

**WRITTEN STATEMENT  
OF  
BRIAN MOYNIHAN  
CHAIRMAN AND CEO  
BANK OF AMERICA**

**BEFORE  
THE  
COMMITTEE ON FINANCIAL SERVICES  
U.S. HOUSE OF REPRESENTATIVES**

**SEPTEMBER 21, 2022**

Chairwoman Waters, Ranking Member McHenry, and members of the Committee, I appreciate the opportunity to testify before you today.

At Bank of America, we have a common purpose: to make financial lives better. We do that through a common focus on Responsible Growth that is shared by all of our teammates across all of our lines of business. By driving Responsible Growth, we deliver for our clients, teammates, communities—and our shareholders.

We deliver for our clients, by serving their individual needs as we deploy our capabilities, expertise and balance sheet to help each client achieve their financial goals. This includes helping business clients prepare for and transition toward a low-carbon future.

We deliver for our teammates around the globe, as part of our commitment to being a great place to work. We invest to expand benefits and resources to promote health, wellness and safety for our teammates and their families.

We deliver for our communities to help them thrive. This includes promoting greater racial equality and economic opportunity wherever we operate, and tripling our affordable homeownership commitment to help more low- to moderate-income clients build generational wealth through the purchase of a home.

We deliver for our shareholders through all of this—and so much more—including returning capital while remaining well-capitalized so that we are well-positioned to deliver for our clients in any economic environment. At the end of 2021, our 3-, 5- and 10-year stock price improvement all outperformed the broader bank index, and our 10-year performance was over 700%. *Page 13 in the Appendix provides additional detail re: shareholder return.*

In this statement, we will share more about how we run our company and how Responsible Growth has helped us serve consumers and support the businesses that employed these consumers through the pandemic. We did this while addressing major environmental and social issues affecting our country and planet.

## **Responsible Growth**

Our decade-plus focus on Responsible Growth prepared us well for the health crisis. It positioned us to continue serving our clients through the worst economic shock in recent history, while at the same time increasing investments to support the needs of our teammates and our communities. Today, as the world recovers, Responsible Growth helps to ensure we remain in a strong position to assist these clients, teammates, and communities, as well as our shareholders into the years, and through future challenges, ahead.

Responsible Growth has four straightforward tenets:

- We must grow and win in the market.
- We must grow with a customer focus.
- We must grow within our risk framework.
- We must grow in a sustainable manner.

## **Grow and win in the market**

Bank of America serves three groups of customers—people, companies of all sizes and institutional investors—through eight lines of business:

- Retail Banking
- Preferred Banking and Small Business
- Merrill Wealth Management
- The Private Bank
- Global Commercial Banking
- Business Banking
- Global Corporate & Investment Banking
- Global Markets

All of our lines of business operate within the United States and its territories. Outside the United States, we serve companies and institutional investors in approximately 35 countries. At the end of the second quarter, we had \$3.1 trillion in assets and a headcount of approximately 210,000 employees.

When the worldwide health crisis hit in 2020, we deployed our resources and capabilities to meet the rapidly-evolving financial needs of our clients, in addition to providing support for our teammates and communities. *Page 15 in the Appendix provides additional detail on our client support programs.*

## **Serving clients across eight lines of business**

Over the past decade we have simplified and streamlined our company to focus on eight lines of business, supported by a highly diverse network of suppliers and vendors.

For retail clients, we serve mass-market U.S. consumers with a full range of financial products and services through award-winning digital banking capabilities and our retail banking network.

We provide a nationwide network of financial centers. This includes financial centers in low- and moderate-income (LMI) communities and our designated community financial centers—as well as our digital capabilities, to support financial needs within underserved communities. To complement these channels and to ensure these communities have access to capital, we continue to invest heavily in alternative channels of funding, including community development financial institutions (CDFIs). *Page 18 in the Appendix provides additional detail on minority depository institutions (MDIs) and CDFIs.*

We also serve small businesses as one of the top small business lenders in the U.S., ending 2021 with \$22 billion in total outstanding loans. Small Business clients benefitted from our award-winning digital tools and the advice of Business Advantage specialists in 2,400 financial centers.

And Preferred Banking provides advice and solutions to meet the banking, lending and investing needs of U.S. consumers with up to \$250,000 in investable assets, and provides cash management, lending and investment solutions for entrepreneurs and small businesses with revenues of up to \$5 million.

In our wealth management businesses, Merrill serves high net worth and ultra-high net worth clients. Our personal advisor relationships help to ensure that we're assisting each individual investor to plan for and achieve their unique financial goals. The Private Bank provides comprehensive investment, wealth management and philanthropic solutions to ultra-high net worth clients with investable assets of more than \$3 million.

For commercial and corporate clients, Business Banking client relationship teams deliver integrated financial advice and solutions—including credit, treasury, trade, foreign exchange, equipment finance and merchant services—to small and mid-sized U.S. companies with annual revenues of \$5 million to \$50 million. For larger clients, Global Commercial Banking offers treasury, lending, leasing, advisory, and debt and equity underwriting services to middle market companies with revenues of \$50 million to \$2 billion across all major industries. It brings clients the full capabilities of the company paired with local service. Our largest corporate clients are served by Global Corporate & Investment Banking, which provides clients around the world and across all major industries with solutions for treasury services, lending, leasing, advisory, and debt and equity underwriting. This business serves corporate clients with more than \$2 billion in revenues, financial institutions and government agencies.

