201 Summit View Drive, Suite 250 Brentwood, TN 37027 www.bankdirector.com

EXCLUSIVE INTERVIEW TRANSCRIPT

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Place: Bank of America Tower
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Participants: Brian Moynihan (BM), Chairman and CEO of Bank of America
Larry Di Rita (LDR), SVP of Communications of Bank of America
John J. Maxfield (JM), Executive Editor of Bank Director

JM: One thing that has come up in conversations with your team is that you are an avid reader. When you think about Warren Buffett, who you know, and Charlie Munger, they talk about how important it is to be an avid reader when it comes to running a successful business. Can you talk about your reading habits? What do you read? How often do you read?

BM: It's an eclectic mix, but basically newspapers, periodicals, and I get a lot of books sent to me. It's mainly just a lot of articles. The world has changed. It used to be when I delivered papers in college that I'd read *The Boston Globe*, *The New York Times*, *The Providence Journal*, because I delivered them every morning. I still read them, but where you pick up a lot of this stuff today is the article flow on a given day coming through all the feeds. And reading is a bit of a shorthand for a broader type of curiosity. The reason I attend conferences is to listen to other people, to pick up what they're talking and thinking about. So, it's broader than reading, it's about being willing to listen to people, think about what they say. It's about being curious and trying to learn. That's what we try to instill in our people. The minute you quit being educated formally your brain power starts to shrink unless you educate yourself informally.

JM: Charlie Munger talks a lot about mental models, that if you build a mental model and insert information into that model, then it's easier to digest and retain new information. Do you have a mental model for banking that you're constantly building?

BM: I've always had the belief that you have to say what the operating principles are of what you're doing, and the second thing I've always believed in is thinking in terms of the different constituencies that we serve: shareholders, customers, employees and then in banking, we've always had the community. It's sort of the value chain-like thought process. The idea is that if you serve your customers well and delight them, serve your teammates well and delight them, and are a force for good in your community, then your shareholders will end up being delighted. What you hear in responsible growth is an outgrowth of those operating principles. So, it's a mental model but it's actually a basic set of principles.

One principle I use a lot is the Roman proverb, "all things in moderation." I learned that from some of my early bosses. When you're the CEO of a company like Bank of America, you have a lot of smart people working for you who are always going to think they're right. Your job as a senior executive, the CEO, is to balance that and make sure you don't lean the company too much in any one direction. So, there's the centricity around different stakeholders, combined with this idea of keeping all things in moderation. This comes from learning and reading, and it ensures that you don't lean the company in any one way that you have to worry about anything, given any set of circumstances that you can think about.

JM: One of the things that [Bank of America CFO] Paul Donofrio said is that, when you guys are talking about new strategies that you disagree with, that you will cite times in the past when that strategy, or a component of that strategy, has not gone right. As someone who went to law school, that sounds like the use of precedent to prove a point, to be persuasive. When you went to law school and practiced law, did you find that helped to refine your thinking?

BM: The ability to think logically and rely on history and thinking through analogs is something that gets beaten into your head in law school. And history is the same thing. But I've also been lucky through my career to have people who helped me learn the value of perspective. So, in the context of making decisions, sometimes it's about citing analogies or similarities or examples, but sometimes it's just thinking about, even with very senior people, helping everybody step back and think about something from a different perspective. I'm also getting old and have some experience because I was lucky that at an early age I was exposed to a lot of stuff. So, when I say that I know what it's like to have your bank taken away, that's what happened to FleetBoston's investment in Argentina in 2001. We lost all the money we had made there, from 1914 to 2000, in a day. What happened was that we got between people and their government, and we were a convenient force. So, the lesson was how to avoid getting yourself in that position. It's not wholly separate from the reason we take a different position in mortgage today than people may have taken in the past. If borrowing money for a home has much more of a set of elements around it, which get into the rules change because of social views or peoples' views about what the rule of law, you gotta back up and say, "I can't get myself in that situation." So how you run the business also has to have that perspective of thinking through what goes wrong and how it goes wrong, and thinking about the scale of that going wrong when you have 50 million customers also changes your perspective. So, yes, the law teaches you how to think directly, clearly, that's one of the values of legal training. I haven't practiced law for a long time, but after having that beaten into your head consistently it's not something you just forget.

