off some portfolios in the time frame. And so we can see the way we operate the business, Bank America branded cards few key co-branded partners driving that origination practice, we can get 5%. And so it's kind of embedded in there. And it has to net come out the other side, and that's the challenge for us.

So Holly and the team that run the Consumer business, David Tyrie runs marketing, Mary Droesch runs products. We just announced this product for the World Cup, which is a chance to get tickets and things like that. All this is just to get people's attention on in a branded World Cup card, and we got a lot of uptake compared to our usual promotions and stuff. So they're out there driving it. We spend the money in advertising. We have some limited great affinity partners, but definitely we drive into this Bank of America. And the combined rewards program is why our consumer business stability is different than anybody else's.

And so if you look at our consumer business, the piece we call preferred, which is the higher in the consumer business, 1/3 of the customers, 80% of deposits, but also has a deep penetration of cards in a combined rewards program. That is the competitive advantage that nobody can do that across multiple products. And so that's the way to play games.

So we think we can move that from basically a 1% type of growth rate up to 5%, but it's more by taking away the negative in the near term that is changing the growth rate on the top, that's been going on, so to speak.

Richard Ramsden

And then a similar question on the wealth business. I mean, you've obviously got great brand, great franchise, but it is a step up in growth relative to the past, What -- again, what is it that you're going to do?

Brian Moynihan

It comes down to 2 or 3 things that they described. One is that we started recruiting in experienced advisors, because we just have tremendous client opportunity: referrals from the commercial business to them and the consumer business. We just didn't have the capacity. So we bring in advisors, retool part of their book, and then drive it. The second is we've created capacity and advisors not only automatically, but also by household levels and things that Lindsay and Eric have worked done. And third is the training program. We're returning into the training program that we started -- that we reinvigorated 4, 5, 7 years ago that those people getting more productive.

And then we got the Merrill Edge piece. And so that also is growing. It's accounts and structures. It is well over \$0.5 trillion in client assets. And so that's a starter case that we can use for people and MEGI within it is \$40 billion, \$50 billion of completely robot-managed, so to speak, that we all talked about robo advisers 5 years ago. It seems trite now, but that was a big new thing. We actually do it, and we have a book of it and it runs and it grows. And so we feel good about that because you can't forget that continuing piece.

And then the Private Bank Katy has put out 50, 60 more private client advisors over the last 24 months from other firms. They've gone through all the things that you're talking about. And so we feel good about that.

So you put that all together, it's really going to come down to the execution of the field by Lindsay and Eric's team to drive it, and they're confident they can just keep incremental. They've seen it move up and they've just got to push through.

Richard Ramsden

Okay. We've got a couple of minutes left. Let's talk about capital. You set out a 10.5% CET1 target. A couple of questions here. I mean the first is, can you talk about the path to the 10.5% in terms of increased deployment versus capital returns to shareholders?

Second, look, there's obviously more regulatory reform to come. So do you think that 10.5% could change after we get the Basel III endgame G-SIB recalibration?

And then lastly, can you talk about your appetite for inorganic growth for acquisitions as a way of accelerating what I think is a really good organic growth story?

Brian Moynihan

Yes. So I think just on the inorganic. Remember that there's no legal way we can acquire deposit franchise has deposit. So that takes off the table, most of what would be interesting, except in a failed deal. So we'll see if people get bumped up or something like that.

And then outside that, it's line of business oriented. And so we've acquired various payments firms. We keep doing that smaller ones that you wouldn't see, so to speak. They just get absorbed in, and so we'll continue to do that.

I think we've made a decision on the wealth management business, how we're going to operate, which is the asset management is a different business, and to make that have any kind of impact on us, we'd have to do something. So I don't -- so we look at it and say then it's just people and hiring people. So we're in every market around the world for markets and commercial banking and treasury services and investment banking. We just keep adding people and adding expense and then making that more efficient. So that's sort of off the table.

On capital, we -- if you think about our nominal amount of capital, if that capital counts for more into the G-SIB recalibration, which is, I think most important to us as an industry and is also, frankly, the thing that has gotten most wrong, frankly -- so we can debate advance standardized and all of -- what happened with G-SIBs you think it hasn't calibrated since 2012, off of '12 data.

And then you had this massive nominal growth rate in the economy from '19 til now, and they didn't change any of the stuff. So what's happened is we have actually grown our G-SIB number from 250 to 300 to 350. And you're saying, but we're not taking any more risk relative side of the economy. So the whole thesis of it has been polluted by them not recalibrating. That helps us. And the question -- but it's got to be a rule, it's got to be passed. We've got to understand the dynamics of it. And so when that comes Basel III finalization -- and so -- but that's the most beneficial thing to us. So I don't know until I see that. You see some of the outlines of it, but then they say, well, there'll be stuff over here, stuff over there. We got to get a set of rules on the table that we agree with. We do that, I think that allow us to have more excess capital, and we'll probably use that to grow into it while we take 100% of the capital or more is going out in earnings -- excuse me, in dividends and buybacks in this quarter, we'll buy back a little bit more as we go through the quarter because largely we earn more than we had in our capital plan last quarter. So we'll continue to do that.

But that then keeps capital from building, for lack of a better term. And then what you do is you grow into that. And if we got a step-change in relief on the G-SIB, then you can make another decision whether you can step up the buybacks more. But right now, we're -- there's a glide path. I don't want to constrain Markets ability to grow -- we don't want to constrain marketability to grow -- and things like that. And that's the major users of G-SIB. So if you look at it year-to-year, they're 75%, 80% of the points usage, that's letting Jimmy keep pushing that business out there.

Richard Ramsden

Okay. I think with that, sadly, we're out of time, but pleasure as always. We look forward to seeing you again next year. Thank you.

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