And finally, our Global Markets business provides services across the world's debt, equity, commodity and foreign exchange markets. This includes liquidity, hedging strategies, industry-leading insights, analytics and competitive pricing to clients consisting of hedge funds, asset managers, pensions and other financial institutions.

### **Grow with a customer focus**

The second tenet of Responsible Growth is to grow with a customer focus.

Our growth comes from focusing upon and fulfilling client needs. We focus on what they need and the service and relationship quality we must bring to them to meet their needs.

We continue to strengthen our leadership positions in both our high-tech and high-touch channels. We see record client engagement across our high-tech digital platforms.

### High-tech digital leadership

Innovation remains a top priority for our company. In 2022, we plan to invest \$3.5 billion in initiatives to enhance our platform, fund next-gen projects, and extend our digital leadership into the future.

Our award-winning digital platform is the most visible element of our continued investment for clients and we continue to see increased access in adoption and engagement by clients. In our most recent quarter we experienced 2.8 billion logins by more than 54 million verified digital users. And, in July we saw more than 1 billion user log-ins, our largest single month in history.

### *Artificial Intelligence*

We also see more and more clients turning to Erica<sup>®</sup>, our artificial intelligence (AI)-based virtual financial assistant, for help keeping up with managing their finances. In 2021, total Erica interactions from our clients increased threefold to 427 million. We continued to expand Erica's capabilities to make it easier for clients to manage their financial lives. Erica has proven to be a critical channel in helping us deliver important information to clients and addressing their questions and concerns in real-time.

So what is Erica? It is natural language processing, AI, data aggregation and analysis sitting on a sophisticated infrastructure to deliver in real-time the "answer" to client questions. But it is useful beyond clients as it can help our teammates work better. Erica is also a part of our operational platform, delivering efficiencies to help our client-facing teammates. For example, our Erica-driven BankerAssist internal platform is saving our Global Banking teams 40,000 hours of work each year, and reducing their client response times by two-thirds.

### *Zelle*

The power of our digital tools is also changing the way clients send and receive money. During 2021, the number of clients who are active Zelle<sup>®</sup> users—both consumers and small businesses—increased 23% to 15.8 million. These users sent and received \$231 billion in payments over the course of the year, a 64% increase over 2020.

Zelle is a service offered by Early Warning Services, LLC (EWS) that enables customers of U.S. financial institutions to make payments directly to friends, family, and others they know and trust at no cost. Zelle is a digital platform for money movement that represents a unique financial innovation through which customers can send funds simply and easily using the recipient's email address or mobile phone number as a token. EWS maintains a centralized directory of such tokens and passes messages between participating banks to facilitate Zelle transfers, which typically settle within minutes so that consumers have immediate access to payments made to them.

Bank of America has implemented a comprehensive suite of security measures for consumers using Zelle, including:

- Clear customer communication and safe use messages
- Layered fraud and scam detection and prevention strategies, and
- Prompt corrective action where required.

*Page 19 in the Appendix provides additional detail on Zelle, as well as other components of our digital leadership.*

#### A “high-touch” physical presence to match our “high-tech” digital solutions

While digital customer behavior increased, we continue to focus on delivering expert support and guidance across our high-touch network, which includes our financial centers and phone-based teams. And, in 2021, we served our clients well through our nationwide network of 4,200 financial centers across 38 states and the District of Columbia and 16,000 ATMs as well as on the phone, in our offices and through our chat capabilities.

Since 2010, we have opened approximately 600 financial centers to help provide local access to more clients and communities. During this period, we expanded our physical footprint into five new states (Colorado, Minnesota, Ohio, Utah and Kentucky) and renovated our existing sites; for example, we have completed more than 2,500 renovations in the past six years alone. We have continued to invest in our employees, technology and client tools; all together, providing improved convenience, security, financial education and guidance to clients.

We continuously monitor client behavior, including digital engagement, and traffic patterns and make adjustments to our financial center footprint to most effectively serve them. This includes selectively consolidating financial centers, primarily in areas in which we have overlapping coverage and low client usage. This also included divesting approximately 350 branches to nearly 30 financial service institutions, allowing them to strengthen their local networks and preserve consumer access to those branches.

Our teammates working in financial centers have continued to serve our clients’ everyday financial needs and, in so doing, support the economic wellness of our communities every day throughout the pandemic.

#### Fair and affordable products

Another way we grow with a client focus is by delivering an award-winning suite of products and services tailored to our clients’ unique financial needs. And, over the past year, we have done exactly that—continuing to enhance our product portfolio to support our retail clients.

#### *Overdraft services and solutions*

We have made significant changes over the past decade to our overdraft services and solutions, reducing clients' reliance on overdraft and providing resources to help clients manage their deposit accounts and finances responsibly.

We first eliminated overdraft fees for clients when using debit cards at the point of sale, and then created additional ways to help clients avoid fees – including additional alerts, “no overdraft fee” accounts, and eliminating charges for extended overdrawn balances.

This year we eliminated fees for non-sufficient funds on our consumer deposit accounts, reduced overdraft fees from \$35 to \$10, and removed the ability for clients to overdraft at the ATM.

June and July of this year were the first two months after these sweeping changes were implemented, and we saw fees related to overdraft services for our more than 35 million consumer checking accounts decline 90% compared to the same period in the prior year.

By next year, new solutions and enhanced programs introduced over the last decade will reduce consumer overdraft fees by 97% from 2009 levels.