JM: Another thing you mention is that you studied history in college, and you think about banking, right, it's so cyclical, and these are unforgiving cycles given the leverage that is used in this industry. So, if you understand history and you understand cycles, that's to your advantage, right? Do you think about things through a historical perspective? Has that informed how you think about banking?

BM: Yes, you think about it from how you think about the customer. The value of a bank is the ability to help support the real economy and local markets. The company that's trying to expand and the employee that's trying to save, and the transactions that they accomplish to do all that. That's what we do. And the community that we now serve as a company is the world. So, the way you think about the history of banking is that it came up to help people borrow money so, quite frankly, the leverage would help economies grow faster than they would otherwise grow. If you're constrained to only your equity, you only have so much money to spend. If you can take that and borrow against [it], now you can spend twice as much money, if you can do it two times you can spend three times as much. That's the magic of leverage in terms of accelerating progress. That's what banks do, is provide that ability and let people borrow to do something that would take them years for them to save to do, whether that's for a company to build a factory. So, you gotta be careful of leverage and lessons learned and all those things, but on the other hand, it's the core of what we do.

JM: So, when you think about history, you think about it in terms of the bank's role in terms of serving these constituencies as opposed to from the cyclical element?

BM: Well, a lot of [what] you can do now in banking, somebody 30 years ago couldn't do. When you had a restriction that said you could only bank in one state—like, in Illinois, literally only one county. Therefore, to grow past a certain point, even if you had 100 percent market share in that state, you could only be so big. In our case, the bank I started working at first was in Rhode Island. So, if there were 1 million people in our market area, that's all you could serve. That's it. So, pick any number of between zero and 1 million, and that's the biggest you could be. So, then they said "well, let's go outside the state," but because you weren't allowed to have a regular bank, everyone went outside their state on products, right—mortgage, card, loan offices, whatever it was. So, the only way you could conduct a bigger company past a point was that then you went to regions—New England region, Southeast region—but still now you're in New England or the Southeast, but you're still constrained. So, until full interstate banking came in, in the mid-1980s, the idea of having a customer-centric bank past a point was impossible. So, our mortgage company back in those days—the old legacy Fleet franchise—was, let's say we were x percent of market share, I think we were the largest mortgage company in the country at one point, while our bank was 15th in terms of total size. So, when you put this nationwide franchise together and the nationwide capabilities together, you have the luxury to think customer first, because mortgage would be a product for that customer base as opposed to a standalone business, because it can coexist with other products—same with card. So, that whole product centricity had developed [and] was the only way these companies could grow. But now it's different, you can do it a different way; we can do it different way. Not everybody can do it because they don't have the branch franchise and the breadth, so there are other people taking a different strategy, and that's their strategy. But for us, we can start with the customer and actually build everything around the customer.

JM: So, the ability to shift the focus from a product-based focused to a customer-based focused was in part a result of the evolution of banking?

BM: Not the ability. There are two ways to think about the word ability. It's the capability of being able to do it, that was because I could actually do it. The ability to do it then took a decision to decide that you were going to do it that way. That was a separate question. You could still keep that franchise built that way, you could still run product centric. You could still do it. We made the decision, I made the decision, absolutely not. The reason why is because then it's the business philosophy that works, is to align from your customers to your back office along customer segment and customer thought process. So, you could keep going down that other strategy even after you have a nationwide franchise, and people do. That's not our philosophy. Our philosophy is you start with the consumer and build it back, and then what you want to do with the consumer is what can help them along their lives, and that applies in the commercial side too, which is also important because you could have a leasing company and different stuff on the commercial side, but we do it in the context, we want to supply leases basically to our commercial customers. So, you could still do it the other way. So, it took both a view of what the right business model is—that came from reading and understanding and thinking about other companies.

This isn't all that different from other types of companies. The consumer product company sells a single product—soap—that's different. But even those, if you read the history of the great ones, they start to think about their products as an array in the household. We're a relationship business, that's what we really are. And we're a service business. We don't sell; we actually have relationships and how that falls and the products that customers need. But you could go a different way and other people will. I think it's inferior because what it doesn't allow you to do is sit back and say, "I'm going to solve that customer's needs," and the success is only by solving those needs as opposed to the success of getting another product into someone's hands. That tends to lead you to reach for risk.

JM: I don't want to talk about Wells Fargo, but when you look at Wells, when you think about letting the customer drive what you provide, do you avoid that risk?

