

Bank of America

First Quarter 2024 Earnings Announcement

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## Participants

### Presenters

Brian Moynihan – Bank of America, Chair and CEO

Alastair Borthwick – Bank of America, CFO

Lee McEntire – Bank of America, Investor Relations & Local Markets Organization Executive

### Participants

Betsy Graseck – Morgan Stanley

Gerard Cassidy – RBC Capital Markets

Glenn Schorr – Evercore

Jim Mitchell – Seaport Global

John McDonald – Autonomous

Ken Usdin – Jefferies

Matt O'Connor – Deutsche Bank

Mike Mayo – Wells Fargo

Steven Chubak – Wolfe Research

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## Presentation

### Lee McEntire

Good morning. Thank you, Liam. Welcome and thank you for joining the call to review our first quarter results. Our earnings release documents are available on the Investor Relations section of the [bankofamerica.com](https://www.bankofamerica.com) website, and that includes the earnings presentation that we will be referring to during the call. I trust that everyone's had a chance to review the documents.

I'm going to first turn the call over to our CEO, Brian Moynihan, for some opening comments, before Alastair Borthwick, our CFO, discusses the details of the quarter.

Before they begin, let me just remind you, we may make forward-looking statements and refer to non-GAAP financial measures during the call. Forward-looking statements are based on management's current expectations and assumptions that are subject to risks and uncertainties. Factors that may cause our actual results to materially differ from expectations are detailed in our earnings materials, our SEC filings that are available on our website. Information about non-GAAP financial measures, including the reconciliations to U.S. GAAP can also be found in our earnings materials that are available on the website.

So with that, I'll turn the call over to you, Brian. Thanks.

### Brian Moynihan

Thank you, Lee, and good morning to all of you, and thank you for joining us. I am starting on Slide 2 of the earnings presentation.

We once again delivered a strong set of results in quarter 1. We reported net income of \$6.7 billion after tax and EPS of \$0.76. This included the additional expense accrual for the industry's special assessment by the FDIC to recover losses from the failures of Silicon Valley Bank and Signature Bank. This lowered our quarter 1 EPS by \$0.07. Excluding that expense, net income was \$7.2 billion and EPS of \$0.83 per share in quarter 1. Alastair is going to walk you through the details of the quarter momentarily.

But first, let me give you a few thoughts on our performance. We delivered good improvement in our fee-based business driven both by continued organic growth and good market conditions.

Investment Banking saw a nice rebound this quarter. We delivered nearly \$1.6 billion in Investment Banking fees and grew 35% from the first quarter 2023. Matthew Koder and the team have done a great job delivering market share growth. In addition, our results reflect the benefits of investments made in our middle market investment banking teams and dual coverage teams. Matthew has utilized his plenipotent power wisely to grow our middle market team from 15 bankers in 2018 across a dozen cities to more than 200 bankers in twice as many cities today, both groups with our -- work with our commercial bankers and financial advisers in those cities to deliver for our clients.

Investment and brokerage services revenue across Merrill and the Private Bank grew 11% year over year in quarter 1 to nearly \$3.6 billion. Continued investments in our advisor trainee programs and digital delivery for our clients, as well as positive market, helped us deliver strong revenue. Asset under management flows were \$25 billion in the quarter.

Sales and trading, excluding DVA, delivered its eighth consecutive quarter of year-over-year revenue improvement. At \$5.2 billion, this is the highest first quarter result in over a decade. We have allocated more balance sheet invested in talent to build on our strengths for the last 5 years in this business. Those investments, plus the intensity of the teams under Jimmy DeMare's leadership, has resulted in good momentum and market share improvement.

From a balance sheet perspective, we entered the quarter expecting modest moves in loan growth and a decline in deposits. Those were our expectations. What we actually delivered was growth in ending deposits of more than \$20 billion. Ending loans were down modestly due to the expected credit card seasonality; otherwise, loans are pretty stable. This balance performance, along with our continued pricing discipline, allowed us to deliver better-than-expected NII performance.

We told you last quarter that we expected NII to decline from the fourth quarter 2023 to the first quarter of 2024, a decline of about \$100 million to \$200 million. We actually reported today NII of \$14.2 billion, that was \$100 million higher than quarter 4, exceeding our guidance.

We continue to deliver strong expense management. Year-over-year expenses adjusted for the FDIC assessment was up a little less than 2%. That compares to 4% plus inflation rate. We also continue to invest in our company while managing those expenses. We had several categories of stronger fee-based revenue in the first quarter this year. This drove higher formulaic compensation and processing costs of the increased activity. Fees and commissions were up 10% year over year. We are happy to pay for that revenue and deliver more earnings to the bottom line because of it.

So how did we do all that and hold expenses under the inflation rate? Well, we remain focused on 3 primary drivers of Bank of America. First, our operational excellence platform continues to deliver and improve processes. These savings from that growth helped fund the future growth in the company and lower the risk.

Second, we managed headcount as we eliminated work. Recall, we noted the expectation in January of last year that our headcount will be down throughout the year. Our headcount at the end of first quarter 2024 is down by more than 4,700 people from the first quarter 2023. It declined 650 people just from the end of 2023.

The digitization activity is also driving ongoing expense cost savings, customer retention, and market share improvement, driving across all 3 factors. It also supports the ever-increasing volumes of client activity with little increased cost.

I would highlight our continued capital strength with common equity Tier 1 capital of \$197 billion. That amount of capital is \$31 billion over the current regulatory minimums for our company. That capital has allowed us to both support our clients and return \$4.4 billion to shareholders this quarter in share repurchases and dividends.

Let me highlight a few points on organic growth before I pass over to Alastair. Now I'm turning to Slide 3. You can see Slide 3, the highlights of the quarter 1 success for organic activity across the businesses. We continue to invest and enhance our digital platforms. We provide our customers with convenient and secure banking experiences. By leveraging our technology and continuous investment in that technology and putting customers at the center of everything we do, we have successfully deepened our relationships and expanded our customer base across all our businesses.

In Consumer, we added 245,000 net new checking accounts this quarter. This completes 21 straight quarters of net additions. Dean Athanasia, Aron Levine, and Holly O'Neill helped drive that business for us and continue to perform well, driving strong performance across our Consumer franchise. These checking balances continue to drive the performance of our Consumer deposits. These checking additions are important for many other reasons.