In addition to the changes to overdraft related fees, Bank of America's suite of Essential Solutions offers a powerful combination of transparent, low and no cost, easy-to-use offerings that help clients budget, save, spend and borrow carefully and confidently. The full array of solutions utilized by our clients includes:

- **SafeBalance®** – With SafeBalance, there are no overdraft fees, and the monthly maintenance fee is waived for eligible students under the age of 25 as well as for clients enrolled in our Preferred Rewards program with qualifying balances.
- **Balance Assist** – Balance Assist is an alternative to payday lending that provides an affordable way for clients to manage their short-term liquidity needs, borrowing only the amount they need, up to \$500 (in increments of \$100) for a \$5 flat fee regardless of the amount borrowed. Repayments are made in three equal monthly installments over a 90-day period. Borrowers must have been a Bank of America checking account client for at least one year. More than 400,000 Balance Assist loans have been completed since the start of the program.
- **Balance Connect** – Balance Connect provides our clients overdraft protection through the ability to link up to five eligible backup accounts to their checking, while increasing simplicity and accessibility through digital sign-up and management.
- **Secured Credit Cards** – The Customized Cash Rewards, Unlimited Cash Rewards and BankAmericard® Secured Cards can help clients establish, strengthen or rebuild credit, and they can apply for an account with a security deposit starting as low as \$200. With responsible credit behavior, over time, this could help clients improve their credit score.
- **Affordable Home Loans** – In early 2019, Bank of America launched its now expanded \$15 billion Community Homeownership Commitment, which has already helped 36,000 low- and moderate-income homebuyers achieve homeownership through low down payment loans and down payment and closing cost grants. By 2025, Bank of America anticipates helping more than 60,000 individuals and families to purchase homes through the program.

- **Keep the Change®** – This tool helps clients build savings by automatically depositing spare change from rounded up debit card transactions into a savings account. Over the last 15 years, this program has helped clients direct more than \$15 billion in excess change to client savings.
- **Better Money Habits®** – A free financial education platform that provides a simple, accessible way to connect people to the tools, resources and education they need to take control of their finances.

*Page 21 in the Appendix provides additional detail on changes to our overdraft services and solutions, as well as mortgage originations and servicing.*

#### *National Community Advisory Council*

To help guide our efforts to meet our consumer clients' and communities' needs, we founded our National Community Advisory Council (NCAC) 16 years ago. The NCAC is comprised of senior leaders from social justice, consumer advocacy, community development, environmental and research organizations who offer critical feedback, engage with us in healthy debate and deliver well-informed advice on our business practices and products, community investments, diversity and inclusion efforts and more. We are committed to ensuring everyone has access to the products and services they need to achieve their financial goals, regardless of where they live and what they earn.

#### **Grow within our risk framework**

A decade-plus of managing risk through a well-understood framework positioned us to be a source of strength for our clients, teammates and communities when the health crisis hit in 2020. Against the backdrop of an unprecedented economic decline during the pandemic, we built up significant reserves for potential credit losses. In 2021, as the economy recovered, we released much of those pandemic reserves as our credit losses hit historic lows. The credit risk in our company continues to be managed extremely well.

Effective risk management means we take the right risk, through the right processes and controls, to grow our business while also protecting our balance sheet. It is key to positioning ourselves for long-term success and delivering strong results in the markets. In 2021, our Global Markets teams navigated volatile markets to deliver strong sales and trading results, with only nine days of trading losses throughout the entire year. And we supported the needs of our institutional clients through dynamic market environments.

Recognizing and managing risk is integral to how my teammates drive Responsible Growth every day. That applies to the 8,000-plus teammates in our Risk, Compliance and Audit functions as well as all of my teammates worldwide. It is core to who we are.

We continue to promote a culture of risk management at every level of the company, and mitigate operational risk through our focus on operational excellence. *Page 22 in the Appendix provides additional detail on public enforcement actions taken by a federal or state government agency since 2020.*

## **Grow in a sustainable manner**

To drive Responsible Growth, our growth must be sustainable. That means three things.

First, we drive operational excellence so the savings produced by it can be reinvested in our capabilities, our teammates and our communities.

Second, we do all we can to be a great place to work for our teammates so we can attract and retain the best talent to serve our clients.

Third, we share our success so we can support the communities in which we work and live.

### Driving operational excellence

Operational excellence is how we create the means to reduce costs by striving to eliminate inefficiencies in our processes across our platform and reinvest savings into the things that are important to us: our team, our capabilities, our client experience, our communities and our shareholders.

By pursuing operational excellence, we drive continuous improvement, reduce risk, and identify faster, simpler and more efficient ways of working and serving our clients.

### Making our company a great place to work

Attracting, developing and retaining talent is a critical part of how we deliver for our clients and our communities. That is particularly true in the current tight labor market. In 2021, we continued to invest to make our company a great place to work for all teammates.

#### *Pandemic support*

Amid the ongoing pandemic, these investments included expanded benefits and resources to support the health and safety of our teammates and their families. We offered free coronavirus testing, paid time-off for teammates to receive vaccinations and boosters, vaccination clinics in our offices around the world, no-cost virtual medical consultations, confidential counseling sessions and childcare benefits, just to name a few.

To continue to support the health of our teammates and raise awareness about the importance of flu vaccination and COVID-19 boosters, this fall we are conducting our second employee campaign where we will provide a donation to a local hunger relief organization for employees who receive a flu vaccine and employees who receive a coronavirus vaccine booster. We ran a similar campaign earlier this year that resulted in a donation of \$10.6 million to food banks and hunger organizations across the country – one of the largest donations to this sector in our company's history.

#### *Diversity and inclusion*

Another way we make our company a great place to work is by fostering a diverse and inclusive workplace. We want our workforce to reflect the clients and communities we serve.