BM: Because you're not trying to sell units, you just didn't do it. You didn't avoid the risk, you didn't have the risk from the start. And by the way, there was a time in our company's history, 10 to 15 years ago, when that's what people were judged on, how many units they sold, and we started changing that a long time ago, and that was based on our view that you're producing a lot of units but what do we get out of it? But that took some guts. If the world judged you by sales/unit volume, we basically just quit doing it. In 2007 and 2008, way back, that changed, so our credit card business, the idea was that we didn't care would come on because people weren't using them. We wanted the primary card, the primary checking account. We wanted the integration between the primary card and the primary checking account. That's what makes it work. Then the integration of the mobile and digital experience, these are all critically important things to think about. And going back to your reading point, this came from reading stuff in the late 1990s, and when we had the opportunity to make the change, you're getting more balance between the size of the franchise—the company I was working for at the time was then down in New Jersey, covering a lot of the population—so you had a choice to actually take your business differently than just growing your mortgage business. So, we started thinking about that, and about alignment, and the alignment between the customer, the people, the technology and the operational process to make it work, based on the customer needs, not based on the product. The product is a part of that delivery system, not the front end. And then when I got to Bank of America, I just kept driving that.

JM: So, this crystallized when you were at Fleet?

BM: It crystallized because that's when I started running businesses. And then I came and ran the wealth management company here. If you go back and look at the operating principles from [when] I ran [global wealth and investment management (GWIM)] at Fleet and when I had GWIM here, we put in a set of operating principles that were all based on the same thing. We gotta start from the customer. So responsible growth is just a restatement of operating principles that we had in the company, but it was a way to get people thinking about it differently at that particular moment, we need to make a switch. And as the world was recovering, we had to make sure that people kept their eyes on the balance and all things in moderation. In my judgment it was the right moment to make sure that as the economy kept going that they didn't start thinking, we gotta grow, that means success, but we gotta do it with the right risk. You gotta do it with a customer focus. We're not going to do acquisitions. These things weren't new, they were just a simpler way for people to visualize what we were doing. And we gotta be sustainable. It was a way for people to think about how our environmental program and our [environmental, social and governance (ESG)] program and our employee program, and then the last piece that was critical to get was the operations piece. It started back then with a set of operating principles. We're customer focused, the way we think about how we run the business, which is that you figure out what the customer wants, you figure out how to build that capability, you figure if your teammates can deliver that capability, then you think about the economics. Because if you start thinking about how you're going to make money on a product, you might figure out that you can't do it in a way that your people can do it or in a way that your customer doesn't want it. So, these are all different ways of expressing the same thought.

JM: So, let's say the financial crisis never happens and you become CEO at the same time, in 2010. The crisis isn't what triggered this thought process. You would have implemented this anyway?

BM: Yes. We had it in GWIM before. The change was that I now had the whole bank. The idea that you had to get people to work together to deliver the whole company. It was just that I didn't have the whole company. The partnership between the private bank and the financial advisors and the asset management firm, then we had premier banking. How you get people to work together in a local market. Those were all things that we were doing, so I just took that and applied it on a bigger scale.

The lessons I learned from subprime lending had nothing to do with the crisis. In fact, Bank of America really had learned the same lesson. Oddly, in a small world, they bought some stuff we had sold in the business through one of the companies they bought, and they had to sell it and get rid of it, so we'd gotten out of the business lots of different ways through our predecessor companies. The issue is we got caught with the overly, and the Countrywide thing. There's a great intellectual debate about subprime. It's not really subprime, it was aggressively structured loans. They were prime borrowers. And that's what caused the problem. It's not Bank of America didn't have some of these principles going on, so I just had … The crisis gave you a way to express what could go on in a way that people could really, really see. You see the credit card originations go up, then you see $60 billion in charge offs. You see what happened in home equity. So, what I can use is it didn't cause the philosophy to form, it gave me an ability to show people when it really gets off course, especially with the power of our company in terms of our ability to generate big volumes of numbers and stuff, the market shares, we're always going to be susceptible to whatever happens in the economy. The question is how to mitigate that. And, you know, the combination of low capital levels and taking on the risk of the acquisitions and stuff, you can very easily demonstrate to people that they don't want to do that again, but it's not different from what I thought and how I ran the business.

JM: So, let me just make sure I understand this, it was a catalyst that allowed you to implement this thing.

