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PRESENTATION

Richard Nigel Ramsden - *Goldman Sachs Group, Inc., Research Division - MD*

Hello. Good morning, everybody, and welcome to day 2 of the Goldman Sachs Financial Services Conference. Before we start, we are required to make certain disclosures in public appearances about Goldman Sachs' relationships with companies that we discuss. These disclosures can be found on the webcast page for your reference.

So up next, I'm delighted to welcome Bank of America Chairman and CEO, Brian Moynihan. This is Brian's 11th consecutive time presenting at this conference. Brian, we genuinely appreciate you coming along, and we genuinely appreciate the consistency with which you've been here at this conference.

I think Brian needs no introduction. I think he's known to everybody on this call. And I think it also goes without saying that under his leadership, Brian has done, I think, an exceptional job in terms of redefining Bank of America and creating tremendous amounts of shareholder value over the last decade.

So Brian, thank you for joining us.

QUESTIONS AND ANSWERS

Richard Nigel Ramsden - *Goldman Sachs Group, Inc., Research Division - MD*

So we always start with this question on the environment. And I do appreciate that this year is a very difficult year. There's a lot of uncertainty. There's a lot of unknowns. But what is your take on the state of the economy today? And as we head into 2021, what is your base case in terms of economic growth, economic activity? And perhaps you can augment the answer by touching on what you're seeing today across your platform, both from a corporate spending, but also a consumer spending perspective.

Brian Thomas Moynihan - *Bank of America Corporation - Chairman, CEO & President*

Sure. Thank you, Richard, for having me. It's a pleasure to be here again. I wish we were down in Lower Manhattan. It would be more enjoyable.

But just on the overall -- look, our research team has got a projection to end this year 3.5% down for the year 2020 in GDP in the U.S. and up 4.5% next year. But importantly, I think, for our team and the teams across that make up the blue chip, what has been is the travel of that from minus 30, plus 30, plus a few percentage points this quarter in -- but not only the travel generally, but the fact that they've constantly moved forward the place -- the economy across over next year. So we're now at the end of next year '21, early '22, and at one point, we are at the end of '22 and beyond. And so as that marches in, that is reflecting the belief that you've seen through the stimulus money, through the monetary accommodations and through the travel of the health care crisis, which is going to drive the outcome here, meaning the vaccine treatment regimens, you're starting to see people see the other end.

Now we're going through another period of time that adds uncertainty to that question, which is which way will it go with these extra -- with the added cases and the human crisis that comes out of that. Will governors and mayors and others react differently than they did last time? So far, they reacted by closing things down and restricting activity, which is the right health care answer. But it's not the same type of shutdown as we had in April, May, i.e., all doctors' offices were shut and dentists' offices and things. So I think as we look at it, we feel pretty good.

Now coming back to that, the question you asked is, what do we see? Well, across $2.8 trillion of consumer money movement this year, that is up year-to-date through last Friday, it's up 1% over last year. So with all this in and out, it's pretty hard to believe that we actually have our consumers moving more money this year than last year. And that's been pretty consistently exceeding last year, really, since it turned about in August and September and kept building. The month of December is up double digits. Now still early in December, and you have to play through what happens with all the Christmas season and other holiday season. And the difference -- November was up in the single digits, low single -- 3%, 4%. But the idea was what slid, so to speak, was Good Friday -- Black Friday, excuse me, Thanksgiving, et cetera, slid across time. So that means December is up more and November is up a little less. So overall, the spending is robust.

In our consumers' accounts, they're carrying a lot more balances than they did before. Even customers that have received unemployment benefits, are carrying 10%, 15%, 20% more balances in the accounts of customers. And that's holding and so it's not depleting quickly. It doesn't mean it won't deplete, and it doesn't mean that we don't need another stimulus. So we feel good about that.