On average, 68% of our deposit balances have been with us for more than 10 years. 92% of the customer checking accounts are primary checking accounts in the household, meaning that they are the core operating account for the household for their financial lives. So when we onboard a client, we start a long-term, valuable relationship. About 60% of our checking accounts customers use a debit card. And on average, they do about 400 transactions per year on that card.

The new checking accounts have traditionally opened savings accounts, about 25% of the time, within a few months of opening that checking account. At opening, a new checking account on average brings about \$4,000 in balances below our averages. But that continues to grow within a year, it's 2x that amount. Likewise, when you open a new savings account, it on average brings about \$7,000 in balances. This also deepened by about 2x during the year.

Investment relationships and credit card account openings continue to be strong in the first quarter as well. And while we believe some of these statistics are best-in-class, rest assured, there are plenty of opportunities for continued growth in our franchise and our company.

As we think about our Global Wealth team, led by Eric Schimpf, Lindsay Hans, and Katie Knox, that team added 7,300 net new wealth relationships at the Merrill and the Private Bank. Our advisors opened 29,000 new bank accounts in the quarter with our customers, deepening the relationships. More than 60% of our investing clients in Merrill, and 90% of our Private Banking clients now have a core banking relationship with us.

In addition, our wealth spectrum, we saw \$60 billion in total flows over the last year. As you can see on the slide, we now manage more than \$5.6 trillion in total client balances across loans, deposit, and investments in Consumer and Wealth Management.

When we move to Global Banking, we added more new relationships in this quarter than we did in last year's first quarter. We also increased the number of solutions per relationship with pre-existing clients. Just like in our Consumer business, we have seen good growth in customers seeking the benefits of both our physical and our online capabilities, and also the care of our talented relationship managers who provide financing solutions and advice for our clients with global needs.

A couple of other points I'd make on our digital success. Erica, our virtual banking assistant, reached a key milestone of more than 2 billion interactions since its introduction about 6 years ago. It took 4 years to reach 1 billion interactions. It took just 18 months to reach the second billion. In August, we extended Erica's reach and launched Erica in our Global Treasury Services business in CashPro. Erica has resolved 43% of the CashPro chat inquiries automatically, demonstrating more and more clients are able to self-solve. This is a great example of best practices being shared across the scale of our company.

Second, as an example of our digital success, Zelle continues to grow. It wasn't long ago that we noted that the number Zelle transactions in a quarter had surpassed the numbers of checks written. Shortly after that, the Zelle transactions reached 2x the number of checks written. This quarter, Zelle transactions has now passed the combined number of checks written, plus the amount of cash withdraws from tellers and from

ATMs. That is a rapid adoption and represents continued cost savings and convenience and security for the customers.

These stats and others are included in our quarterly encomium for our digital banking progress. That's included in Slides 20, 22, and 24. I encourage you to read them. They show our market-leading efforts, representing billions of dollars of our investment over the years, and we are continuing to drive growth with expense growth under control.

This solid earnings results achieved this quarter are a testament to the dedication and talent of our 212,000 people who work here and deliver for our customers every day. I thank them for another great quarter.

And with that, I'll turn it over to Alastair.

### **Alastair Borthwick**

Thank you, Brian. And I'm going to start on Slide 4 of the earnings presentation. So Brian covered much of the income statement highlights, and he noted the difference in our reported results and the results adjusted for the FDIC assessment. So I'm not going to repeat that.

I'd just add that we delivered strong returns. On a reported basis, our return on average assets was 83 basis points, and return on tangible common equity was 12.7%. And when adjusted for the FDIC assessment, our efficiency ratio was 64%, ROA at 89 basis points, and ROTCE at 14%.

So let's move to the balance sheet on Slide 5, where we ended the quarter at \$3.27 trillion of total assets, up \$94 billion from the fourth quarter. And the bulk of that increase was in Global Markets to support seasonally-elevated levels of client activity. Outside of the Global Markets activity, we'd highlight both the \$23 billion growth in deposits and the \$20 billion decline in cash levels. So with that increase in liquidity, you'll also note that debt securities increased \$39 billion, which included an \$8 billion decline in hold-to-maturity securities and a \$47 billion increase in AFS securities. And those are mostly hedged U.S. treasuries added with yields effectively at cash rates. At \$313 billion our absolute cash levels remain higher than required.

Liquidity remains strong, with \$909 billion of Global Liquidity Sources, and that's up \$12 billion from the fourth quarter and remains \$333 billion above our pre-pandemic fourth-quarter 2019 level. Shareholders' equity increased \$1.9 billion from the fourth quarter earnings, as they were only partially offset by capital distributed to shareholders. And AOCI was little changed in the quarter.

During the quarter, we paid out \$1.9 billion in common dividends, and we bought back \$2.5 billion in shares, which more than offset our employee awards. As part of those share awards in the first quarter, we announced our seventh consecutive year of sharing success compensation awards, covering more than 95% of our associates and further aligning their interest with shareholders. Tangible book value per common share of \$24.79 is up 9% year over year.

Looking at regulatory capital, our CET1 level improved to \$197 billion from December 31, and the CET1 ratio was stable at 11.8% and remained well above our current 10% requirement. We also remain quite well positioned against the current proposed capital rules, as our CET1 level is also above the 10% requirement even when we include estimated RWA inflation from those new proposed rules.

Risk-weighted assets increased modestly, driven by client activity in Global Markets, and our supplemental leverage ratio was 6% compared to a minimum requirement of 5%, which leaves capacity for balance sheet growth. And at \$475 billion of total loss-absorbing capital, our TLAC ratio remains comfortably above our requirements.

Let's turn our balance sheet focus to loans by looking at the average balances on Slide 6. Average loans in the first quarter of \$1.048 trillion were flat compared to the fourth quarter, and they improved 1% year over year, as solid credit card growth was partially offset by declines in securities-based lending. Commercial loans grew modestly year over year.

We experienced modest improvement in revolver utilization in commercial lending in the first quarter, and that's being offset for the most part by paydowns, as larger client financing solutions are being met through capital markets access. And lastly, on a positive note, loan spreads continued to widen.

Moving to deposits, we'll stay focused on averages on Slide 7. And relative to pre-pandemic Q4 2019, average deposits are still up 35%. Every line of business remains well above their pre-pandemic levels, and Consumer is up 32% with checking up 38%, driven by net new checking accounts added, as Brian noted earlier. Linked quarter, total average deposits remained steady at more than \$1.9 trillion. The total rate paid on Consumer deposits in the quarter was 55 basis points, and while the rate increased 9 basis points from the fourth quarter, the pace of increases continues to slow. The mix of low-rate and high-quality transactional accounts keeps the rate paid low. Wealth Management and Global Banking also saw a slowdown in the increases in their rate paid and slowdown in the rotation out of noninterest-bearing accounts in the first quarter.