BM: You go back to your earlier question about lessons and analogs and stuff; I can pull out the analogs and thinking about getting people to think about it beyond the credit losses. Think about the question of having 58,000 people working in the mortgage business trying to modify all those loans. The work that went in and the strife around them. Those were people that you worked hard to help, but it still wasn't pleasant. Teammates and the cost and the work and being criticized and the brand, those are things that you can very concretely point to why we don't do it is because of that; not just the credit losses, because frankly we had the capital to absorb the credit losses. It's the brand damage and the amount of work and that's not the best thing for the customer. That's why we don't do it. So, it gives you the precise examples to show. And whether it's the losses that Merrill [Lynch] took on [collateral debt obligations (CDOs)] and losses that Merrill took in leveraged finance business. We didn't take that. I can show that this is why we have to stick with the way that the team did it at legacy Bank of America. They didn't have losses. It wasn't pleasant for a lot, no question, but because they were more conservative in underwriting, that's what came through. So fast forward ten years later when people have debates about [it]. You say, "look, this is what happened." It gives you analogs to show people to help them have the courage to keep the course. That's what the value of the crisis was. It doesn't change the principles. It obviously, Bank of America's leveraged finance didn't have losses in the crisis, it was doing it before. This company has a great commercial banking heritage. The reality, though, is that ten years later, people are saying, "why don't we keep up with the Joneses?" It's because we know what that feels like. This isn't theoretical. We know what it feels like when this goes kablooey. So, now, you have people who've worked for our company for ten years and under, weren't working. So, this is where you have to be careful. You've got people who you assume they went through it, but they didn't, they weren't here, they weren't working, they were in grade school. A person that's 25 working for us was 10 when this thing really started to happen.

JM: So, you keep that alive by talking about…

BM: Yeah, through lessons learned. [Chief Risk Officer] Geoff [Greener] takes people through lessons learned. Not because we're trying to scare them. You're just trying to get them to understand balance and trying to understand the context for when we say, "we don't do something," they understand why we don't do it. We can send a memo out that says "don't do it," but we're trying to get them to not waste their time on the debate, but go after it. And there's huge opportunity in terms of market share. That's part of the whole responsible growth thing. You gotta grow no excuses, and you've got to do it with the right risk. We also have to demonstrate, in our own minds, and the team had to demonstrate to themselves as to how much opportunity was out there. So, in the prime credit card business to consumer, with our current customers, two-thirds have a credit card with us, maybe a little more, and about two-thirds of those, they're using as their primary card. So, think about that dynamic. Before I have to worry about finding another credit card customer, if I get that third of current customers, that's a 50 percent growth in the number of cards. If I take the two-thirds to 100 percent, without getting one new person, that grows the business by half. And it's a double whammy if you do both. And then you have just the growth of the world, economic growth. If you add that together, that's a lot of work to do, and that's before you have to ask yourself about getting new ones. So, you get people thinking about that. And that's why our marketing costs are less. The way we can market to that customer is to say, use B of A because travel rewards, cash rewards—is far cheaper than sending mailers out and then make the underwriting business, then book them, it's like 10 percent the cost to get a customer through our network than it is to go out and attain them through a mailer or something else. That difference is huge economically. And when you plow part of that difference back into the rewards programs, which is a virtuous circle, and those rewards programs play off the holistic relationship, not just off the card itself, so if you have a preferred deposit balance with us you get lower rates and other rewards. Those play off themselves, so I'm using the cohesion of the relationship to reward you as a customer, so you bring us more. It's just much less costly. And by the way, we know that customer better and better, and if you go to big data and all the stuff people talk about, we know that customer better than everybody else. Because we're seeing everything they do.

JM: So, you condition your employees to understand this…

BM: Remember, they understood it. Because you go to the other side: People who have worked here 12 years and all lived through it, and they're saying, "my god, I lived through it." So, it's not a question of whether people understand or to convince them, it's to help give them the courage, that's the thing about responsible growth, to give them the courage to accept that there are times when other people grow faster, and we'll make it worst. That's where operating leverage comes in. That's where the operating discipline comes in. We can't have people say that the market is growing at, say, 5 percent in some loan category, so we've got to grow faster than that just because the market. No, go get the right growth. Now, maybe it's 12 or maybe it's 3, but we'll live with what the right growth is. But the way we'll make that work is to make the bank tremendously efficient. We've had 14 straight quarters of operating leverage, but actual nominal cost down is like 12 out of the last 13 quarters. That's because you keep fine-tuning the platform by investing in efficiency. That's where you've got to get people to see the thing. So, yes, you gotta grow and win the market, no excuses. There's enough opportunity; don't tell me there isn't enough opportunity. And if you aren't, that means our strategies aren't working, we're not doing the right thing. But if you see that people are doing things in the market that you don't want to do, that's fine, but then you have to have the operating effectiveness to turn in a better profit. That dynamic, and the credit costs is the bridge.