On the commercial -- in the consumer loan demand, autos and things like that, mortgage, fairly solid. Credit cards, still, people are spending more of the money they have, i.e., of their debit cards and their credit card. When you come across to commercial, loan growth was stabilizing and the activity is okay. And we expect it to -- right now, we've seen the pipelines build as we're prospecting more, and that serves us well for next year. But commercial payment activity is actually up double digits from last year, and that means the import/export activity is high bringing those goods. And so overall, we feel we're -- basically, we restored the economy at about 95%. We're at 1%, 2% grind in the economy we were before. That's the grind we will have, and we will recover up to where we were over the next 4 or 5 quarters.

And the only thing that would change, that is a major change in the health care path that is predicted. Not that it's perfectly predicted, but it's predicted now to sort of vaccines coming in and volumes next year in the first quarter, second quarter, third quarter, and the ability to return to normal is -- towards the end of next year is kind of the core prediction.

Richard Nigel Ramsden - *Goldman Sachs Group, Inc., Research Division - MD*

So perhaps we can talk a little bit about the election and the results of the election and the ramifications of that. And you touched very briefly on this. But do you feel that the economy needs another round of fiscal stimulus at this point? How important is the outcome of fiscal stimulus to your view for 2021? And maybe you can touch on infrastructure spending as well as potential changes to regulation as a result of the election outcome last month.

Brian Thomas Moynihan - *Bank of America Corporation - Chairman, CEO & President*

One of the questions I always get each election, and I've been in office to have enough of them is, what happens if the election goes this way or that way. And the way I kind of avoid the political debate is I always say, "Look, we've been around for a lot of elections. That one in 1800 was a really tough one. Afterwards, the Vice President was bought up on trees a few years later." So our company will be here, and we'll keep driving what we do, serving clients, customers and communities and driving returns for our shareholders.

But what -- when you ask about stimulus, I think it's really a human question. And it really comes down to -- a simple way to think about it is people want to work and they want to get back to work. We have a group of Americans that can't get back to work because their businesses are closed or their businesses are severely restricted. And we need to, I think, continue to provide a bridge to the other side of the river for that group of people. We have other groups of people who are working, 94% -- if 6% unemployment, flip that around, 94% employment. They're working. Their business are open. Our total employee base were up, headcount for the year, things like that. And so those businesses don't need as much help because they can operate in this environment.

But for the -- I think a stimulus aimed at unemployment -- for the people unemployed to hold them in much better condition, be ready to be employed as we see the light at the end of the tunnel here, I think a stimulus to help the companies that employ them be there, i.e., the restaurants and others that have been shut down and is really impacted by this, that's another round of PPP, and I think then the issues of help for nonprofits in states and governments, they -- we -- I think it's the job of the federal government. In fact, that's what Alexander Hamilton did by nationalizing the debt to basically provide some support to those states who had to spend money that was never planned on because of this pandemic that had nothing to do with them. I think that's the pieces we ought to go through.

We'll see what happens. There's good news going on right now that the agreement is coming together. But I think in the size range that they're talking about, it would be a significant stimulus, given where we are in that when they did the first one, we had 15% unemployment. And now, we have 6% to 7%.

Richard Nigel Ramsden - *Goldman Sachs Group, Inc., Research Division - MD*

Yes. So before we move into the strategic priorities, I wanted to talk a little bit about how you think about the performance of Bank of America in 2020. And I -- look, I guess the question is this. I think it was at this conference a couple of years ago that you spent some time talking about all the changes that you had made to Bank of America over your tenureship, especially around the composition of the loan portfolio around risk management practices and so on. And I also remember you saying it was going to take a crisis though to prove to people that those changes had been made and they had been effective.

I guess we've just gone through the first real-world stress test that we've had since 2008. So if you were to give yourself a scorecard for this year, what would it look like? What stood out to you in terms of the performance of your portfolio? And do you think you've got the appropriate balance in terms of risk -- the risk return profile of the Bank of America franchise broadly where you want it to be?

Brian Thomas Moynihan - *Bank of America Corporation - Chairman, CEO & President*

Yes. So I think -- if you think about it, there are 2 questions embedded in that. One is the risk question. The second is you are you attacking, and we can get to that in terms of how we've driven the business and still grown households and things like that in a crisis, which is enabled by the first.