Focusing for a moment on ending deposits and movement from the fourth quarter. This quarter, we delivered good deposit growth. Total deposits grew \$23 billion, and they're now \$100 billion above their trough in mid-May of 2023. Consumer Banking deposits saw growth in both consumer interest-bearing and noninterest-bearing. Global Banking continued their more normal pattern of deposits seen for the past 5 quarters, and up more than \$30 billion over the last year.

Deposit growth exceeded loan growth for the third straight quarter, and our excess of deposits over loans, expanded to \$897 billion, and that's nearly 2x the \$450 billion we had pre-pandemic. You can see that on the upper left-hand side of Slide 8.

We continue to have a mix of cash, available-for-sale securities, and held-to-maturity securities. And this quarter, our combination of cash and AFS is now 52% of the total \$1.2 trillion noted on this page. You'll also notice the continued change in mix of the shorter-term portfolio, as we, again, lower cash and increase AFS securities that are mostly hedged and have similar yields to the cash. Note also, the hold-to-maturity book continues to decline from paydowns. In total, the hold-to-maturity book is now down \$96 billion from its peak, and it consists of about \$122 billion in treasuries and about \$458 billion in mortgage-backed securities, along with \$7 billion of other securities. Lastly, blended cash and securities yield of 360 basis points continued to rise and remained about 168 basis points above the rate we pay for deposits. The replacement of lower earning assets into higher-yielding assets continues to provide an ongoing benefit to NII.

Let's turn our focus to NII performance using Slide 9, where you can see on a fully-tax-equivalent basis, NII was \$14.2 billion. Good deposit growth provided a strong start to the year for NII. And as Brian noted, NII of \$14.2 billion increased by \$100 million from the fourth quarter. Now that compares to our expectation and guidance of a decline of \$100 million to \$200 million, and that would have resulted in NII this quarter of \$13.9 billion or \$14 billion. So we did quite a bit better than we had originally expected.

The improvement in quarterly NII in Q1 compared to Q4 included the benefits of higher-yielding assets and improvement in Global Markets NII, partially offset by higher deposit costs and 1 less day in Q1 than Q4 '23. Deposit balance activity more generally also aided in the beat versus our expectations.

As we look forward for Q2, we expect some modest impact of lower deposits in Wealth Management as clients make their seasonal income tax payments. And we expect Global Markets NII to decline mostly seasonally a little bit as well. So we expect second quarter NII could approach \$14 billion on an FTE basis. And further, we continue to expect that Q2 will be the low point for NII, and we expect the back half of 2024 to grow. And compared to our guidance last quarter, we're obviously growing off a larger base of NII after having outperformed in the first quarter.

With regard to that forward view, let me just note a few other caveats. It includes our assumption that interest rates in the forward curve at the end of the quarter materialize. And at the end of the first quarter, there were still 3 cuts expected this year, starting in June. Our forward view also includes an expectation of

low single-digit loan growth and some moderate growth in deposits we moved into the back half of 2024. And given our recent deposit and loan performance, we continue to feel good about these assumptions.

Turning to asset sensitivity and focused on a forward-yield-curve basis, our sensitivity to the plus and minus 100-basis point parallel shift in the forward curve at March 31 remains well balanced.

Okay. Let's turn to expense, and we'll use Slide 10 for that discussion, where we reported \$17.2 billion expense this quarter, including the FDIC assessment. Adjusted for the assessment, expenses were \$16.5 billion. And the increase over the fourth quarter included a little more than \$400 million in seasonal payroll tax expense as well as higher revenue-related costs and, to a lesser extent, annual merit increases and other annual awards like sharing success awards provided this quarter. \$16.5 billion was just a little above our forecast for Q1, which we made last quarter. And the increase is driven by better-than-expected fee revenue across Wealth Management, Investment Banking, and Sales and Trading. As Brian said, that's a trade-off we're more than happy to make, bringing more earnings to the bottom line. And while expense is up almost 2% from last year, we simply remind you, inflation was up by more than 4%, and we've increased our investment, and we're paying for the revenue growth. So we think it represents good work by our teams.

As we look forward, in Q2, we expect a decline from the Q1 level, as we typically see about 2/3 of the Q1 elevated payroll tax expense come back out. And the remainder of the year, expense is expected to trend down. Continued digital engagement savings and operational excellence initiatives should help us offset other cost increases for people and technology through the back half of the year.

Turning to credit on Slide 11. Provision expense was \$1.3 billion in the first quarter, and that included \$179 million of reserve release due to a modestly improved macro-environmental outlook as the baseline consensus expectations improved from the fourth quarter. On a weighted basis, we remain reserved for an unemployment rate of nearly 5% by the end of 2025, compared to the most recent actual 3.8% rate.

Net charge-offs of \$1.5 billion increased \$306 million from the fourth quarter, driven by continued credit card seasoning, and commercial real estate office exposures, as swift revaluations for current appraisals and resolutions drove higher charge-offs. The net charge-off ratio was 58 basis points, a 13-basis-point increase from the fourth quarter.

On Slide 12, we show you the credit quality metrics for both our consumer and commercial portfolios. Consumer net charge-offs increased \$115 million versus the fourth quarter, from the flow-through of higher late-stage credit card delinquencies. We included a credit card delinquency slide, #28, in our appendix. And we're encouraged by the trend of delinquencies because the late-stage increases slowed and early-stage delinquencies improved as well. And that leads us to believe we should begin to see consumer net charge-offs start to level out over the next quarter or so.

All of this is still well within our risk appetite and our expectations, and it's consistent with the normalization of credit we've discussed with you in prior calls. Commercial net charge-offs increased \$191 million versus the fourth quarter, driven by commercial real estate losses in office exposures. And on office losses this quarter, we recorded charge-offs on 16 office loans, 4 were a result of sales activity (i.e., final resolution); [5] (corrected by company) were from losses that we expect on exposures that are in the process of expected resolution in the course of the next 90 days; and the rest we took as a result of refreshed valuations.