JM: Let me recap this to make sure I understand what you're saying. That efficiency gives you the flexibility to say no when other people are saying yes, because you can still generate the profits your shareholders expect. You may not have the growth, but you have the profits.

BM: Right, you have the profits. And you have to have the growth that shows that. You gotta grow, no excuses, means you gotta grow no excuses, which means that there's no validity to say that there's not enough people that meet our risk profile or our customer selection criteria; there's just no validity to that. Now, there will be times when certain aspects overheat and so, if the prime credit card market is growing at 4 percent but the overall credit market is growing at 8 percent, then I'm fine if we stay at 4 percent. But we can't say we're not going to grow with the market. That's the subtlety to the message, because there's so much opportunity there. This is not a question of the numbers of people we can do business with or not do business with that are perfectly credit worthy and fit our risk profile. So that's the balance. That's the conundrum. That's the paradox of the ant. I have to grow and be responsible. I have to invest in the future, and I have to bring the cost structure in line. I have to serve the customer well and I have to have the discipline to make sure that it turns out well for them and us, because in the end, the customer not paying us back is not a good thing for them either. So that's the paradox of the ant. You gotta get people to understand that yes, I'm telling you something that inherently you could say has conflict in it, and you're telling yourself it, but if we manage the paradox of the ant well then you have a better business model. Which is, you're growing and being responsible, we're investing, and the expense structure continues to drift down, we are serving the customer well, and we're also able to turn customers down who don't meet our profile.

JM: So, you have all of these constituencies, you have employees, you have the investor world, which is obviously an important constituency, So, in really good times, you're going to have pressure from multiple sides, that's one of the sides you'll have pressure from. So, when I read your shareholder letters, and I hear what you say at conferences and on conference calls, there's this repetition of this message, this responsible growth, responsible growth. That is on purpose? Yes. Is that on purpose because it's to condition them to understand that there are going to be times where you're not going to be growing as fast?

BM: I think we repeat because we want to make sure everybody inside the company and outside the company remembers what we said. And people have a lot of things going on between this quarterly earnings call and that quarterly earnings call that they don't remember what we said. They got all these other companies that they're following or investors themselves have got other opportunities, so you've got to remind them that if you're an investor in this company, this is the benefit. Responsible growth. We're gonna grow. We have the best capabilities and franchise. We have top market shares in all our businesses, but we're going to turn that into seven, eight, nine, ten percent pretax earnings growth because of the way we invest and the operating leverage. You want to remind them of that. Now, it's gotten easier with 14 quarters of positive operating leverage. For a while there they were saying, "that all sounds good, but where's the beef?" Now you can see that with operating leverage, the growth of profitability, and yet … You can also show people that there's ebbs and flows. For instance, in commercial loan growth, in our last earnings presentation we put a chart in that showed for the second quarter of '15, '16 and '17, and '18, the loan growth for the businesses was 5 percent every single quarter. Now other people out there may have been up and down and may have grown faster at some points, but we were almost the same. That's the engine that you keep building on. To make that happen, I have to be adding commercial bankers every quarter. We have to be adding financial advisors to grow on that side. So, we believe that we have to be investing in the future at all times. That's the flywheel you get turning. The commercial bankers you add this quarter don't help you this quarter. The ones you added two years ago are starting to add to that. And that's why you're seeing that constant growth. Now, if the economy goes off a cliff, which we don't see at all, things will happen that you can't avoid, but the question is, are the fundamental underlying business metrics going right? Are you getting more relationships, are you getting more depth to those relationships? People may stop borrowing because they're nervous, but then they'll come back. But in this sort of 2 percent- to 3 percent-growth economy, we have grown pretty consistently. So not only is the messaging right, but the statistics are there too.

One of the messages that people tell you about being CEO is that you'll be surprised by how often you have to repeat yourself. This company is a great company that can do great things, but we don't want anybody [to] think we're doing anything different. And investors will invest in that. The business unit capabilities, the customer base we have, the rising customer satisfaction scores. That's an interesting model. If it grew a little faster and we gave it all back, people would be disappointed, we'd be disappointed for good reason.