So if you think about on the risk side, all things in moderation is not an antediluvian concept. It is something that we live by. So we basically got the portfolios balanced. And if you watch what happened in the stress test results, all but 1 year, we had the lowest losses of the big banks. But what's now is -- that's playing out. And so if you look at our actual charge-offs versus the projected outcome, even with the unemployment at the levels of that, they're much lower, which means we even did better than we thought.

We were able to settle the company down and not have to worry about huge cost structures to go into resolving bad loans and things like that. We were able to sit down and go after the clients, and so we went through the portfolios and looked at them. We figured out which clients need help. We're able to provide help to them. Those who get to the markets, we got to the markets. Those are massively different things for this crisis. We were there to take on $275 billion in deposits, $70 billion in loans, conduct PPP, make all the government payments that we were required to make, provide 2 million consumer waivers.

And then as the crisis ebbed, as the stimulus and monetary accommodation and people adjusted to what -- how to change their businesses, here we are with the delinquencies in our portfolio as low as they were last year. All the deferrals are basically through the system. We were down to -- 90-plus percent of them are resolved and all that are really left are really around mortgage, which has issues tied to the regulations it requires to wait to get those resolved. The commercial credit book is strong. The industries are impacted. You can see, we built the reserves.

And if you said, "You're going to take 1 year and earn $4 billion to $5 billion every quarter, build $11 billion reserves, end up with more capital, from $11 billion in '20 to near $12 billion now." Think about that, Richard. That is a statement about responsible growth, and it actually worked.

And so what does that give us the ability to do? That goes to the other side, which is we will grow consumer deposit accounts this year 1 million units, which those are 1 million core households with an average balance of $9,000 per account. So these are not, "Let's just open accounts." We announced a thing called Life Plan last week, which was a financial plan -- about few weeks ago, which is a financial plan, and we project to do 1 million of them in the end of 2020. We've done 2 million. And so these are massive deployments in our digital space that have just taken off, not because of the current environment, because of years in the planning, but the current environment may have enhanced them.

And so you had to -- it sort of had the best of what we thought, made trading profits in the second, third quarter, every day. I think we managed the risk well. We didn't perform in some of the markets like other people who are bigger in them and stuff like that, but we performed very well, record levels of income. The investment banking capabilities proved well. And yet the core consumer business is growing those core checking accounts in the wealth management business. Andy will hit his target for households in Merryll Lynch this year, which was unbelievable considering we haven't been able to have face-to-face meeting.

So that balance enables us just to keep going and do what we had to do for society, for our teammates and for our customers. At the same time, we're able to go out and gain market share. And it's pretty -- that's -- that balance in the credit risk and market risk allowed us to do that.

Richard Nigel Ramsden - *Goldman Sachs Group, Inc., Research Division - MD*

And just as a follow-on. I mean, this is also the first time that the whole new regulatory framework that was put in place after 2008 went through a truly stressed environment. Do you think the regulations in any way hampered your ability to service customers? Or do you think they've already worked the way that you would have hoped in that they reduced systemic risk, but they allowed you effectively to intermediate credit and to act as a stabilizing influence in financial contracts?

Brian Thomas Moynihan - *Bank of America Corporation - Chairman, CEO & President*

So on a firm-specific basis, we never had to change activity. We had tremendous liquidity. We knew we had it. We were able to put it to work. And it was quite something to see loan demand over 4 weeks go up by $70 billion. It was a pretty amazing manner of question. And by the way, every day, you didn't know what it would end the next day. So the idea, well, if I could have said it was only $70 billion -- or not only $70 billion, and I would have known about that what all it was going to be, that was one thing. But you had to be planning as if it were just going to keep going and going and going and going. And so we didn't need any combination. We were fine in terms of liquidity and capital and never got near the buffers and things.