We're using a continuous and thorough loan-by-loan analysis, and we're quick to recognize impacts in the commercial real estate office space through our risk ratings, and that's resulted in several downgrades in the last few quarters. As a result of these quick actions and our downgrades and categorization, we've also refreshed the valuation of our reservable criticized properties, and we've taken appropriate reserves and charge-offs in the process. Roughly 1/3 of our office exposure is now categorized as reservable criticized. And importantly, the pace of the increase in reservable criticized exposures has slowed each quarter since the second quarter of last year.

So we believe the losses on these office properties have been front-loaded and largely reserved. We expect the losses to move lower in the second quarter. And we expect a notable decline in the second half of the year when compared to the first half of this year, absent any material change in expected real estate prices.

In the appendix on Slide 29, we've included a current view of our commercial real estate and office portfolio metrics as we usually do.

Okay. Let's turn to the various lines of business and offer some brief comments on their results, starting on Slide 13 with Consumer Banking.

For the quarter, Consumer Banking earned \$2.7 billion on continued strong organic growth. The reported earnings declined 15% year over year, as revenue declined from lower deposit balances compared to the first quarter of '23. Credit card loss normalization also caused year-over-year provision expense to increase. As Brian noted, customer activity showed another strong quarter of net new checking growth, another strong period of card openings, and investment balances for consumer clients, which climbed 29% year over year to a record \$456 billion. That included market appreciation and also very strong full-year flows of \$44 billion.

As noted earlier, loans grew nicely year over year from credit card, as well as small business where we remain the industry leader. Expenses were flat year over year, fighting off inflation, merit increases, higher minimum wages and new and renovated financial centers and technology investments. So holding expense flat reflected very good work by the Consumer team.

As you can see in the appendix, Page 20, digital adoption and engagement continue to improve, reaching a record of 3.4 billion digital log-ins in the quarter, and it showed good year-over-year improvement. Customer satisfaction scores at near-record levels illustrate the continued appreciation of the enhanced capabilities we provide.

Moving to Wealth Management on Slide 14. We produced good results, and that included good organic client activity, market favorability, and strong flows. Our comprehensive suite of investment and advisory services, coupled with a commitment to personalized wealth management planning and solutions has enabled us to meet the diverse needs and aspirations of our clients. In first quarter, we reported record revenue of \$5.6 billion and a little more than \$1 billion in net income. That net income rose 10% from the first quarter of '23.

The business generated positive operating leverage and grew revenue faster than expense, while improving the pretax margin year over year. While overall average loans were down year over year driven by the securities-based lending, it's worth noting the strong growth we're seeing in custom lending and ending loans in the Wealth Management custom loan book are up 6% year over year. As Brian noted earlier, both Merrill and the Private Bank continued to see strong organic growth and produced good assets under management flows of more than \$60 billion since the first quarter of '23, which reflects a good mix of new client money, as well as existing clients putting money to work.

Expense growth here matched the revenue growth, otherwise fighting off higher investment costs and inflation. Let me also highlight the continued digital momentum here. As an example, Merrill has 86% of its clients now engaging with us digitally and 80% utilizing e-delivery. 76% of their eligible accounts are now opened digitally. So the cost for us to open is half, and the customer cycle times are improved greatly.

On Slide 15, you see Global Banking results, and the business produced earnings of just less than \$2 billion, down 22% year over year, as improved investment banking fees and treasury services revenue were overcome by lower net interest income and higher provision expense. Revenue declined 4%, driven by the impact of interest rates and deposit rotation to interest-bearing, and that impacted NII. The diversification of our revenue across products and regions continues to reflect the strength of this platform, and GTS and investment banking fees are good examples.



In our Global Treasury Services business, some of the NII pressure from higher rates on deposits is offset by the fees paid for moving and managing the cash of clients, and that continues to grow with existing clients, as well as with new client generation. As Brian noted, Investment Banking had a strong quarter. And at \$1.6 billion in investment banking fees, this quarter was the strongest quarter in 7 years, absent the pandemic 2020 and 2021 periods.

An increase in provision expense, included the commercial real estate net charge-offs I discussed earlier, as well as a larger reserve release in the prior year period. Expense increased 2% year over year, including the 35% lift in investment banking fees from the first quarter of '23.

Switching to Global Markets on Slide 16, we'll focus our comments on results excluding DVA, as we normally do. The team had another terrific quarter with \$1.8 billion in earnings growing 7% year over year. Revenue improved 6% from the first quarter of '23, and return on average allocated capital was 16%. Focusing on sales and trading ex DVA, revenue improved 2% year over year to \$5.2 billion, which is the highest first quarter result in over a decade.

FICC was down 4%, while Equities increased 15% compared to the first quarter of '23. And the decline in the FICC revenues versus the first quarter was driven by a weaker macro trading quarter that was partially offset by better mortgage trading results. Equities was driven by strong trading results in derivatives and year-over-year expenses were up 4% on continued investment in the business.

Finally, and on Slide 17, All Other shows a loss of \$700 million, driven by the FDIC assessment. Revenue declined year over year, reflecting higher investment tax credit deals. And expense, adjusted for the FDIC assessment, was down at \$113 million, driven by lower unemployment processing costs. Our effective tax rate for the quarter was 8%. And excluding the FDIC assessment and other discrete items, it would have been 9%. And further, excluding tax credits related to investments in renewable energy and affordable housing, our effective tax rate would have been 26%.

Thank you. And with that, we'll jump into Q&A.

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## Q&A

### Operator

[Operator Instructions] We'll take our first question from Steven Chubak of Wolfe Research.

### Steven Chubak

So maybe just to start off with a question on capital management. Just given the strength of your excess capital position, but admittedly still some uncertainty around Basel III endgame and where the proposal could ultimately shake out, I was hoping you could just speak to where you're comfortable running on CET1 and when can we expect that you'll return to 100%-plus type payout?

### Brian Moynihan

I think you should expect that we'll run a cushion, whatever rules come out and when they come out and get clarity, we'll expect to run the requirements plus 50 basis points, up to 100 basis points, of excess. And anything above that, will be either used to continue to grow the company, if needed. If not, it will be returned. And so we're just -- as all of us are -- waiting for the finalization of these rules, right now we're sitting on \$30 billion under the old rules. We have enough under the new rules as previously proposed. But obviously, they're talking about changing them.

So you should expect clarity on that. What you'd also expect is, as we think about it, beginning now, you're basically at the point where you're sitting on the capital, with a very modest need to build a cushion to the rules as proposed, and any changes will be even more favorable than that, I assume. So expect us to

continue to return capital at a fairly strong rate as we move into the second quarter and beyond as the rules become clarified.

