

BANK OF AMERICA CORP /DE/
Form DEFA14A
September 09, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

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Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Bank of America Corporation

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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No fee required.

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September 2015
Board Leadership and
Corporate Governance Practices

We Are Holding This Vote in Response to Investor Feedback

2

The Board believes the flexibility afforded by the current bylaws continues to assure independent oversight by the Board and is in the best interests of Bank of America and its shareholders

Through engagement with shareholders, the Board heard a clear desire for shareholders to have a vote on the bylaw amendment, and the Board has called a Special Meeting for September 22 to promptly follow through on its commitment to shareholders

The
amended
bylaws
provide
the
same
flexibility
that
97
percent
of
the
S&P
500
companies
1
already
have
in
determining their leadership structure

Bank of America's current structure includes a newly established Lead Independent Director role, with authority, duties and responsibilities that extend beyond industry practice and exceed industry norms. In addition, the Board continues to adopt corporate governance enhancements through engagement with shareholders and in direct response to feedback

The Board recognizes and respects that investor views on the appropriate board leadership structure vary, which is why the Board committed to putting the matter to a vote and acting in accordance with the vote outcome

Note: This presentation may also include quotations from or citations to third-parties; permission was neither sought nor obtained

1
Source: Spencer Stuart Board Index, November 2014.

The
Board
recommends
that
shareholders
vote
FOR
the
bylaw
amendment

Product-focused company

Range of non-core activities

Legacy mortgage issues

High expense base

Bloated balance sheet

Capital challenges

Challenging operating and economic environment

Reorganized around eight client-focused lines of business

Simplified corporate structure eliminated >1,000 legal entities

Divested / exited \$73B of non-core businesses and assets

Achieved \$8B in annualized cost savings through New BAC

Distributed \$~10 of capital through common share repurchases and dividends

Customer-focused company

Growing in our core businesses

Addressed significant legacy issues

Reduced expenses and enhancing culture of efficiency

Strengthened balance sheet and financial foundation

Returning capital

Improving economic environment

Of 31 sell-side analysts covering BAC, 25 rate the company a Buy, five rate it a Hold and one rates it a Sell

1

Our Progress

Where We Are Today

Where We Started (2010)

3

Since 2010 We Have Undergone a Strategic Transformation

1

As of September 9, 2015.

2

Business Insider, Jonathan Marino, Warren Buffett just gave the CEO of Bank of America a vote of confidence at a critical ti

3
CNBC, September 8, 2015. <http://video.cnbc.com/gallery/?video=3000418189&play=1>
On September

2,
one
of
our
largest
investors,
Warren
Buffett,
was
quoted
on
his
views
regarding
Bank
of

America's progress and transformation, indicating that he is:

100% in support of Mr. Moynihan and believes he is doing an outstanding job for Bank of America shareholders.
When [Mr. Moynihan] took over as CEO, he was handed one of the toughest jobs in the history of American banking.

2
CLICK HERE:
Warren Buffett
Speaks in Favor of
Bylaw
Amendment

3

\$256
\$55
4Q09
2Q15
4

1
4Q09
reflects
12/31/09
information
adjusted

to
include
the
1/1/10
adoption
of
FAS
166/167
as
reported
in
our
SEC
filings,
which
represent
non-GAAP
financial
measures.

On
a
GAAP
basis,
long-term
debt
was
\$439B,
total
assets

were \$2,230B and quarterly net charge-offs were \$8.4B in 4Q09. See reconciliations to GAAP financial measures on pages 13

2

Tangible common equity ratio represents a non-GAAP financial measure. On a GAAP basis, the common equity ratio was 8.7

3

Value
at
Risk
(VaR)
model
uses
historical
simulation
approach
based
on
three
years
of
historical
data
and

an
expected
shortfall
methodology
equivalent
to
a
99%
confidence level.
5.0%
7.6%
4Q09
2Q15
\$2,324
\$2,149
4Q09
2Q15
\$11.3
\$1.1
4Q09
2Q15
\$992
\$1,150
\$523
\$243
4Q09
2Q15
Deposits
Long-term debt
\$214
\$484
4Q09
2Q15
Strengthened Capital
Tangible Common Equity Ratio
1, 2
Improved Credit Quality
Quarterly Net Charge-offs (\$B)
1
Reduced Balance Sheet
Total Assets (\$B)
1
Average
VaR
(\$MM)
3
Enhanced Funding Structure
Deposits and LT Debt (\$B)
Built Record Liquidity
Global Excess Liquidity Sources (\$B)

Today We Are a Leaner, Stronger and Simpler Company

1

\$90.1
\$92.3
\$90.2
\$86.4
\$69.3
\$77.4
\$82.3
\$82.1
2011
2012
2013

2014

Revenue excluding net DVA/FVA and market-related NII adjustments

Less net charge-offs (excl. net DVA/FVA and market-related NII adjustments)

Focused on Improving Shareholder Returns

Shift to a More Sustainable Revenue Stream

Revenue (FTE, \$B)

\$77.1

\$72.1

\$69.2

\$75.1

\$71.5

\$66.8

\$63.1

\$58.7

2011

2012

2013

2014

Grew TBV While Absorbing Significant Legacy Costs

Tangible Book Value per Share

Share Price Performance

\$11.31

\$12.98

\$12.95

\$13.36

\$13.79

\$14.43

2009

2010

2011

2012

2013

2014

3

1

Represents a non-GAAP financial measure. On a GAAP basis, revenue was \$93.5B, \$83.3B, \$88.9B and \$84.2B for 2011, 2012,

2011,

2012,

2013

and

2014,

respectively.