We understand the role we play in influencing and driving progress and our commitment starts at the top. Our Board of Directors, its committees and I play a key role in the oversight of our culture, expecting management to be accountable for ethical and professional conduct and our commitment to being a great place to work. Management Team members sit on the Global Diversity and Inclusion Council chaired by me and we collectively set the diversity and inclusion goals of the company. Each management team member has action-oriented diversity goals, which are subject to our quarterly business review process, talent planning and aspirational scorecards reviewed by the Board.

We also continue to drive industry benchmarks for our diverse workforce and inclusive culture. Our management team is 55% diverse, including 32% women. And, our Board is 53% diverse, including 33% women, and our Lead Independent Director Lionel Nowell, who is Black, was named “Independent Director of the Year” by Corporate Board Member magazine.

Our workforce is 50% women and 49% people of color, reflecting the clients and communities we serve. We have also worked to narrow the gaps at our leadership levels across the company. We hold ourselves accountable by disclosing our employment metrics, measuring progress across top management levels, helping ensure managers are responsible for driving advancement on their teams, and building a robust pipeline of emerging talent through recruitment and external partnerships across the world. We are also investing in an engaged workforce, where all teammates feel included through inclusion learning, courageous conversations, Employee Networks, development programs and Diversity Leadership Councils.

We also recognize the value to our business—and to society—of diversity in our supply chain. We expect all our vendors to promote and report on diversity in their own workplaces. We also require U.S. vendors to provide a minimum hourly salary of \$15 per hour to employees supporting our company. And we actively seek to do business with certified diverse businesses through our Supplier Diversity Program. In 2021, approximately \$2 billion of our nearly \$20 billion in annual spend was with diverse suppliers.

#### *Competitive wages and benefits*

Recognizing and rewarding performance is another priority for us. We want teammates who are invested in our company and our clients, and we dedicate our time and resources to help them build long careers with us. That begins with providing a competitive starting wage and benefits. In June, we raised our U.S. minimum hourly wage to \$22, on the path to our commitment of \$25 by 2025. This means that any employee who starts work for our company makes at least ~\$46,000 per year as well as some of the most comprehensive benefits available.

In June, we also increased annual salaries for all U.S. employees who currently receive annual total compensation below \$100,000, and have been employed with the company since 2021 or earlier. The percentage increase for eligible employees ranged from 3% to 7%, increasing with years of service.

We also delivered special compensation awards, over and above all other forms of compensation, to teammates for our performance in 2021, the fifth year we have done so. For 2021, we increased the value of the award to \$1 billion, totaling nearly \$3.3 billion in special compensation awards since 2017. Roughly 97% of our teammates received an award this year (all but the top 3% earners), with the vast majority receiving it in the form of Bank of America stock to help them share in our long-term success.

#### *Compensation policies*

We also continue to invest in our teammates through a progressive compensation model. Each year, teammates with lower salaries, on average, receive higher compensation increases as a percentage of salary when compared to employees with higher salaries.

We continue to provide higher company subsidies for medical premiums for teammates with lower salaries. In 2022, for the tenth consecutive year, there was no increase in medical premiums for teammates earning less than \$50,000 per year. For all other teammates, the average increase in medical premiums has been less than trend growth in medical cost in the marketplace.

*For additional information on these topics, including detailed metrics on workforce diversity, please see our 2021 Human Capital Management Update provided in our 2021 Annual Report to shareholders.*

#### Sharing our success

For Responsible Growth to be sustainable, we must also share our success with our communities.

Our support for our communities begins with our annual corporate philanthropy, which totaled \$370 million in 2021. Beyond corporate philanthropy, we align all of our activities to drive progress for our communities and for society. That means we bring our \$3.2 trillion balance sheet, our \$60 billion in annual spending and the trillions of dollars in capital we raise each year for our clients to the task.

And these tasks are myriad, including pandemic health and safety, helping to lead the transition to a low-carbon future, our major commitment to foster racial equality and economic opportunity across the country and supporting strong and sustainable communities.

Another way we share our success with our communities is through the individual giving and volunteering of teammates. In 2021, charitable giving by our teammates, combined with matching gifts from Bank of America, amounted to more than \$72 million. At the same time, our teammates reported 1.6 million volunteer hours during the year, a reflection of their extraordinary engagement and impact within their communities.

#### *Pandemic health and safety*

Throughout the health crisis, we supported the communities where we live and work by engaging at the local level to help areas most heavily affected by the coronavirus:

- We committed \$100 million to support and address pressing needs related to the coronavirus, including healthcare, food, education and needs in vulnerable communities.

- To help ensure continued learning amid widespread school closures, we supported the Khan Academy’s crisis response efforts to provide free, interactive materials and tools for students, teachers and parents.
- We provided more than \$250 million in capital to CDFIs and MDIs and also provided up to \$10 million in philanthropic grants to help fund the operations of CDFIs and MDIs.
- We issued a \$1 billion corporate social bond to support the fight against the coronavirus. The bond was the first of its kind by a U.S. commercial bank and benefitted not-for-profit hospitals, skilled nursing facilities, and manufacturers of healthcare equipment and supplies.
- In February 2022, as noted earlier, we announced a donation of \$10.6 million—one of the largest donations in our company’s history—to food banks and hunger organizations across the country. This gift was part of a broader internal company campaign to promote health and safety for our teammates and raise awareness about the importance of COVID-19 boosters. For every teammate who told us they received a booster by January 31, we donated at least \$100 to a local hunger relief organization with the majority of the organizations receiving at least \$25,000.

