

BANK OF AMERICA CORP /DE/
Form DEF 14A
March 13, 2019
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

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)

PAYMENT OF FILING FEE (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:

- 2) Aggregate number of securities to which transaction applies:

- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- 4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:

- 2) Form, Schedule or Registration Statement No.:

- 3) Filing Party:

4) Date Filed:

Table of Contents

Table of Contents

March 13, 2019

**Letter from our Chairman and
Chief Executive Officer**

Dear Fellow Stockholders:

We are pleased to invite you to the 2019 annual meeting of stockholders, to be held April 24, 2019 at 10:00 a.m., Eastern time, at the Hilton Charlotte Center City on 222 East Third Street in Charlotte, North Carolina.

During the meeting, we will provide an update on the company and how Responsible Growth delivered for stockholders in 2018. It is also a good opportunity for us to hear directly from you.

Your voice and your vote are important. For the 2019 annual meeting of stockholders, Bank of America again will make a \$1 charitable donation for every stockholder account that votes.

This year, we will make contributions to the American Red Cross. Your voting participation in the 2018 annual meeting of stockholders resulted in our contributing \$919,000 to Habitat for Humanity.

Please read the proxy materials and follow the voting instructions to ensure your shares are represented at

**Letter from our
Lead Independent Director**

Dear Fellow Stockholders:

The independent directors and I join Brian in inviting you to attend our company's 2019 annual meeting of stockholders.

The Board values input from our stockholders as the company executes our long-term strategy. As the Board's Lead Independent Director, I meet regularly with investors. I share investors' viewpoints with the Board, and that input enhances our decision-making.

During 2018, our dialogue again covered broad-ranging topics, including the company's financial success; the Board's governance practices and composition; the Board's role in strategic planning, risk management, and in overseeing the company's Responsible Growth execution; the company's environmental and social initiatives; and my role as Lead Independent Director.

So that all stockholders have the opportunity to hear directly from our Board members, video interviews of each director discussing our company's governance practices and what Responsible Growth means to us are available at www.bankofamerica.com/annualmeeting.

the meeting.

Sincerely,

Brian Moynihan

Chairman and Chief Executive Officer

I encourage you to read our 2019 Proxy Statement, our 2018 Annual Report, and the other proxy materials.

Our Board remains committed to building long-term value in the company and returning excess capital to our stockholders. On behalf of the directors, I join Brian and the management team in thanking you for choosing to invest in Bank of America.

Sincerely,

Jack O. Bovender, Jr.

Lead Independent Director

Table of Contents

NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS

Date and Time:

April 24, 2019

10:00 a.m., Eastern time

Place:

Hilton Charlotte Center City

222 East Third Street

Charlotte, North Carolina 28202

Matters to be Voted on:

🌑: Electing the 16 directors named in the proxy statement

🌑: A proposal approving our executive compensation (an advisory, non-binding Say on Pay resolution)

🌑: A proposal ratifying the appointment of our independent registered public accounting firm for 2019

🌑: A proposal amending our key employee equity plan

🌑: Stockholder proposals, if they are properly presented at our annual meeting

🌑: Any other business that may properly come before our annual meeting

Record date. Bank of America stockholders as of the close of business on March 4, 2019 will be entitled to vote at our annual meeting and any adjournments or postponements of the meeting.

Your vote is very important. Please submit your proxy as soon as possible by the Internet, telephone, or mail. Submitting your proxy by one of these methods will ensure your representation at the annual meeting regardless of whether you attend the meeting.

To express our appreciation for your participation, Bank of America will make a \$1 charitable donation to the American Red Cross on behalf of every stockholder account that votes.

Please refer to page 88 of this proxy statement for additional information on how to vote your shares and attend our annual meeting.

By order of the Board of Directors,

Ross E. Jeffries, Jr.

Deputy General Counsel and Corporate Secretary

March 13, 2019

Important notice regarding the availability of proxy materials for the annual meeting of stockholders to be held on

April 24, 2019: Our 2019 Proxy Statement and 2018 Annual Report to stockholders are available at

www.bankofamerica.com/annualmeeting

Table of Contents

PROXY STATEMENT SUMMARY

PROXY STATEMENT SUMMARY

HOW TO VOTE YOUR SHARES

You may vote if you were a stockholder as of the close of business on March 4, 2019.