JM: So, is this the vision you laid out when Ken announced his retirement, and there was this search, then you interviewed in November 2009, is this the vision you laid out?

BM: It's exactly what we told them. And by the way, we were doing this back in 2010, you guys just couldn't figure it out. If you go back and think about what people wanted to write about our company, whatever the issue of the moment was. In 2010, it wasn't even about mortgage, people hadn't figure out that reps and warranties and all that stuff … You couldn't find it in anybody's dialogue. So whether it was how's this all going to come together between a major traditional bank and Merrill Lynch, how was this going to work, and who is this and that, and all that stuff, but underneath that, every day, people were driving the focus and, by the way, the transformation of retail branches that people talk about, that actually was going on before that and just kept on going. The change in credit card business was a plan that we presented to the board in 2008 that [was] going to restructure that. Change the affinities to the best affinities we had. So, all of this was grinding on, it's just that nobody could see it. And we had divested a bunch of businesses, which people could see a little more in the public domain, the credit card business outside the company, all that was listed out. I told the board, "this is what you need to do." The capital recovered fast, the earnings started recovering, then we had to get through the mortgage litigation cost and the tail end of the credit. As you come through, by 2014, we settled the last major piece of litigation. By then you already had the engine underneath it starting to turn, and you had already brought the cost down from $10 to $15 billion in annual costs. But you already had a plan so we know they would continue to come down. So, the responsible growth dialogue was built because I was trying to get people to see the pivot, but the pivot had already been occurring, but people couldn't find it for a while.

JM: So, the cultural pivot had changed and then it was like 2015 when it was clear in the numbers.

BM: Right, the product centricity, the customer centricity, that stuff we'd been after for a long time. And we had talked about with the board a lot about and back in those days even when the world thought that all we were talking about were the problems, what we were really talking about how exactly a culture change occurs, what that meant in the talent planning process and leadership we had and how you think about that. And then we spent a lot of money doing things that allowed us to live up to the philosophy of being one company and customer centric. We had three deposit systems. How can you be customer centric if you guys out in Portland couldn't get the online improvement because you're on a separate system? The cost of doing it, giving you 100 percent of capabilities was so expensive relative to the few customers on the Northwest system. But that had been true for 15 years, so we invested half a billion dollars in it. We did the biggest bank conversion ever done, and nobody knows it was done because it was Bank of America customers converting to Bank of America customers. That was in California in 2012. So, we finished the Merrill stuff, then we did all this other stuff. That enable us to have one unified platform. That allows Erica to exist. Erica can't exist if I have to wire into three different mobile platforms. So, at the same time not only were we changing the culture, we were also building the underneath systems to get us in a position that we could actually be customer centric. So, we were building systems that allowed rewards to cut across multiple products, all this stuff that they had to deliver at the same time. So, a lot was going on from the day the management team took over before people recognized it. But that allows us to feel like we're moving fast now. And then we just started talking it because people were willing to listen to something other than what our reps and warranties provision was and which pieces of litigation were out there, this that and that other. All of this wasn't true, but the reality is that's what they wanted to talk about.

JM: The goal with all of this is not just for this to be a thing that is a temporary thing. This is a thing that you want this to be part of Bank of America.

BM: The operating principles we run the company on will stay the same. Somebody could change them after I'm gone, but I don't think they will, because they're not something that wears out by time to say that you're customer focused. Now, what exactly you do may change, but the principle of saying that you start with the customer won't. This becomes the culture, it is the culture already. But you can't be complacent. Everything that we've done today is a nice start to what we can do tomorrow. Our view is that we're just getting started here.

We don't take great solace in that we're here. We take great solace in where we can go. So responsible growth and the principles behind that, the eight lines of business behind that drives it, the way we invest drives it, the key to operational excellence takes us to places, allows us to apply artificial intelligence or voice recognition in a way that we couldn't have done without investing heavily in all this stuff. It's all bearing fruit, now we can take it to the next level. That doesn't change, but it's just the start. We continue to see things that we couldn't have believed we could have done. And things are getting adopted faster, and customer behavior is changing faster, to go from zero Erica customers to go to 2 million in 12 weeks. If you saw the Zelle statistics today, 20 billion in transfers for the industry for the quarter. We were 10th on our own. It's a nice start, but you gotta take the attitude that, "what happens when you're gone tomorrow—who's gonna miss you?" You can have pride in your accomplishments, but it's of no merit to what's going to happen next with your customer and teammates, that's all in front of us.