But I think if you look at it from an industry perspective more broadly, we saw some of the vagaries of these rules happen. And so there's a heck of a [patter] about the treasury market. And there should have been. When the treasury market is disrupted and you're having a discussion about whether the government debt is going to be bought and whether we can land this industry to people who carry that debt and own $1 trillion or something like that, $1.5 trillion, that's a question, I think, has to be looked at carefully to make sure that there's stability in those markets. Now what happens if Fed came in and put facilities up? But you'd rather have them not have to do that, for lack of better terms.

So I think we need to look at some of those issues about sheer size of balance sheet. When deposits -- $270 billion deposits comes on our balance sheet and trillions across the industry, you have to look at risk list U.S. obligations and how they count some of the liquidity tests, I think those are all fair things to revisit. But I think the flip side of that is, remember, the capital levels were never questioned. And frankly, the stress test proved, even though they did the supplemental scenarios to help prove that, that -- it's pretty amazing when you think you take an industry going 100 miles an hour and successful growth off the longest recovery -- longest economic growth period in American history, and everything going well and then have it run into the wall without being able to touch the brakes. And you look at it and we are still able to put up the reserves, and by and large, the company has made money throughout things even -- we earned above our cost of capital. It's -- that's a pretty amazing outcome.

So the regulations, I think, work from that standpoint. But they can always be looked at and tweaked and improved to help the market survive. But I think that's -- yes, that's the key issue for the regulators to look at and think about because the belief that we're going to use buffers and stuff, I think you can't. It's just too fraught with air because what you don't know is going to happen tomorrow. So the idea of saying, "We're going to carve into buffers and things like that to support," this isn't -- I don't think works. But on the other hand, I think there's ways that they can look at some of the sheer size requirements, where you have a bunch of deposits, a bunch of cash at the Fed and treasuries. Is that really what they want to constrict you with? Those are things that we need to look but -- and people will.

Richard Nigel Ramsden - *Goldman Sachs Group, Inc., Research Division - MD*

So let's segue to some of your strategic priorities. And look, again, I think your priorities have been very consistent over the last few years. So a couple of questions. I mean, the first is, has 2020 in any way changed your strategic priorities? And maybe we can start with the consumer business because I do think that's a business that you've seen a significant improvement in profitability over the last few years. So as you think about the outlook for that business, how has that changed? How has it evolved? And are you in any way thinking of either slowing the timing of investment in your consumer franchise or? Even accelerating it because you actually think the opportunity set on the outside is way too [high?]

Brian Thomas Moynihan - *Bank of America Corporation - Chairman, CEO & President*

I think -- if you think about the consumer business, they've done a fabulous job. So over the last 10 years, 6,100 branches to 4,300 branches, digital customers probably from 5 million or so up to 38 million, 39 million, whatever they are today, the transaction volumes. And then those payment numbers, I think, is part of the key, is that our Zelle payments and stuff are up 50%, 60% over last year and more. And so the digitization of the whole business from every aspect, we have just been putting the hammer down and we'll continue to put the hammer down.

The question you'd say, "Okay, will you keep opening branches in new cities?" The answer is yes, they're working. And frankly, what you're finding is the ability to shape the branch system because of the digital movement may be faster than we thought, on the side that, that has 10 branches of city, now it only needs 8, which gives you 2 branches to put in another city. So if you look at what's happening in Minneapolis or Denver or Columbus or Cleveland and Cincinnati, we've opened up in the last couple of years Pittsburgh, Salt Lake City. We just -- I think we're up to 12 branches now or getting close to that. Yes, we're seeing deposits come on to the tune of we've moved the top 6, 7 market share in some of these places, starting from, really, 0.

I mean, this is not that they're -- you didn't have a branch, and now that's working. And so does the lower-interest rate environment make the core 0 interest deposits less valuable? Yes. But that's looking at them as a borrowing base. It's a customer base, and that's what we're really after. And so the deposit growth in consumer of core checking accounts, high average balances done the right way with the customers, we know that we'll have great lifetime value. The core wealth management business is the same way. The strategies around the integration between our wealth management and consumer business and the movement of accounts and referrals, as we call them, up to the wealth management business, but also combining our training programs and stuff so we can get more advisers on the place, all these strategies work.