#### *Helping to lead the transition to a low-carbon future*

We have been working to reduce the impact of our own business and operations for more than a decade. As a result, we are carbon neutral today and have committed to achieve net zero in our financing activities, operations and supply chain before 2050.

As a global bank, a key role we play is to finance and support the transition to net zero, which is why we set a goal to mobilize and deploy \$1.5 trillion by 2030 to advance the UN’s Sustainable Development Goals, with \$1 trillion of that focused on helping our clients transition to a low-carbon future. In 2021 alone, we mobilized and deployed \$250 billion in sustainable finance, with more than \$150 billion of that focused on climate and environmental action. This includes loans and other support to clients to help them drive innovation in energy, financing to help small businesses adopt more sustainable business practices, and financing to help major corporations in all industries transform and decarbonize their business models.

#### *Green bonds*

Bank of America is one of the largest underwriters of green bonds, and has helped more than 225 clients support their sustainable business needs by raising in excess of \$300 billion through more than 400 bond offerings. We were the first U.S. bank to issue a corporate social bond aligned to the U.N. Sustainable Development Goals, a corporate social bond to support the fight against the pandemic, and a corporate equality progress sustainability bond designed to advance racial equality, economic opportunity and environmental sustainability.

#### *Racial equality and economic opportunity*

One of the key ways we help drive progress within our local communities is through our 90-plus market presidents, who serve as chief executives for Bank of America in that market.

Market presidents across our more than 90 U.S. communities have helped us identify more than 100 high-impact minority-focused funds across the U.S., which provide capital to Black, Hispanic-Latino, Asian, Native American, other under-represented minority and women entrepreneurs. With their guidance, we have committed more than \$350 million in equity to these funds to date.

Currently, we provide more than \$2 billion to finance affordable housing, community facilities and small businesses through more than 250 CDFIs in the U.S., including the District of Columbia. More than \$440 million of that total has been focused on small businesses.

Other examples of our commitment to advance racial equality and economic opportunity include:

- \$25 million to 21 Historically Black Colleges and Universities, Hispanic-serving institutions and community colleges
- \$25 million for our signature health initiative, a collaboration with the American Heart Association, the American Diabetes Association, the American Cancer Society and the University of Michigan School of Public Health, to advance health outcomes for underserved communities
- Tripling our original Bank of America Community Homeownership Commitment® to \$15B through 2025 with a goal of helping 60,000 LMI individuals and families to purchase a home
- Committing \$60 million to increase access to capital and career opportunities for Black, Indigenous, and People of Color affordable housing developers

#### *Supporting strong and sustainable communities*

We also use our lending and investing activities to help build strong, sustainable communities across the country. In 2021, we provided \$6.6 billion in loans, tax credit equity investments, and other real estate development solutions, and deployed \$4.1 billion in debt commitments and \$2.5 billion in investments. Since 2005, we have financed more than 263,000 housing units, of which 86% are affordable housing.

As a financial institution, our success has always been—and will always be—dependent on the success of our clients, the strength of our communities, and the wellbeing of our employees. By focusing on Responsible Growth, we delivered for those stakeholders AND drove record profits for our shareholders in 2021. We also continue to invest to position ourselves to do powerful things in 2022 and beyond.

That's the 'genius of the AND.' We must continue to deliver great returns for our shareholders AND deliver for society, i.e., the communities in which we operate.

## APPENDIX

### Shareholder return

Over the past 12 years, we have earned \$177 billion of net income, paid out \$53 billion in common and preferred dividends, and had net buybacks of \$86 billion, for a total return of capital of \$139 billion. In 2021, we increased our quarterly stock dividend by 17%. Including share repurchases, we returned nearly \$32 billion in capital back to shareholders last year.

#### End-of-Year (2021) Capital and Leverage Ratios

Common equity tier 1 capital: 10.6%

Tier 1 capital: 12.1%

Total capital: 14.1%

Tier 1 leverage: 6.4%

Supplementary leverage ratio: 5.5%

Total ending equity to total ending assets: 8.5%

Common equity: 7.7%

Tangible equity: 6.4%<sup>1</sup>

Tangible common equity: 5.7%<sup>1</sup>

#### Annual amount of share buybacks, dividend payments, for the past 10 years<sup>2</sup>

YTD (6/30/22)

- Dividends: \$3.4 billion
- Repurchases: \$3.6 billion
- Gross Capital Returns: \$7.0 billion

2021

- Dividends: \$6.6 billion
- Repurchases: \$25.1 billion
- Gross Capital Returns: \$31.7 billion

2020

- Dividends: \$6.3 billion
- Repurchases: \$7.0 billion
- Gross Capital Returns: \$13.3 billion

2019

- Dividends: \$6.1 billion
- Repurchases: \$28.1 billion
- Gross Capital Returns: \$34.3 billion

2018

- Dividends: \$5.4 billion
- Repurchases: \$20.1 billion
- Gross Capital Returns: \$25.5 billion

2017

- Dividends: \$4 billion
- Repurchases: \$12.8 billion
- Gross Capital Returns: \$16.8 billion

2016

- Dividends: \$2.6 billion
- Repurchases: \$5.1 billion
- Gross Capital Returns: \$7.7 billion

2015

- Dividends: \$2.1 billion
- Repurchases: \$2.4 billion
- Gross Capital Returns: \$4.5 billion

2014

- Dividends: \$1.3 billion
- Repurchases: \$1.7 billion
- Gross Capital Returns: \$2.9 billion

2013

- Dividends: \$.4 billion
- Repurchases: \$3.2 billion
- Gross Capital Returns: \$3.6 billion

2012

- Dividends: \$.4 billion
- Repurchases: --
- Gross Capital Returns: \$.4 billion

<sup>1</sup> For information about non-GAAP financial measures and reconciliations to GAAP, please see our earnings materials on our Investor Relations website: <https://investor.bankofamerica.com>.