### Steven Chubak

Alastair, it sounds like you're still assuming some modest deposit growth in the back half as part of that NII trajectory, that recovery off of the trough in 2Q. Just given your deposit balances increased \$500 billion since COVID, and I know some of that's going to be a function of share gains, but as we prepare for some QT-driven outflows, how do you handicap the risk of deposit attrition? And how does that impact the NII guidance? If you can frame any sort of sensitivity recognizing many of those tend to be hot money or higher-cost deposits.

### Alastair Borthwick

Yes. So first thing, I would just say, Steven, is we've been up against QT for the last couple of years. So the deposits are beginning to settle in now. And if we were to go back to -- if you take, for example, Consumer, if you were to go back to pre-pandemic and think about what long-term, sustainable growth rates look like for Consumer, if you just extended that through from the fourth quarter of 2019 to today, given that the economy is 30% larger, we kind of feel like Consumer is approaching that floor.

So we're still in this belief that Q2 is going to be -- Q3 maybe -- the turning point for Consumer. You can see that slowing though. The rest of our business, if you look at the exhibit we put together on deposits, if you look at that bottom left chart on wealth, you'll see it slowed and grew this quarter. And then in Global Banking on the right-hand side of that page, they're kind of back to pre-pandemic growth rates. They're up 7% year over year. So we're seeing some structure now in the deposit base. Even with QT over the course of the past year, our deposits are up \$100 billion. So it has been a point of conviction of ours that, as we get towards Q2, we'll see the Consumer side begin to stabilize. That's what's driving our conviction that NII will go up in Q3 and Q4. We're in that transition period right now.

### Operator

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

### Mike Mayo

Well, thanks for the outlook for NII and Consumer charge-offs. But once again, I go back to efficiency. And you highlight the 2 billion Erica interactions, the last 1 billion in the last 18 months. You mentioned Zelle transactions now double the check transactions or more than checks plus cash withdrawals from ATMs, plus cash withdrawal from tellers. So for all the great tech work, the efficiency ratio improved 66% to 64% quarter over quarter. But I know you're still not happy with that 64%.

So as you have the NII decline in sight and as you have this tech evolutions continuing, when do you think you can get below a 60% efficiency ratio? What's your outlook for that? Because I'm just reconciling the numbers that we look at with all the progress you're making internally.

### Brian Moynihan

Mike, I think as NII sort of moves along the path that Alastair mentioned, all that sort of flows through because there's no more activity attached to it, as you're pointing out, and we continue to reduce. Marginal expense of that activity because largely, that's a Consumer, Wealth Management, and Global Banking, which don't add lots more clients and stuff and lots more activity even though the numbers go up is out of efficiency. So that continue to improve our efficiency ratio.

As you also well know, when the revenue growth is coming through the Wealth Management business, which, by definition, because of the way the compensation process works, has the lowest efficiency ratio in the company, that's a good thing. Because it grows and we get good profitability growth out of it, but we're fighting that trend. And as one of the largest wealth management businesses in the world, if not -- it's a higher percentage of our revenues and our expense base.

And so we'll continue to drive it down. We're at 64%. You'd expect that to improve as the deposit balance has stabilized for many quarters now and starting to grow. The rate paid has really flattened out sequentially by quarter, and the yield of the portfolio and the yield the assets continue to grow. So we feel good about how it's going. Our focus is really on deploying expenses in operating leverage. And as we get through the twist in the NII, you start to see us return to that again. And that would then obviously drive down the efficiency ratio.

#### Mike Mayo

What are you thinking about expense growth for the rest of the year or next year? For a while there you're trying -- and I get it, inflation has gone up quite a bit. But what are your thoughts about expense growth looking ahead?

#### Alastair Borthwick

Well, last year, remember, Mike, we told you we thought we could drive expense down every quarter. We believe this year, the expense will trend down over the course of this year. And obviously, Q1 is inflated a little bit with just payroll tax and some of the revenue seasonality. But underneath that, there's pretty significant revenue strength. So I think that probably cost us \$100 million or so this quarter. I think we probably are looking -- if this environment continues -- we're looking at another \$100 million per quarter going forward. But it's -- to Brian's point -- it's the good expense that comes with revenue growth over time. That's really the only change, I'd say, with respect to how we think about the expense picture.

#### Operator

We'll take our next question from John McDonald of Autonomous Research.

#### John McDonald

I wanted to follow up on the helpful deposit commentary, Alastair. So you mentioned the Consumer, you're thinking that, that will stabilize in the back half of the year on deposits. Wondering what your mix shift expectations are. Earlier this year, you kind of thought that those customers that moved for rate seeking already had. I'm just wondering at higher rates for longer could put some pressure on rate-seeking behavior again. And what you're baking in, in terms of mix shift from noninterest-bearing into interest-bearing in your outlook and your planning?

#### Brian Moynihan

Yes, John, I think if you look at 7, you could see sort of the mix in the left-hand corner. Remember that one of the things people have to -- we all have to be -- careful about is in the Global Banking area, the way the fees are paid and earnings credit. It messes up the simplicity of noninterest-bearing and interest-bearing, so it's complex. But if you look at the quarters coming across from the first quarter of '23 through the first quarter '24, you can see that -- you're seeing the rate of change slow dramatically and kind of settle in.

So I don't -- a lot of them has moved in that, if you look at the 7-day average for Consumer, going all the way back to the early part of October, it's been relatively stable at \$950 billion, \$960 billion. So we're just getting through the tax seasons and ins and outs in the Wealth Management business and Consumer. People paying tax out on the wealthier side and receiving benefits in on the tax-refund side. So as we stabilize that, we expect it to grow. We don't expect a massive change in how the deposits are structured from a -- what's in money markets, what's in savings, what's in checking, what's in that. It's really slowed down and been relatively stable.

So things jump around, but it's all very good value, even the highest-paid balances in the Wealth Management business are good value for the company. But if you look at what really drives the value to the \$950-odd billion in checking balances, you can see on Page 7 the core checking balances, that's what drives it.

### John McDonald

Yes. You're still feeling, Brian, like the bulk of people that have kind of moved on rate-seeking behavior likely have done so.

### Brian Moynihan

Yes. If you look on the Consumer business and you think about tracking those deposits accounts from pre-pandemic to now, which is one thing we talked about for different purposes. But if you look at where all the deposit balances, if people with lower average balances are still multiples of where they were pre-pandemic, people with the higher balances are actually lower because, obviously, they were sitting on cash when the pandemic and accumulate more cash. And when rates came up, they moved it. And all in, that gives you what you see in Consumer, which is at the end of the day, up a couple of hundred million dollars over where it was pre-pandemic.