So I don't think we'll take investment off the table because, frankly, our OpEx capability, operational excellence capabilities, have allowed us to run the company on basically flat expenses for 3 or 4 years in a row. And absent the merchant servicing coming on at about $1 billion and the COVID costs, which will come back out, we'll be back at that flattish level, which is now $54-ish billion plus versus $53-ish plus billion because of the merchant services. But that's pretty remarkable given all the work that's gone on. So we can invest and we can make the money to invest. We don't have to say, "We need to take a few billion dollars and go spend it." Because it's been that relentless investment and operational excellence that fuels it.

And we will spend -- next year, we'll move up another $300 million or $400 million in technology, is my guess, in terms of development spending from $3.1 billion to $3.5 billion. And we put $400 million more to drive expense -- operational excellence for the system to just keep pushing the teams and do it. And that sets up '22 and '23, honestly. And still, we'll do that within the numbers we've told you guys.

Richard Nigel Ramsden - *Goldman Sachs Group, Inc., Research Division - MD*

Okay. So maybe we can spend a little bit of time just talking about some of the near-term trends. You touched on loan demand and you talked about it stabilizing back in October. As you think about 2021, how are you thinking through what you think the overall loan book should -- could be? And I guess, within the corporate business in particular, if things really do start to accelerate in the second half of the year, do you think there's a lot of pent-up demand so that corporate loan demand could really pick up? And what is your base case expectation across the consumer business as well to loan demand next year?

Brian Thomas Moynihan - *Bank of America Corporation - Chairman, CEO & President*

Look, if you think about -- let's start with the corporate business. So we came through the third quarter and we observed it was stabilizing, and I'm glad to used the word "-izing" as opposed to stabilize. Because it drifted down a little bit. But it's really, at this point, you're seeing line usage, which has remained an all-time low, not go down anymore, which is a good start. And then you're starting to see the pipelines build. Because remember, back in the second quarter, really when the crisis started, we've told everybody, "Stop prospecting and really dig into your books and understand what your clients are going to need help, and let's go try to help them now before they even may understand they need as much help."

So we went through the entire book each quarter when we get the quarterly financials in, sort the clients out, go to try to figure out how to move people along a path of recovery if their business was damaged. And then we did PPP, and that took us 10,000 people that we didn't go out and hire. We pulled from around the company. Think about that impact on ability to prospect and stuff. We'd -- that's all gone through the system now. So now the teams are out prospecting and we're starting to see the pipelines build. So that, I think, bodes well for returning to sort of a normalized growth rate.

What I'm encouraged by is that you're seeing -- pent-up loan demand would be too strong a word on the commercial side because they can -- it's not like they're holding back. What they're doing is they're investing carefully. But as the economy keeps moving back from 100 down 70 and then back up to 95 in terms of percentages, that amount of activity requires them to use the lines. And so you're starting to see that bear out. Now against that, there's a huge parts of the clearly identified sectors, cruise ships and airlines and hotels and restaurants that are in different place. And so we haven't seen much demand from that area other than restructuring-type demand.

So look, it will play out. We'll get back to single-digit type of growth, and it should have at some point a pop back up if we go from around 30% to 35%, which would be sort of more normalized given the growth of the economy. You'd see a pop back on the commercial side. But the team is working their tails off and out going after the prospects because our business model, we think, is superior.

Now when you go to the wealth management business, that's been interesting. The loan demand has been relatively solid there, and we'll expect that to continue. When you go to consumer, you leave mortgage out, which is going to be driven by the rate environment, cards, we've gone from 90 billion down to 75 billion. And you're starting to see that flatten and work its way back up, that's good news. Home equity follows mortgage because the prepayments get it. And then auto has been relatively strong. So we would say the consumer has been careful and safe. And so we'd expect some movement on the consumer side, but you got to be careful about how much in that is moving because things like autos, we're doing a fair amount of production now.