<sup>2</sup> Repurchases include repurchases to offset shares awarded under equity-based compensation plans.

## Helping clients during the pandemic

Our support for clients included far-ranging measures to assist those impacted by the recent health and ensuing economic crises, through our own relief programs and through government relief programs.

### *Client Assistance Program*

Through our Client Assistance Program, we helped nearly 2 million consumers and small businesses defer payments on credit cards, vehicle loans and home loans as they managed their finances through the pandemic. Even with a deferral, the vast majority of those clients remained current on their payments. A small percentage have needed extended assistance, and we continue to work with them individually to help them get back on track. For example, for clients with mortgages originated by us, we are adding deferred payments to the end of the loan term so they aren't making a lump-sum payment up front.

At peak, we deferred roughly \$55 billion in client loans through our Client Assistance Program. Today, due in part to government stimulus efforts, we believe clients are better positioned to manage through the pandemic and consumer real estate deferrals are less than \$700 million, as of July 2022.

### *Paycheck Protection Program*

Beginning in late March 2020, thousands of Bank of America teammates worked to design, develop and deliver a digital platform to support clients through the Paycheck Protection Program (PPP). We began accepting PPP applications the day after the program details were announced in early April—the first major bank to do so. We dedicated more than 3,000 employees by the first week of the program to assist small business customers with PPP applications. And in 2020, we provided PPP loans to more small businesses than any other financial institution.

Throughout all phases of the program, we provided PPP loans to nearly 500,000 small businesses—reflecting more than \$35 billion in funding. Of all PPP loans provided to Bank of America clients, 83% were made to businesses with 10 or fewer employees; nearly 40% went to businesses in majority-minority communities; and 24% have gone to low- to moderate-income (LMI) communities. We sent millions of emails to help clients understand the program, and encourage them to apply if eligible, including targeted outreach to drive awareness in LMI and majority-minority communities.

We also took immediate measures to implement SBA guidance related to some of the smallest businesses—sole proprietors, independent contractors and single-member LLCs—allowing them to use gross income, instead of net profit, in the PPP application process and potentially benefit from a higher loan amount. We have provided PPP loans to more than 10,000 of these small businesses, with an average loan amount of under \$20,000.

Bank of America's process for the PPP allowed any business client with an existing credit relationship, or a business client that had no credit relationship with Bank of America or another

bank, to apply online for a PPP loan, because we could provide financial assistance more quickly to those with whom we already had a relationship. To assist businesses in under-served communities that weren't Bank of America clients, we partnered with dozens of community development financial institutions (CDFIs) to assist them in providing PPP loans to more than 10,000 small businesses in the communities they serve.

In August 2020, we launched our digital portal to help clients apply for forgiveness on their PPP loan. We have since updated our portal to support the SBA's simplified application processes. To date we have helped nearly 464,000 clients receive loan forgiveness and we continue to work closely with clients to help them in the PPP forgiveness process.

### *Stimulus Payments*

Since the start of the pandemic, we have supported clients and non-clients through three federal stimulus and the child tax credit programs. Through these efforts, we have processed over 69 million stimulus transactions totaling \$87 billion. We also supported six state COVID relief programs implemented in three states (Maryland, California (4) and Oregon), as well as one local program in San Francisco.

We took steps to help ensure all clients were able to access their funds immediately. Additionally, we provided overdraft credits to help those with a negative balance on their account access the full payment amount. If a client had a negative balance on their account when they received a stimulus payment, we provided a temporary credit to their account—for at least 30 days—equal to the amount of the negative balance. Through this expanded support, we have helped more than 1 million clients access the full amount of their stimulus payment.

To help non-clients access the full amount of their payment, we waived non-client check cashing fees for stimulus checks.

We continue to process stimulus payments pursuant to all applicable federal and state regulations on garnishments, including executive orders on garnishments issued in several states during the pandemic.

### *Unemployment Insurance*

Bank of America contracted with unemployment programs in 12 states to administer unemployment payments. Throughout the pandemic, Bank of America's support to the states enabled the governments to more efficiently issue more than \$250 billion in pandemic unemployment benefits to more than 14 million people and overall distributed more pandemic relief to Americans than any other bank.

Bank of America's role was to issue payments after the states completed a review and approval of applications and directing us to issue payments. As has been well-documented in the media, many of these unemployment programs experienced a high degree of fraud. We partnered with our state clients to identify and fight fraud throughout the pandemic and we know those efforts helped to

identify hundreds of thousands of suspicious transactions and assisted the states in protecting billions of dollars.

Nevertheless, some legitimate benefit recipients experienced delays or other obstacles as we worked through the challenging fraud-related issues with our state agency clients.

On July 14, the Office of the Comptroller of the Currency (OCC) and Consumer Financial Protection Bureau (CFPB) announced that Bank of America reached agreements to address concerns related to the bank's servicing of unemployment benefits prepaid cards in 2020-2021. Under the agreements, which included consent orders, the bank will improve its processes, review accounts and compensate cardholders when and where appropriate, and pay fines to the government.

These orders follow the company's multi-pronged, billion-dollar efforts through the last two years to help support the State of California and 11 other states both deliver unemployment benefits to eligible recipients through the pandemic, and address widespread fraud and criminal activity that occurred in their state-based programs. The action arose despite the government's own acknowledgement that the unemployment program expansion during the pandemic exhibited unprecedented criminal activity where illegal applicants were able to get states to approve tens of billions of dollars in payments.