On

a

GAAP

basis,

book

value

per

share

was

\$21.48,

\$20.99,

\$20.09,

\$20.24,

\$20.71

and

\$21.32

for

2009,

2010,

2011,

2012,

2013

and

2014,

respectively.

See

reconciliations

to

GAAP

financial

measures on pages 13-16.

2

Includes \$1.1B of provision for the Independent Foreclosure Review (IFR) Acceleration Agreement in 4Q12 that we entered in
commenced pursuant to a consent order entered into by Bank of America with the Federal Reserve and by BANA with the OC

3

Tangible Book Value per Share (TBVPS) reflects the 12/31/09 information adjusted to include the 1/1/10 adoption of FAS 160
financial measures on pages 13-16.

Lowered Expenses

Noninterest Expense, Excl. Goodwill (\$B)

13%

0%

13%

30%

11%

11%

(27%)

35%

37%

12%

(11%)

(58%)

109%

34%

15%

2010

2011

2012

2013

2014

S&P 500

US G-SIFI Peer Average

BAC

1

1

5

DVA=Debit Valuation Adjustment FVA=Funding Valuation Adjustment NII=Net Interest Income

Noninterest expense excl. goodwill

Noninterest expense excl. goodwill and litigation

2

1

1

1
Source:
SNL
branch
data.
U.S.
deposit
market
share
(retail
domestic
deposits)
based

on
June
2014
FDIC
deposit
data,
adjusted
to
remove
commercial
balances.

2
Source: Keynote, 4Q14 Mobile Banking Scorecard, November 2014.

3
Competitor 1Q15 earnings releases.

4
Source: Dealogic as of March 31, 2015.

5
Source: Institutional Investor 2014.
Industry Leading Positions Across Our Businesses

#1 retail deposit market share in our footprint

#1 in mobile banking
with 17.6MM mobile users

#3 in U.S. credit card balances

#1 Home Equity Lender

#1 wealth management market position across client
assets, deposits, loans, and net income before taxes

Top tier middle market advisor with #2 ranking in
US/Canada

#2 in 2014 Global Investment Banking fees

4

#1 leading global research firm for 4 consecutive years

5

6

Top Tier Ranked Businesses in Every Segment in Which We Compete
We Serve Three Groups of Customers Through Eight Lines of Business
People.

Institutions.

Companies.

Retail

Preferred &

Small

Business
Merrill Lynch
U.S. Trust
Business
Banking
Commercial
Banking
Global
Corporate &
Investment
Banking
Global
Markets
1
3
3
3
2

7

In October 2014, the Board amended our bylaws to provide for Board leadership flexibility. On the same date, the Board named Brian Moynihan Chairman, established the Lead Independent Director position and the independent members elected Jack Bovender to the role

Jack Bovender represented the Board in our shareholder engagement efforts regarding our Board leadership structure leading up to the 2015 annual meeting

During that engagement, a number of investors voiced the opinion that shareholders should be given the opportunity to vote on the bylaw change.

In May 2015, Jack Bovender and Brian

Moynihan sent a letter to shareholders on the Board's behalf and committed to holding a shareholder vote to ratify the bylaw amendment no later than the 2016 annual meeting

Jack Bovender and members of management subsequently re-engaged our significant shareholders to gather additional feedback on our Board leadership structure and potential timing of the ratification vote

The Board has committed to act in accordance with the shareholders' voting decision and to continue to engage with shareholders

Shareholder Engagement Has Informed This Special Meeting Vote

Since 2009, the Board has implemented considerable changes in its recruiting and selection process to enhance the Board's experiential diversity and independence to align with its transformation

As part of the nomination process, director candidates are reviewed by Bank of America's primary bank regulators

Of the 13 directors, seven have international experience, nine have CEO experience (including two who

previously served as CEOs of financial institutions), nine have served on another U.S. public company board in the last five years, two are African-American and four are women, one of whom is Hispanic

Board composition features a substantial majority of independent directors

11 of 13 members are independent

Seven of those 11 independent members joined the Board in the last three years

A substantial majority of independent members have had leadership roles at a financial institution or have experience in a highly regulated industry

The Board is refreshed on a regular basis. Average Board tenure at 5 years is below the 8.4 year market average

1

Lead Independent Director role with responsibilities beyond industry norms

Regular Board assessment of optimal leadership structure

Independent and non-management directors meet in executive session at each regularly scheduled Board meeting

14 executive sessions have occurred over the past 11 months

Lead Independent Director presides at each meeting

Lead Independent Director has authority to call an executive session of independent directors