And so -- but the people have moved. And you're seeing it, month-to-month is relatively stable as we track that every month on both sides, frankly, the lower average balance accounts from pre-pandemic are basically bouncing around at the same level right now, not going down, not going up. And the higher ones are stable, but they are down 15%, 20% for people with a \$0.5 million, \$1 million balances, largely because they moved it in the market. So we feel stabilized -- there'll be ins and outs, and we'll see it play out, but it's extremely valuable no matter how you look at.

### John McDonald

And maybe as a quick follow-up for Alastair. It's nice to see the core NIM, the net interest yield ex-markets inflect positively this quarter. Is that sustainable, do you feel like? And what are some of the fixed-asset repricing dynamics that are tailwinds beyond the \$10 billion per quarter on securities, in terms of loans or swaps that will come due over the next year or two and help the NIM?

### Alastair Borthwick

Sure. We've talked about the fact that the net interest yield, obviously, this quarter benefits from the NII growth. So you're getting that in the numerator. But we inflated the denominator in terms of the average earning assets last year as we just made the balance sheet more liquid. So that's going to allow us to continue as the deposits growth, to grow the net interest income over time without necessarily growing the other earning assets. So Q2 will have a little more of a challenge. But going forward, I expect all the NII improvement in Q3 and Q4 to drop into that net interest yield.

And part of the things supporting that, John, as you pointed out, is we do have loans repricing. Because we've got loans coming off the balance sheet, we're booking new loans at higher rates. So that's one element. Second element is we've got securities that we're reinvesting underneath all this, too. So obviously, we're sweeping the hold-to-maturity pay downs and reinvesting those at much higher rates. And then third, the teams have been working hard at repricing the balance sheet broadly for things like loans. And I believe we've now had 7 quarters in a row of improving loan pricing. So we just got to keep grinding away at that.

### Operator

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

### Betsy Graseck

I just wanted to follow up on the conversation you were just having. And Alastair, I know that, look, your NII guide improved this quarter due to 1Q results being better than what you anticipated a quarter ago. My question is on the second half '24 improvement: I get that it's going to be an improvement from first half, right? That's basically the base that you're looking at. I'm wondering how you're thinking about the NII trajectory on a year-on-year basis. I believe NII is down about 3% year on year in 1Q. Should we anticipate that, that is kind of stable pace throughout the year? Or that reduces as well when we're talking about second half '24? If you could just give us a sense of year on year, that would be helpful.

### Brian Moynihan

Betsy, before Alastair answers your question, it's good to have you back. And we wish you good luck with everything. So Alastair...

### Betsy Graseck

Thanks so much, Brian. Really appreciate that.

### Alastair Borthwick

It's good to have you. So I guess a couple of things. The first thing is we haven't changed our perspective in terms of this idea of Q2 being the low point and the trough for the year. We haven't changed our point of view on growing in terms of Q3 and Q4. I think the important thing we're trying to convey is, because of the continued stability in pricing rotation and because of this continued stability in deposits, we feel like that extra couple of hundred million in Q1 is something that should flow through in Q2, Q3, and Q4.

And then there'll be a second dynamic to watch for as well, Betsy, which is if we have less rate cuts, we're going to benefit from that. We wouldn't necessarily benefit a lot in Q2 because there isn't enough cuts or time in Q2. But I think by the time we get to Q3 and Q4, we'll know more about the rate structure at that point, and we'll be able to tell you more about how -- what we expect for the growth in the back half of the year. But we're reasonably optimistic there.

### Betsy Graseck

Super. That's perfect, thank you. And then just one follow-up is on the AOCI. So we all know that HTM is a portfolio that you're in runoff on, I guess, if that's fair to say, if balances are pulling off. And this quarter we did have a back-up in the long-end of the curve, but your AOCI really didn't flex that much. Part of my question is -- is that a function of how the securities book is comprised? And you've been shifting towards treasuries and that's reducing this risk as the back end of the curve increases, I just wanted to understand how that's trajecting in your mind. Because it is a concern that people raise -- what I saw today suggests that it's much less of a concern than it had been a year ago, say, for example, would you agree with that? Or...

### Alastair Borthwick

Yes. I mean we've deliberately worked on that over time. But we've always, I think, had a pretty good program of hedging the fixed-rate securities in the AFS book, so that they're swapped. And that means that if rates go up, we obviously benefit from that. It doesn't necessarily hurt us in terms of AOCI. So most all of the treasuries that you see in our portfolio are swapped. So I would expect very little in the way of AOCI impact there.

### Operator

We'll take our next question from Glenn Schorr of Evercore.

### Glenn Schorr

Perfectly intro to this question. On Slide 8, you talk about AFS book is mostly hedged with floating-rate swaps with a duration of less than a half year. I know the Fed forward curve keeps not being correct, but at some point it's going to be correct, and rates are going to come in. My question is, what do you do about that? How much do you think about extending duration and managing the swaps a little differently, as we eventually, you know in time, transition to a different rate stack?

### Alastair Borthwick

Yes. So Glenn, look, I mean, ultimately we'll use the same philosophy and strategy that we do to this point. We are in, obviously, a very good position where we have substantial deposits in excess of loans. That's what creates this excess in the top left of Page 8, and it's what allows us to put everything to work in the top right. The balance that we try to strike, you can sort of see on the left-hand side. We're trying to make sure that, that cash and securities yield, compared to deposit rate paid, performs in any environment.

So in an environment like this one where there's an awful lot going on with rates, we feel like, if you look at that spread -- I think it was 1 basis point different quarter over quarter. So we're trying to make sure that we lock in the value, monetize the deposits, regardless of whatever rate environment turns out to be. And we feel like we're pretty balanced now. We've got a pretty good balance of short-dated, long-dated, fixed and floating. That should allow us to perform whether rates go up or down from here.

One final thing I'll just say, and I think you know this. Underneath all of this, obviously, we've got some securities repricing and to the point, I think it was John asked earlier, we've got the loans repricing as well, and all of that gives a little bit of underlying resilience to this.