JM: When you say we're just getting started, what exactly do you mean?

BM: Even though people would look at our technology and say, "oh my god, your capabilities in wealth management, why would you touch these?" It's because we'd be out of business if we don't keep improving. Somebody will knock us off. So, the nice start is a sense of urgency that the future is ahead of us and a sense of positioning that no one else has. That we can use to help the customers, communities, shareholders better, and the teammates, benefit in a way that no one else has. That's the nice story part of it.

We'll look back in ten years and say, "oh my God, these three or four things that we thought were going to be really important aren't that important." So, it's going to be different things. It's just that the basic way people interact has changed. That is different. Where that goes, we'll make a mistake in our company, our industry, over guessing where that's going. That's fine. But what we won't do is miss that it's changed.

LDR: Also, John, the getting-started part is the ability to grow within our own customers. In other words, if seven of ten wealth management clients get mortgages somewhere else, we're just getting started. The growth comes from just being able to absorb our…

BM: The getting-started is an admonition and an aspiration at the same time, right? It's saying we've done a great job, we've the second-largest market cap in financial services. We're one of the top ten in the country. We're in the top twelve in the world. Our customer score is the highest ever. That's all interesting, but can we take them places nobody has ever taken them? And, yes, it is because of technology and globalization, megatrends, but it's also because of attitude. You could sit still and really feel good…

JM: There's a million things we haven't talked about, if you wanted to tell this story and make people understand the magnitude and nature of this transformation, is there something we haven't touched on that if you were me, you'd want to make sure you touched on?

BM: You go back to your thesis; the reality is that the right way for the financial services industry to support the real society is to do it in a way that provides the ability for people to be successful and to live their financial lives. Our statement of responsible growth is just a straightforward way to say that to the customer: We're here to help you to live your financial life. We do it in a way that's responsible. We're gonna grow in the right way, focused on you, with the right risk, and we're going to do it on a basis where communities can share in that success. You're going to have great teammates that will be fired up to serve you. And then we're going to do it in a way that's sustainable – open, we're going to keep investing.

The real point I want to say is that this already works. The question is: Given not having to go through what we went through, what we can do with another decade of working at it is really interesting. Because at the same time we were doing all of this, we were doing all of this other stuff. We went from 280,000 people down to 207,000 people. That's a lot of work. So, without doing that, it's a different thing. That's what's exciting about where it goes. Then if you flip to the last point, why is responsible growth critically important if the economy goes into recession, it's because we won't have to go and do all of that again. Yes, our credit card charge-offs will rise. Our home equity charge-offs will rise. Our mortgage charge-offs will rise. Our commercial charge-offs will rise. We're not perfect. Customers will run into troubles. You can see that even if take the stress test. We're here and our competitors are here, which means that we don't have to go through the work of the clean-up. We don't have people saying, "oh my God, are they going to survive?”

It’s a superior business model, built out of curiosity, reading, research and all that stuff. It’s the right way to do it for the customer and society. It’s the right way to do it to support business. But the real point is that, from our selfish standpoint, because we do it this way we won’t be as distracted. We’ll never have to issue equity again. We’ll never have to issue liquidity. We’ll never have to rely on other peoples’ assessments of our company, ratings agencies, you pick it. We don’t need them. We have five years of cash on hand. They can downgrade us, we have five years to get back. That then says, what, I’ll be able to keep investing on a relative basis through the next crisis. I’ll be able to keep going. And that will be far different than what we had to deal with ten years ago, even though we came in and came out of it with the greatest franchise. That is what we’re doing. And, by the way, as one of the largest banks in the world, as one of the largest banks in this country, we’re not going to be the problem that people have to worry about. That’s good for society. That’s what the stress tests and capital rules and all that stuff have accomplished for society, saying “hey, we’re not going to have to worry about these guys in times of stress.” They are pillars of strength in times of stress. As a matter of fact, we were last time, or we would have been except for the acquisitions and since we’re not doing acquisitions, we don’t have to even guess whether someone else is right. We only have to know whether we’re right, and we either know that we were right, but we were so cautious that we never believed ourselves. We’ve built the company so that if we’re wrong, we won’t be as wrong as we were before. That’s the real thing here: how to finish off the other side.