

Responsible Growth

An Interview with Brian Moynihan, Chairman of the Board and Chief Executive Officer, Bank of America

EDITORS' NOTE Brian Moynihan leads Bank of America's team of more than 200,000 employees dedicated to making financial lives better for people, companies of every size, and institutional investors across the United States and around the world. He also leads the company's Global Diversity and Inclusion Council. He participates in several organizations that focus on economic and market trends, including the World Economic Forum International Business Council, the Financial Services



Brian Moynihan

Forum and the Bank Policy Institute (chair of both), the Business Roundtable, and the American Heart Association CEO Roundtable (co-chair). He is a member of the Federal Advisory Council of the Federal Reserve Bank, a member of the museum council for the Smithsonian's National Museum of African American History and Culture, and a member of the Brown University Corporation's Board of Fellows. Moynihan earned an undergraduate degree from Brown University and a JD from University of Notre Dame Law School.

COMPANY BRIEF Bank of America (bankofamerica.com) is one of the world's leading financial institutions, serving individual consumers, small and middle-market businesses and large corporations with a full range of banking, investing, asset management and other financial and risk management products and services. The company serves approximately 66 million consumers and small business clients in the U.S. through approximately 4,300 retail financial centers, including approximately 2,900 lending centers, 2,500 financial centers with a Consumer Investment Financial Solutions Advisor and approximately 2,300 business centers; approximately 17,000 ATMs; and award-winning digital banking with approximately 39 million active users, including approximately 31 million mobile users. Bank of America is a global leader in wealth management, corporate and investment banking and trading across a broad range of asset classes, serving corporations, governments, institutions and individuals around the world. Bank of America offers industry-leading support to approximately 3 million small business owners through a suite of innovative, easy-to-use online products and services. The company serves clients through operations across the United States, its territories and approximately 35 countries.

Bank of America is recognized as a top employer by Working Mother magazine and Military Times. The company is also listed on Fortune magazine's list of the Best Workplaces for Diversity and the Best Workplaces for Parents. It was also named one of the Best Places to Work for Disability Inclusion by the U.S. Business Leadership Network and the American Association of People with Disabilities. In 2018, Euromoney recognized Bank of America as the World's Best Bank and the World's Best Bank for Diversity and Inclusion as part of their annual Global Awards for Excellence.

How do you define Bank of America's culture and how critical is culture to the strength and leadership of the company?

We have a set of principles that center around "responsible growth" and it is important when you have a company as big as we are, in as many locations as we are, serving as many clients as we do, that our people understand who we are and what we do and, most importantly, why we do it. Responsible growth is a simple way to encapsulate our values and principles and purpose. We have built a company that is able to deliver on its purpose and live to its values by defining its operating principles and being the best place for people to work, support its communities and deliver results. It is about customers, teammates, shareholders and society.

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How do you communicate this message and the importance of responsible growth throughout the company?

It has to be genuine, real, and straight forward, and you have to communicate it regularly and show that you are living the principles. This is my 12th year as CEO which is a long time in this role and people now ask me to reflect on my time which is different from when I started and was asked who I was and what my plans were for the company. When I started and we were in a challenging situation coming out of the financial crisis, it was critical to give people a reason to come to work and to define our purpose as a company. It was my responsibility to communicate this clearly and often to our team. This quarter will be my 46th earnings call as CEO and we consistently open with our focus on responsible growth and this repetition resonates with the team and helps bring everyone on board as we bring it to life. We make decisions for the business by asking if it is consistent with our principle of responsible growth. It is about being clear about our purpose, communicating that purpose regularly, and then living the purpose every day.

Bank of America's focus on responsible growth has a long-term focus and vision. How do you balance that focus with the pressures for short-term, quarterly results?

We believe that we can deliver for all of our stakeholders – customers, teammates, shareholders and society – which is about profits and purpose. If you believe that you can do this, it gets you away from the short term. We have made decisions that gave up revenue in the short term because we were following our long-term strategy, and this has worked out well for us. This company has been around for a very long time and we are making decisions to ensure that the legacy continues for many more years to come. We know that it is essential to think about the business across time and for multiple years.

How has Bank of America adapted its business to address the challenges caused by the pandemic?