#### Glenn Schorr

Yes, I get that. I guess you have a lot of flexibility should you decide to time. Just one follow-up. You talked deposits to death. You had a smidgen of year-on-year loan growth, mostly in cards, I think. But I know how we got here, but it's a weird environment with strong economy, up markets, and yet no loan growth. Are we -- is this just -- any way you slice it, we have to like go through another year or two of super low loan growth. Or are there any leading indicators that would lead you to believe we can get back to a little bit more normal BofA loan growth and not have to wait 2 years for it?

#### Alastair Borthwick

I think we're probably getting closer now. We're in that transition period where, post-pandemic, the economy is sort of recovering, and rates are setting in, and it's changing people's behaviors. So we've actually got pretty good credit card growth. And that's just offset by the fact that, for example, with securities-based lending at rates that are 5% higher, people are doing less of it. Or in commercial, we've got some loan growth, but the revolver utilization is still suppressed because revolver costs a lot more. So as the Fed has raised rates, it's changed some of the borrowing patterns of our clients, but that's not going to last forever. Because as you point out, if the economy powers through at 3%, 3.5%, whatever it ends up being, loan growth is going to catch up to that over time.

So for right now, we're in that transition period, so we're anticipating that loan growth will pick up at some point in the future, but it's not an enormous part of our NII guide at this point.

#### Brian Moynihan

And just remember that the capital markets opened up, and a lot of the larger clients accessed them as they, frankly, have gotten used to the higher rate structure and need to refinance. So that -- if you look across the businesses, you've got the commercial run. But if you look across the commercial businesses in the middle market and business banking, the segment up to \$50 million in revenue companies and up to \$2.5 billion, they actually saw progress in loan growth, it was really in the high end, Global Corporate Investment Banking business, where you saw sort of pay downs bring that down.

That phenomena is one that occurs from time to time. It's probably stabilized now, and we'll see it play out. But we are fighting for loan growth. And frankly, line usage stabilized and is better than it's been for the last few quarters in terms of trend. And so again, that all speaks to people feeling fine, but they're not quite as aggressive as they would be when you read the economic statistics, and that's one of the great debates that you can read about in the paper every day.

#### Operator

Take our next question from Matt O'Connor of Deutsche Bank.

#### Matt O'Connor

So obviously, there's been a lot of questions on net interest income and a lot of good color. I guess. Just when you put it all together, like when you think about the higher-for-longer environment, obviously, it's good on the reinvestments, you're trying to match the deposits like you talked about. But how would you just boil it down, the rate disclosures still show \$3 billion kind of exposure to either side. If stable rates for a couple of years, is that good? Or does that accelerate the deposit repricing? Or just boil that down.

### Alastair Borthwick

Sure. Well, I'd say generally speaking, higher-for-longer is probably better for banks as a general statement. The question will become why are rates higher? Like what's going on in the economy? Are we talking about inflation? Is it under control? Is it coming down? Right now, that appears to be the case. So that's obviously a good place. And the Fed is in a good place because they appear to have rates -- a real rate that's high enough to make sure that inflation stays in a good place.

Things can change that, so an awful lot will depend upon just the why for rates. But generally speaking, if it's just because it's taken a little while longer for the inflation to nudge down before the next set of cuts, that's probably a good environment for us. I would expect us to perform relatively better than we've disclosed so far. And then you're asking a second question, which is around the -- what is the sensitivity look like to plus 100 or minus 100. We've tried to just make sure that we continue to stay balanced. If anything, that corridor of plus 100, minus 100 has gotten narrower and narrower over time as we're trying to lock in NII that's \$4 billion or \$5 billion higher per quarter today than it was 3 years ago and just make sure that the shareholder benefits from that through the course of time. So we'll see how the environment plays out. It's only been a quarter since we were last year talking about 6 cuts, now it's 3. So we just have to watch this play out and stay patient.

### Operator

We'll take our next question from Ken Usdin of Jefferies.

### Ken Usdin

A real breakout quarter for the IB fee line. And just wondering a couple of things within that. One, there was a bit of a back and forth from some of the other banks about whether or not DCM was pulled forward a little bit from future. I wonder what you think about that. And -- but more broadly, just you guys have done a good job taking share. What inning do you think you are in terms of not so much just green shoots, but in terms of where that incremental productivity is in terms of getting that IB line to a more permanent higher level?

### Brian Moynihan

So I think about it, if you go back and sort of the period prior to the run-up in the couple of years after pandemic, you've had sort of mid-\$1.5 billion this type of numbers a quarter. We think we're fundamentally stronger in the market position, as you said. So we feel very good about the work Matthew and the team have done. And we -- as we look at it, we believe that they'll continue to gain share. I think this is a more normalized level and whether it's pulled forward or not, we'll find out.

But it's a more normalized level given those dynamics and one we should be able to build off, especially as I said earlier, the penetration in the middle-market side of our business, whether those clients working up our wealth management in the markets generally, plus working across the globe, and we've done better work internationally. So we feel good, everything that the team has done, the combination of Corporate and Investment Banking is very strong. So we don't think this is an unusually high watermark, and we should be able to build from here.

### Ken Usdin

Okay. Got it. And then one question about Wealth Management. And just client choices in terms of where they're sitting, whether to earning NII or earning fees. Where do you sense that the kind of cash versus fully invested is in terms of the Wealth Management brokerage business? And could that turn to the better, turn to the worse, depending on how that mix answer goes?

### Alastair Borthwick

Wealth Management, I think Lindsay, Katy, and Eric highlight for us regularly just the elevated levels of cash that our clients have. A lot of that is on us, and you can see that in our deposit chart. But there's a lot that we've captured in the investment area, too, where there -- a lot of their flows are coming into maybe it's

money market funds, maybe it's short-dated treasuries, but there's a lot of cash at this point. So that would tell you it's supporting the ability to see continued assets under management flows going forward, depending on how the -- obviously, the stock market shakes out over time. But we're all struck by just the sheer amount of cash on the sidelines at this point.

### Operator

[Operator Instructions] And we'll take our next question from Gerard Cassidy of RBC.

### Gerard Cassidy

Alastair, coming back to that Slide 8, which is obviously quite impressive on deposits, particularly the upper left-hand graph that you've presented. When you go back to maybe 2014 or '15 and take a look at the deposits levels of your company from 2015 to 2019, you just didn't have the growth that you experienced from the end of '19 through today. Can you guys share with us what drove this meaningful increase in not only in excess deposits, but all deposits?