Now an interesting, small business, which everybody focuses on, and we're the largest small business lender. We just -- we're talking to Sharon Miller who runs the part like under $5 million revenue companies. So really small businesses. And she said that basically, the SBA originations are 70% of what they were last year, again, because we've swung our credit box back to the middle a little bit because we had to tighten it in the middle of the crisis. So we look forward -- we've always said we'll outgrow the economy. We'll outgrow the commercial loans by about 100 basis points. Consumer, absent mortgage, should be in the same boat. And so our teams are out working their tail off on it.

Richard Nigel Ramsden - *Goldman Sachs Group, Inc., Research Division - MD*

So maybe we can talk a little bit about the capital markets business. Maybe you can touch on some of the shorter-term trends that you see.

And then, secondly, obviously, you touched on this, but the business has -- or the industry has done really well. And obviously, you've participated in some of that. But as you think about what drove the strength this year in capital market businesses in particular, how durable do you think that is adding into 2021? Is that just a reflection of the extraordinary conditions in the first 9 months of this year? Or do you think it actually marks the start of a change in terms of overall key bolts in that business?

Brian Thomas Moynihan - *Bank of America Corporation - Chairman, CEO & President*

We'll find that out over the next couple of years because I think it's always hard to predict this business. But when you have record high-grade issuance for the first part of the year, they're driving fees. But just to be very tactical about it, so far, in the trading side, we're up about 15% quarter-to-date over last year's quarter-to-date. We'll see where we finish up, but we feel good about that -- how that team has performed. And that's a good '19 off a good '18, because 18 'to '19, it was up 10%, 15%, I think, if I remember right. So they continue to do well.

Jimmy DeMare runs it, along with Sophie and the team on the equity side. They've settled in. They've got a good pattern. When you talk about things that we always are wondering, do we have the risk reward exactly where we wanted? That business returning twice as cost of capital is going to have very good earnings this year.

But the question is, given our size, have we grown into our size? And do we need to move up? And that gets to some of the cap -- the SIFI buffer, do we want to go up the other thing? And we're looking at all that. That's an internal investment, it's not a change. But there are areas where we could probably expand a bit, and the team is looking at that, Tom Montag and the team. But they've done a good job.

On the investment banking side, our expectation for the quarter is somewhere between $1.6 billion in fees and $1.7 billion in fees, which will be up, again, solid double digits, 10% to 15%. And Matthew Koder, if you remember, I think, 2 years ago-plus when Matthew came in, and we said we just have to turn that business on. And Matthew's done -- he was doing a good job before this. It has shown in this -- in that Matthew has done a good job that we moved our market share up and not only in the ways that we usually did very well in high-grade debt issuance and leverage finance and things like that. But the equity capital markets business has done well, and on top of that, the M&A business, they've gained share. And so Matthew and team had done a very good job. And so we expect them to be up 10% to 15% for the quarter, and knock on wood, everything seems to be going in that direction.

Richard Nigel Ramsden - *Goldman Sachs Group, Inc., Research Division - MD*

So maybe we can talk a little bit about expenses. And I appreciate that you're running a business, you're running a franchise and there's a lot of different moving pieces here. But I think the one thing that everybody agrees on is that this pandemic does seem to have changed consumer behavior. And I think you've given some numbers in the past around the amount of money that you spend on processing and cash and checks and how high that is.

We've also seen this almost -- to us, it seems, like a seamless transfer to this work at home environment. As you kind of digest everything, both in terms of changes in consumer preferences, behavior as well as what you've learned from having 90% plus of your workforce working remotely, how does it change how you think about the longer-term trajectory for expenses for the overall efficiency of the business?

Brian Thomas Moynihan - *Bank of America Corporation - Chairman, CEO & President*

Well, if you think about -- everything digital helps us. And not only does it help us in the way you think about the digital banking customers or interfacing with us on the consumer side. But what we learned a lot in this crisis was a lot more about, to your point about how work process flows and digitizing things like e-signatures, for example, we were marching along, putting that in, in the various businesses. But this required you to do it. That saves you a lot of work.