While the agreements cover a large number of state benefit cardholders, 98% of the total cardholders who received state unemployment benefits through a prepaid card issued by Bank of America between March 1, 2020 and January 8, 2022 were not affected by the activities referenced in the consent orders.

## **Minority depository institutions (MDIs) and community development financial institutions (CDFIs)**

Bank of America remains the nation's largest private investor in CDFIs, which provide affordable, responsible lending and support to low-income and other disadvantaged clients and communities. By funding CDFIs, we help make it possible for credit to flow to needs we might otherwise be unable to serve through direct lending.

Our current portfolio of loans, deposits and investments to CDFIs exceeds \$2 billion, helping to finance affordable housing, community facilities and small businesses through more than 250 CDFIs in the U.S., including the District of Columbia. More than \$440 million of that total has been focused on small businesses. We have also committed \$40 million in loans to CDFI partners that will be used to finance primary health care centers in regions that lack medical resources.

We have made equity investments in 14 MDIs that are CDFIs. As part of these equity investments, the bank will acquire up to 4.9% of common equity in MDIs that are CDFI banks. This equity funding will be used for lending, housing developments, neighborhood revitalization, and other banking services.

As a founding member of the Economic Opportunity Coalition (EOC), we are committed to finding innovative ways of bringing our technical and thought leadership to assist our partners and the entire CDFI/MDI industry. Areas of focus will entail connecting CDFIs with other sources of flexible capital, as well as expanding access to resources—such as economic research, educational and development programs and materials—that facilitate the financial health of their clients.

## Digital leadership

### *Zelle*

Unlike other payment methods, such as credit cards, Zelle is provided free of charge, meaning no fees are charged to consumers to use the service. In the approximately five years since Zelle was introduced, consumers have recognized Zelle's convenience, utility, and value by adopting it in large numbers. In the first half of 2022, the number of Bank of America customers who were active Zelle users rose to over 17 million and, in the third quarter of 2021, the number of Zelle transfers sent by Bank of America customers surpassed the comparable figure for each of checks written and cash withdrawals by Bank of America customers.

Contrary to recent public reports, the Zelle product is not uniquely or even disproportionately susceptible to fraud or scams. Bank of America has implemented a comprehensive suite of security measures for Zelle, including:

- Clear customer communication and safe use messages
- Layered fraud and scam detection and prevention strategies, and
- Prompt corrective action where required.

Those measures have been very effective. In 2021, for example, 99.8% of the over 500 million Zelle transactions initiated by Bank of America customers were completed as requested and without incident. Conversely, fewer than 3 in 10,000 Zelle transfers that year resulted in Bank of America customers making fraud and scam claims. When users do submit claims, the bank investigates thoroughly and provides appropriate customer compensation consistent with its regulatory obligations, and in some cases beyond those obligations consistent with bank policy.

### *Distributed Ledger Technology and blockchain*

We continue to evaluate applications of new technologies that have the potential to deliver value to our customer and clients, including distributed ledger technology (DLT) and blockchain. While Bank of America holds more than 60 blockchain patents and has used DLT within existing products, we still have not found a use case at scale.

In 2019, we joined the Marco Polo trade finance network that leverages Corda DLT to provide transformative solutions to global trade participants. Through the network, we hope to offer clients access to innovative risk mitigation solutions such as receivables discounting, payment commitment and payables finance programs, providing them greater transparency and making traditionally paper-based processes more efficient.

### *Cryptocurrency*

We continue to take a very measured approach to cryptocurrencies and related technologies by maintaining a responsible, client-focused approach. As thought leaders in this space, our Research team has sought to educate investors through primers, deep-dive analysis and conferences covering crypto-assets such as stablecoins and non-fungible tokens. Since 2021, we have published over 100 cryptocurrency and digital asset related reports and hosted a variety of digital asset conferences and

investor teach-in sessions, educating institutional investors from firms representing over \$10TN in assets. Through careful client selection, we are engaging in dialogues regarding capital raising, M&A, and other banking services with select companies involved in the digital asset ecosystem. For our most sophisticated investors, we are also facilitating access to regulated products in this space, such as CME futures and exchange traded funds. Regarding distributed ledger and blockchain, we are exploring the use of this technology in multiple areas, including, tokenizing internal client documents, Instant Cross Border Payments, bank accounts, and looking at ways to give workers quicker access to their earned funds.

## **Progress toward reducing overdraft fees**

Since 2010, Bank of America has taken many steps to empower its consumer clients to bank with greater confidence and reduce overdraft usage. We are an industry leader in helping clients avoid overdrafts and, in doing so, have significantly reduced the vast majority of fees related to overdraft.

Key milestones along this journey have included:

- 2010 – Eliminated overdraft fees for consumer clients when using debit cards at the point of sale
- 2011 – Introduced courtesy low balance alerts
- 2014 – Launched the SafeBalance “no overdraft fee” account
- 2017 – Eliminated the extended overdrawn balance charge
- 2020 – Created Balance Assist, a low-cost solution to manage short-term liquidity needs
- 2021 – Launched Balance Connect , our enhanced overdraft protection service, which lets clients link to up to five accounts to avoid overdrafts
- Feb 2022 – Eliminated non-sufficient funds fees on consumer deposit accounts
- Feb 2022 – Removed ability for clients to overdraw their accounts at the ATM
- May 2022 – Reduced consumer overdraft fees from \$35 to \$10
- May 2022 – Eliminated Balance Connect for overdraft protection transfer fee (formerly \$12)

## **Mortgage originations and servicing**

Bank of America provides consumer mortgages through our Retail banking channel. As of June 30, 2022, the bank serviced approximately 1.9 million mortgage accounts.