### Brian Moynihan

I think, Gerard, so you've been around long enough to understand some of those dynamics. So as we move through the post-financial crisis, we had -- in terms of that chart, if you looked at it, you had a lot of loans that we ran off because they weren't core loans anymore and kind of troughed out the \$900 billion level and then grew out from there. In 2015, that's where we started driving responsible growth. It was a call to grow now that we pushed out a lot of stuff on financial crisis and got it behind us.

On the -- so the loans then start picking up. But if you remember back then, I think we had almost \$300 billion, if I remember right, if you looked at the slide on loans and the non-line-of-business loans were \$200 billion or something like that, and it's down to \$10 billion, so think about that dimension. So as we ran that down and could grow, we could overcome it. And so then on the growth on loan side, driven by discipline where we want to play and the card business is getting it positioned right now, we could start to push from there, whether it's on home equity business, on the auto loan business.

And on the commercial side, it was -- we had less issues after financial crisis in commercial, but kind of getting through all that, it was getting to their credit quality we wanted. And a source of great growth for us from 2010 and beyond has been we've probably gone from, I don't know, \$20 billion, \$30 billion of outstanding loans out in the international part of Matthew's business, and GCIB almost \$100 billion type of number. So our expansion of our international capabilities, and done with great credit work by Geoff Greener and the team and Bruce Thompson and the team. So put all that together, that's the loan side.

On the deposit side, it really started with a focus that began really prior to -- in the middle of the financial crisis and beyond where we said we're going to go for core checking accounts in Consumer, primary checking accounts, drive customer satisfaction, drive organic growth, and not care about the number of sales as much as the net growth in net sales. And as the team of Dean and Thong over time and then Aaron and Holly now had opportunity to push that, adding 1 million net new checking accounts, all core. We've gone from 60% core to 92%. We've gone from customer satisfaction to the highest levels ever in the mid-80s, top 2 box, et cetera, et cetera. Attrition down the lowest ever, Preferred Rewards kicked in.

And all that has led to higher and higher balance retention and then also more accounts. And so we've probably grown in Consumer from, I think, around \$300 billion at the beginning of 2010, '11 to now \$900 billion. Now there's economic growth and the economy grows, but that's way outsized. That's what's driven the real value of the deposit franchise. And then Wealth Management, again, after Merrill putting together and then driving that core aspects between the team there, has kept us up to \$300 billion. That's from \$200-and-something billion pre-pandemic and probably less than that, it was \$200 billion at the time of the merger.

So all these things are just part of it. And the GTS business investments that have driven those products. So that spread is high and growing again, which is kind of counterintuitive to the narrative that one of your colleagues mentioned earlier, which is leave us out of all the quantitative tightening, all the interest rate and



all the stuff that's supposed to happen. Quarter after quarter, we're now growing the amount of deposits over the top of the loans and the loans, hopefully, will kick back in and grow a little faster, but they still won't use a lot of those balances up and so we feel very good about that position.

And those deposits, as you can see on the bottom of Page 8 on left-hand side, all-in cost is 193 basis points against the Fed funds rate of 5.5%. And the rate of change in those deposit prices have flattened out to be very modest quarter -- linked quarter. And that's just a tremendous leverage for the company.

### Gerard Cassidy

Very helpful, Brian. Maybe as a follow-up, I think, Alastair, you pointed to that your CET1 ratio if Basel III endgame went in as originally proposed, you're very comfortable with it. Can you guys share with us what's the latest? You all read about the watering down of Basel III endgame, do you guys have a sense when you may actually see a final proposal? And could it kick into next year possibly?

### Alastair Borthwick

Look, we don't have an update on the timing yet, Gerard. We're in the same place you are. We're kind of waiting for the rules to come out. And we're still listening for updates from Fed chair and the vice chair, and we'll wait until we see those come out.

### Brian Moynihan

But the key is that we're sitting, even under the current interpretation, we told you earlier on, without any modifications, we're sitting on enough CET1 nominal amount, \$197 billion, that exceeds what we deemed for the increase in RWA under the current version of rules that they proposed. Anything that changes in that would be positive to us. So we don't need to retain capital to meet those standards. We don't -- so we're off and running.

### Operator

We'll take that question from Jim Mitchell of Seaport Global.

### Jim Mitchell

Maybe just one last follow-up on that last question from Gerard. If Basel III is reduced, as Powell suggested, is it with limited loan growth just more likely to be put towards buybacks? Or do you see opportunities beyond just loan growth, whether it's building -- growing the trading balance sheet or other opportunities to deploy that capital to drive growth? Just curious how you deploy that.

### Brian Moynihan

Well, number one, our primary interest is to use the capital to support our customer businesses. So you've seen that happen in the markets business: as we said, it was one of the best quarters in a decade -- first quarters. That is a multiyear process of building up not only the balance sheet and capital committed to the business. But importantly also, the investment systems and technology and risk management and other things, as they continue to make money almost every trading day of the last several years. So that's where we'd like to use it, supporting that business, supporting loan business, supporting all the businesses.

The reality is, it's outside of the capital markets business then you go to loan growth. And that -- and the kind of loan growth in mid-single digits, that doesn't eat a lot of the capital up. So then it's just there to be returned. And so we've got 2 basic phenomena. One is we store-housed a bunch of capital. If you think about the last few years between the changes in CCAR a few years ago, that changed the capital dimension and the proposed rules, and then now whatever happens with them. So they were sort of sitting in that in the pandemic. Before that, we were sitting on a fair amount of capital. That should be released over time here.

And then secondly, the question will be what those rules are going forward, and then third would be what do you need to support the business, which again, that's our primary responsibility. But generally, that is a modest amount of capital. And so most of our desire is to -- is really deploying more expenses and

technology investments, and we've gone from \$3 billion to \$3.8 billion in annual technology investments across the last couple of years, more branches. But that's more of an expense question than a capital question.

All right. I think that's all, Lee, correct? Okay. Why don't we wrap it up here. Thank you for your time and attention. This quarter marks another quarter of strong organic growth across every business, continued this quarter. Good fees and what we call fees and commissions in the Wealth Management business, Investment Banking and Trading. NII continues to outperform what we told you last quarter for the quarter. First quarter, we rolled that into second quarter, and we expect to continue the performance in that as we go through the trough and meet the higher second half of the year. We continue to manage expenses well in the inflation rate, and we start with strong capital and liquidity and a strong balance sheet.

So the team did a great job this quarter. We look forward to talking to you next quarter. Thank you.

#### Operator

This does conclude the Bank of America earnings announcement. You may now disconnect. And everyone, have a great day.

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