And think of the wealth management business. E-delivery of statements, which saves you money each time that happens, again, customers adopting things, could have get used to it. Even a deposit of a check in the wealth management business went up dramatically. The way that advisers and wealth management talk to their clients, engage with clients, the way we can distribute the knowledge of the firm from Candace's research team and Chris Hyzy through by having things like this that you can get out to a lot more people than going around the country, the way the specialists and product support sit behind people, all that, we feel good about along as the day-to-day operational process work taking out.

So that's been a -- think about what we did this year is, yes, we will get back to $13.7 billion expenses in the fourth quarter. If that's come back down, we had the litigation last quarter. But if you think about that running, we'll run $1 billion, $1.5 billion of net COVID costs this year to do all the stuff we had to do. Just on health care, we decided to do something so our teammates could provide great customer service when they're working from home. We said anybody who needs to hire somebody to take care of their kids can do that, and we'll pay them $100 towards end of the day to hire someone in your home. We have 2.5 million days have been used on that. And so you can do the math, Richard, because you're quicker with math than I am. That's $250 million.

When childcare centers open, when schools are consistently open, that cost will shift back out. And so there's ways that we'll always manage the cost basis down, but we should not forget this year was incentive. So we'll come back down to that more normalized 54 range, which is basically all $53 billion to $53.5 billion range, plus the $800 million or so for merchant services. So we feel good about.

But in that is just a massive amount of work going on to transform the franchise. And do the trends help? But remember, we're already pretty digital. And so we got some impact and we'll leverage that impact, but the impact came not as much in the consumer business other people may have seen because we're already there. And yes, it kicked up, and yes, it's higher and all that stuff. But it really came to, say, that payments business because there was no other way to do it, frankly. And so we're seeing a massive takedown on this product we call CashPro. That enables us to keep taking out the paper. Most of the commercial business was digital, but the part that was paper is very intense and it's long to take that part out.

So we've said we had $5 billion to do this a few years ago. We chopped away at that -- and we'll continue to chop away -- to move money and currency. ATM and checks are down 20% year-to-date in terms of usage. But the dollar volume is only down like 8% to 10%, which means people are going to ATM less and taking more money off people writing bigger checks. That's all good for us in the -- that's the consumer business. So we'll keep pushing it. But it's across the board. It is not placed with the snap of your fingers. But I think that the team can continue to do this and take advantage of the increase in digital usage in completely different ways to deliver this.

Life Plan, to give you example, is all digital. But still, we'll do 2 million this year, 500,000 will be started with people, our teammates talking to clients because they just don't feel comfortable doing it. That conversion, once they're up and doing it, helps us long term. So we'll let it play out. It will happen everywhere, and I think it will provide that basis.

When you get to working from home, we'll see how that plays out. There are a lot of our colleagues that would come back to the office tomorrow if it's safe. So once the vaccine is in, we'll adjust to see how that all works. And yes, we'll be able to be potentially more efficient with office space. But we started with 130 million square feet of real estate under use at the beginning of this decade. We are down to 70 million. We already have plans to go to 60 million. So this might help at the margin, but that -- we just have to keep executing the plans we had, and we're looking at all possibilities as a team under Anne Walker's leadership. She does a great job there.

Richard Nigel Ramsden - *Goldman Sachs Group, Inc., Research Division - MD*

Look, we have a couple of minutes left so I'm going to take a couple of audience questions. So there's a few on -- just a couple on capital, capital on reserves. So let's start off with one on reserves. And here's the question which is, you set your reserve at the end of the third quarter. That was before the news around a potentially effective vaccine. As you think about reserve adequacy in the fourth quarter, how important is the vaccine news in terms of your overall assessment of the reserve requirement against your loan portfolio?