The bank offers 5 mortgage categories:

1. Conforming, which includes the bank’s proprietary affordable product line
2. Non-conforming
3. Government loans
4. Neighborhood Assistance Corporation of America (NACA)
5. Home equity lines of credit

We offer several mortgage product offerings geared especially to assist low income and historically marginalized consumers to overcome barriers and achieve homeownership.

We also established a \$15 billion Community Homeownership Commitment (CHC) to encourage homeownership. Key features include up to \$10,000 in down payment grants, and up to \$7,500 in closing costs credits. The program has resulted in more than \$300 million in grants, with 87% going to first-time homebuyers, for an average grant amount of \$11,055, and a total of \$6.8 billion in loans to 27k homebuyers.

We have created and offer other valuable resources to assist mortgage customers including: DownPayment Center; Real Estate Center; First-Time Homebuyer Online Edu-Series; Connect to Own counseling; and Better Money Habits.

### **Public enforcement actions**

Bank of America is steadfastly focused on complying with applicable laws, rules and regulations and is making important progress on concerns raised by our regulators in the recent public enforcement actions below.

Based on readily accessible public information, we entered into three settlements with federal government regulators involving penalties greater than \$1 million since the beginning of 2020:

- In May 2022, Bank of America agreed to pay \$10 million to the Consumer Financial Protection Bureau (CFPB) and remediate fees of approximately \$600,000 to resolve allegations related to the firm's processing garnishment orders received from third party creditors.
- In July 2022, Bank of America agreed to pay \$125 million to the OCC and \$100 million to the CFPB to resolve allegations related to servicing of prepaid cards issued by state agencies to distribute unemployment benefits.

To the extent a settlement included restitution to investors or consumers, the relevant terms are set forth in the respective settlement agreement.

### **Data privacy**

Bank of America does not sell personally identifiable customer data to third parties, nor do we allow third parties to conduct research for their own purposes using personally identifiable customer data that the bank has collected in the normal course of business. If any of our vendors receive personally identifiable customer data in the course of performing a function for us, Bank of America requires that the vendor meet our privacy and data protection standards and that the data be protected by the bank's strict information security controls. No further use of that data can be made without Bank of America's express approval.

### **Cybersecurity**

As cyber threats increase in scope and sophistication, we are advancing our program and developing new capabilities to better protect our clients and customers, our company and our industry. Our focus and investment over the past decade are exhibited by the almost 3,000 professionals working around the clock and around the globe on our Global Information Security (GIS) team and our continued investment to advance our security and resiliency.

We have developed a cybersecurity program that is focused on preparing for, preventing, detecting, mitigating, responding to and recovering from all manner of cyber threats. Our strategic vision includes

a culture of continuous improvement and innovation, which is demonstrated by our patent portfolio of 990 issued and pending patents as of July 2022.

In the financial sector, we have long recognized that we face shared cyber threats and our decades of investment in capabilities to share cyber threat information quickly and effectively with each other has helped make the broader financial system safer. Bank of America is also playing a leading role in deepening and broadening both our private and public sector partnerships through several sector organizations, such as our support of the Analysis and Resilience Center for Systemic Risk (ARC), a cross-sector effort to protect our nation's most critical infrastructure from cyber threats. Our cyber experts hold leadership positions in organizations including the ARC, the Financial Services Information Sharing and Analysis Center (FS-ISAC), the Financial Services Sector Coordinating Council (FSSCC) and Sheltered Harbor.

In addition to our work within our sector and across the private sector, we are striving to meet today's cyber challenges by maintaining our close partnerships with key government entities, including the Department of Treasury, the Department of Homeland Security, White House and law enforcement. We are eager to work with leaders across government to find new ways to protect critical firms and industries from cyber threats by leveraging the resources and capabilities that only our government partners can provide.

A foundational element of our approach to cyber is to manage risk by not only increasing our prevention capabilities but also those for resilience. Bank of America has a robust team dedicated to designing and conducting cyber exercises, and we actively lead and participate in exercises with industry, government and partners alike to refine our collective approaches to limiting the impact of cyber events. We have a particular focus on working with partners in sectors such as the electricity, communications and technology sectors as we augment our ability to continuously serve customers, clients and financial markets.

### **Mandatory arbitration**

Bank of America does not include mandatory arbitration clauses in our offer letters to employees and thus, employees we hire are not required to arbitrate discrimination and harassment claims (though employees registered with FINRA are required to arbitrate non-discrimination employment claims as a result of industry requirements and we have a mutual arbitration clause with a managed service provider for contract employees).

Additionally, Bank of America avoids relying on mandatory arbitration clauses in nearly all cases. Since 2009, Bank of America has not used mandatory arbitration in banking disputes with individual customers regarding consumer credit cards; auto, recreational vehicle and marine loans; and deposit accounts. Bank of America eliminated mandatory arbitration in its mortgage and home equity agreements several years before that, other than in a limited number of jurisdictions, where we have customized loan agreements with high net worth borrowers that contain mandatory arbitration provisions.

Bank of America, along with other securities industry firms, also uses arbitration clauses in our client agreements when establishing a brokerage or investment advisory account relationship. FINRA provides the forum and sets the rules for these arbitrations, subject to oversight and approval of the Securities and Exchange Commission.