Online

www.proxyvote.com

By Mail

Complete, sign, date, and return your proxy card in the envelope provided

By Phone

Call the phone number located on the top of your proxy card

In Person

Attend our annual meeting and vote by ballot

YOUR VOTE IS IMPORTANT

Bank of America will make a \$1 charitable donation to the American Red Cross⁽¹⁾ on behalf of every stockholder account that votes. As we conclude two consecutive years of record-breaking and devastating disasters that left communities shattered, the American Red Cross was there to provide food, shelter, relief supplies, emotional support, and long-term recovery planning to help communities devastated by six major back-to-back hurricanes in the U.S. and certain U.S. territories, the most destructive wildfires in California history, six tragic shootings across the U.S., and more than 73,000 households affected by a home fire. As part of the world's largest humanitarian network, the American Red Cross also provided humanitarian aid to more than 18 countries, including financial support, lifesaving supplies, and trained disaster responders.

Bank of America and our employees have donated more than \$4.5 million to the American Red Cross in support of its disaster relief efforts over the last five years.

By voting, you can join our efforts in support of the American Red Cross.

PROPOSALS FOR YOUR VOTE	BOARD VOTING RECOMMENDATION	PAGE
1. Electing Directors	FOR each nominee	2
2. Approving Our Executive Compensation (an Advisory, Non-binding Say on Pay Resolution)	FOR	42
3. Ratifying the Appointment of Our Independent Registered Public Accounting Firm for 2019	FOR	70
4. Approving the Amendment of the Bank of America Corporation Key Employee Equity Plan	FOR	72
5. Stockholder Proposals	AGAINST	80

If you are a beneficial (or street name) holder and you would like to vote in person at the meeting, you must also present a written legal proxy from the broker, bank, or other nominee. See *Voting and Other Information* on page 88 for more information on voting your shares.

To review our 2019 Proxy Statement and 2018 Annual Report online, go to www.bankofamerica.com/annualmeeting.

ANNUAL MEETING ADMISSION

Annual meeting admission is limited to our registered holders and beneficial owners as of the record date and persons holding valid proxies from these stockholders. Admission to our annual meeting requires proof of your stock ownership as of the record date and valid, government-issued photo identification. Security measures may include bag, metal detector, and hand-wand searches. The use of cameras, recording devices, phones, and other electronic devices is strictly prohibited. See *Voting and Other Information Attending our Annual Meeting* on page 91.

- (1) The American Red Cross name, emblems and copyrighted materials are used with its permission and are not an endorsement of Bank of America and its goods and services.

2019 Proxy Statement

i

Table of Contents

PROXY STATEMENT SUMMARY

STRATEGIC OBJECTIVES

What would you like the power to do?

At Bank of America, we ask this question every day of all those we serve. It is at the core of how we live our values, deliver our purpose and achieve responsible growth.

Our values	Our purpose	Responsible growth
🌑 Deliver together	To help make financial lives better, through the power of every connection	🌑 We must grow within our risk framework 🌑 We must grow and win in the market no excuses
🌑 Act responsibly		🌑 We must grow in a sustainable manner 🌑 We must grow with our customer-focused strategy
🌑 Realize the power of our people		
🌑 Trust the team	Eight lines of business how we serve the core financial needs of people, companies, and institutions	

2018 Company Performance / Responsible Growth

(\$ in billions, unless otherwise indicated)

GROW AND WIN IN THE MARKET NO EXCUSES	2018	GROWTH FROM 2017
Net income ⁽¹⁾	\$28.1	54%
Revenue	\$91.2	4%
Average loans in business segments	\$872	4%
Average deposits	\$1,315	4%
Net share repurchases and common stock dividends ⁽²⁾	\$24.6	55%
Primary consumer account holders	91%	1 bp
GROW WITH OUR CUSTOMER-FOCUSED STRATEGY		
Business referrals	7.1 million	11%
Merrill Lynch net new households	29,473	334%
Global Banking U.S. Fortune 1000 (% covered)	94%	(1)%
Active mobile users	26.4 million	9%
Consumer Banking satisfaction	79.2%	6%
Brand favorability	59.3%	2%
GROW WITHIN OUR RISK FRAMEWORK		
Net charge-off ratio	0.41%	(3 bps)
Net charge-offs	\$3.8	(5)%
Risk-weighted assets ⁽³⁾	\$1,437	(1)%
Fully phased-in G-SIB surcharge capital buffer ⁽⁴⁾	2.5%	
Average market risk VaR for trading ⁽⁵⁾	\$38 million	(16)%
GROW IN A SUSTAINABLE MANNER		
Noninterest Expense	\$53.4	(2)%
Efficiency ratio	58.5%	(417 bps)
Tech initiative spending	\$3	(6)%
Shared success awards to employees (% covered)	~ 95%	6%
Low carbon investing	\$21.5	14.4%
Investments in Community Development Financial Institutions	\$1.5	0%
Philanthropic investments	\$250 million	25%

(1) Net income for 2017 included a charge of \$2.9 billion related to the Tax Cuts and Jobs Act.