Brian Thomas Moynihan - *Bank of America Corporation - Chairman, CEO & President*

Well, each successive quarter, the scenario we're against has improved. But the improvement then -- also, when you're set -- and as you said, at the end of September, you're actually using August numbers and what the projections are. And that's improved. So you would expect that the improvement in unemployment, that will reflect in the fourth quarter numbers. The improvement again -- going to the critical element, because of CECL, you're doing lifetime reserves, is when does the economy sort of get back to the same size, and so you can project that the unemployment levels will continuously work down, et cetera.

And so we -- yes, every single factor that you used to set reserves has gotten better this quarter than last quarter. I wouldn't put it all on a new stimulus because that wasn't even accounted in last quarters. It's obviously plus. I wouldn't put it all on a vaccine. I'd put it on the combination of treatment vaccine, the way the world operates, the real unemployment numbers versus the projected employment numbers coming in, the behavior of our customers -- honestly, because unemployment in our customer base is much lower than the unemployment in America just because of the great client selection the team has, all that will bear well. So you should expect that the reserves will start coming down.

But remember -- then you got to wait that. Really, what it comes down to, as you think about it, I think, round numbers, I think we're 60% base case, 40% adverse cases last quarter. And you have more confidence the adverse allocation percentage will come down and the base case are running through. What's driving the numbers up is we still -- the uncertainty leads you to factor in some of these outlying cases, adverse cases, realized cases. My expectation is those will come in. Now we'll bring them back based on the models and based on the science, but there's nothing that's gotten not better, and that's a double negative, in every single projection out there. And so you'd expect that, that will start to come in.

And it's largely going to be around -- what drives it is really 2 elements at this point: the card business and what the expectation of unemployment, because at the end of day, that's that one. And the second is the affected businesses, the criticized assets that grow in the hotel space and things like that, which are modest portfolios. But that, we got -- we have covered well in reserves. Those are the 2 areas that will be the determinant of what happens next, and nothing has been bad about it.

Richard Nigel Ramsden - *Goldman Sachs Group, Inc., Research Division - MD*

And the final question, and we just have a minute for this is, could you talk around your expectations around capital returns, around buybacks in particular? When do you think is a realistic time line for the Fed to lift the moratorium? And what is your appetite to buy back stock in 2021?

Brian Thomas Moynihan - *Bank of America Corporation - Chairman, CEO & President*

Well, I think we don't have to speculate another week or so. We'll have -- I guess, a week from Friday, we'll have the results. We -- if you look at us, we are sitting with a requirement of 9.5 in a capital base of basically, let's call it, 12. And so this is not a theoretical case. And we're not returning what we earn. So -- and so we feel good about it. As soon as they let us do it, we're going to drive, at least back to repurchasing shares, to bringing those numbers back closer to the buffers that we'd like to have, even with the uncertainty and the outcomes of the virus path right now, which are getting more certain.

So our shareholders should be comfortable that we'll continue to pay the dividend solidly, which we did. But we'll continue to buy back stock as soon as we're allowed to. For me, to speculate on when they're going to do it, what they're doing when this close, let's just let it play out. But the reality is we have a lot of excess capital. And all the work we've done for the last decade puts us in a position that we have -- driving response growth, that we have this excess capital. We've actually earned $4 billion to $5 billion a quarter. We put up $11 billion in reserves. We've taken a movement to do all of these programs and all of these extra costs, that's a substantially -- that's a great performance.

And that shows you that our capital is way more than sufficient if you're building capital in the middle of all this. And the balance sheet grew by 20 -- $250 billion, blah, blah, blah, and yet you grew capital through it all. That shows you the complete resilience of this company, and that's -- and so the reward for that should be to let us get back in as soon as we can, and we'll see.

Richard Nigel Ramsden - *Goldman Sachs Group, Inc., Research Division - MD*

Yes. With that, Brian, we're out of time, but we really look forward to seeing you next year, hopefully, in person. So thank you very, very much.

Brian Thomas Moynihan - *Bank of America Corporation - Chairman, CEO & President*

Thank you, Richard. Stay safe.