People talk about the pandemic with clarity today, but in early March 2020 there was no clarity at all and no one knew what was happening. When you are making

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decisions in uncertain times, you have to make decisions that are consistent with your principles which for Bank of America is being customer, teammate and community focused. We knew the market volatility and economic disruption was coming and we had to support our team because they were critical to supporting our customers which is essential to supporting our communities. We made a number of decisions early on – the first thing we did was to take all of our high-risk people, which was over 20,000 people, out of our offices as fast as we could. This was before we even knew that this was something that needed to be done, but once it was clear that the virus had an adverse impact on certain people, we acted immediately. This caused a lot of disruption since many of these people could not work right away from home since we needed to get them the technology and make sure they had the training to perform their duties. We made a commitment to no layoffs and continued to adapt with roughly 90 percent of our people eventually working from home.

We realized that our teammates who had kids at home needed to be a technology expert, a tutor, a hall monitor and all of the other things that use to take place in the school and was now happening at home. We knew we needed to get them childcare and that there was no childcare open at that time, so we offered our teammates \$100 a day to hire someone to come to their homes to support their needs. We wanted to take any possible distractions and additional pressures off of our teammates and provide an opportunity where they could work and be effective. This fulfilled our principle of focusing on our teammates.

We had to deal with major issues for our customers in regard to borrowing money and the government distribution programs, and then PPP. We had 10,000 people working on PPP in April 2020 which didn't even exist in February 2020. This related to our customer-centric focus.

We also committed to our principle of community focus, especially in the wake of the George Floyd killing and the issue of social justice. We had already focused on healthcare disparities with masks and supplies for underserved communities, and then committed to programs to address racial injustice.

How will the continued move to online banking impact brick and mortar and will the physical bank remain relevant in the future?

We will have 300,000 to 400,000 people come to our branches today so it is still relevant. We believe in high touch, high tech. The deployment of technology already had a major impact on our business with approximately 40 million digital customers and 9 billion digital transactions a year, so it was a big part of our business. It is about providing the customer with options and making it as efficient and convenient as possible, which means some may do all their banking digitally, some may do a mix of digital and in-person, and some may do it all physically – our responsibility is to be there for them no matter what they decide to do.

Will you discuss Bank of America's commitment to building a diverse and inclusive workforce?

Bank of America has a long history of driving diversity and inclusion. We have a diverse board and a diverse management team, and we measure diversity at all levels of the company since we are trying to match society at all levels of representation. We do business all over society and our workforce should match the diversity in society and we need to continue to attract the best talent possible. It is critical to measure this work and to make progress each year. It is also important to have special programs to enhance our outreach and capabilities, including Pathways where we said we would hire 10,000 teammates from low-income households and neighborhoods for career path jobs to build income diversity at the company. This was a truly diverse population of people across all different ethnicities. We believe that diversity is important because it is the right thing to do, and it is also important for the business since we need to mirror the diversity of our customers and society.

You mentioned Bank of America's commitment to its communities and to addressing societal need. Do you feel it is a responsibility for leading companies to be a force for good in society and to focus on more than just the bottom line?

We have one of the best research teams in the world, and when they look at companies, if a company doesn't do well on ESG factors, you will find that these companies constitute 90 percent of the business failures over the last

decade. Investors will do better if they invest in companies that have a strong ESG performance.

Another way to think about it is that if you believe that we need to address societal issues and global problems, it will take a tremendous amount of money and it will take capitalism to make this happen. If big companies and capitalism do not try to help with these problems, they are not going to get solved. If you feel that capitalism is the best way to address these challenges, you need to make sure that what comes out of that is fair and equitable and just, which is what we refer to as inclusive capitalism. The only way we are going to win this fight and meet these challenges is by bringing business to the table.

How do you describe your management style?

I expect people to be prepared and to put their teammates and the company first. Our team is talented, driven and resilient, and we all share a common goal of helping our teammates to be successful, helping our customers to achieve their goals, helping secure strong returns for our shareholders, and helping our communities and society. We enjoy what we do and have fun.

There have been many wins for the business during your time leading Bank of America. Do you take time to reflect and celebrate the wins or are you always looking at what is next?

In order to be fresh in this job, you have to always be thinking about what is next. This is not to say that I am not proud of what our team has accomplished and this group has done it the right way with the right set of principles. At the end of the day, there is so much opportunity and so much to get done for all of our constituencies, so you can't be complacent. We have achieved so many satisfying things, but we are in a relentless pursuit of excellence in everything we do.

What advice do you offer to young people beginning their careers during this challenging and uncertain time?

I tell people to stay curious. When you are in school, you are dealing with courses and assignments and interacting with classmates and professors, and then you come into business and you have a job and scope of responsibilities to do which can limit you, so the way to continue to grow is to stay curious and continuously learn. ●