(2) Represents common stock dividends and common share repurchases totaling \$25.5 billion and \$16.8 billion in 2018 and 2017, less common stock issued under employee plans of \$901 million and \$932 million in the same periods.

- (3) Regulatory capital metrics at December 31, 2017 reflect Basel 3 transition provisions for regulatory capital adjustments and deductions, which were fully phased-in as of January 1, 2018. Risk-weighted assets are presented for the approach that yields the lower Common equity tier 1 ratio, which was the Standardized approach for December 31, 2018 and the Advanced approaches for December 31, 2017.
- (4) G-SIBs are global systemically important banks designated by the Financial Stability Board as of November 16, 2018.
- (5) VaR model uses historical simulation approach based on three years of historical data and an expected shortfall methodology equivalent to a 99% confidence level.
- (6) See page 55 for a list of the companies in our primary competitor group.

Table of Contents

PROXY STATEMENT SUMMARY

GOVERNANCE OBJECTIVES

Our Board of Directors oversees the development and execution of our strategy. The Board has adopted robust governance practices and procedures focused on Responsible Growth. Our Board has implemented a number of measures to enrich Board composition, enhance independent oversight, and increase their effectiveness. These measures align our corporate governance structure with achieving our strategic objectives, and enable our Board to effectively communicate and oversee our culture of compliance and rigorous risk management.

Thoughtful, Interconnected Governance Processes

Key Statistics about Our Director Nominees

6.6	15 of 16	31%	44%	63%	38%
years average tenure, below the 8.4-year S&P 500 average ⁽¹⁾	are independent	are women	are ethnically and gender diverse	have CEO-level experience	have senior executive experience at financial institutions

(1) Our director nominees' average tenure is calculated by full years of completed service based on date of initial election as of our annual meeting date; source for S&P 500 average: *2018 Spencer Stuart Board Index*.

Table of Contents

PROXY STATEMENT SUMMARY

OUR STOCKHOLDERS INFORM AND GUIDE ACHIEVEMENT OF GOVERNANCE OBJECTIVES

Our investor relations and management regularly meet with investors, prospective investors, and investment analysts to discuss our business and strategy. Our Board and management also routinely engage with and listen to our stockholders. In addition to the investor relations meetings, throughout 2018 and into 2019, we provided direct updates about our Board and our company to stockholders and key stakeholders representing approximately 54% of our shares outstanding. Our Board and management met with stockholders and stakeholders representing approximately 35% of our shares outstanding to solicit their input on important governance, executive compensation, human capital management, regulatory, environmental, social, and other matters. This continued dialogue has informed our Board's meeting agendas, and contributes to governance enhancements that help us address the issues that matter most to stockholders and key stakeholders. This engagement process complements our Responsible Growth, and will assist us in achieving our strategic objectives, creating long-term value, maintaining our culture of compliance, and contributing to our environmental, social, and governance activities.

Our Board-driven Stockholder Engagement Process

See [Stockholder Engagement](#) on page 28 for more information on our stockholder engagement philosophy and activities.

Table of Contents**PROXY STATEMENT SUMMARY****COMPENSATION HIGHLIGHTS****Pay-for-Performance Compensation Philosophy**

Our compensation philosophy is to pay for performance over the long-term, as well as on an annual basis. Our performance considerations include both financial and non-financial measures including the manner in which results are achieved. These considerations reinforce and promote Responsible Growth and maintain alignment with our risk framework.

Our executive compensation program provides a mix of salary, incentives, and benefits paid over time to align executive officer and stockholder interests. A majority of total variable compensation granted to named executive officers is deferred equity-based awards, further encouraging long-term focus on generating sustainable growth.

Continued Dedication to Responsible Growth Drove Record Results in 2018

2018 Net Income	2018 Revenue	2018 Noninterest Expense	Quarterly Positive Operating Leverage
\$28.1 billion Record Earnings	\$91.2 billion 4% from 2017	2% from 2017	4 Consecutive Years

In recognition of our Responsible Growth results, overall company performance, and the CEO's individual performance, the Compensation and Benefits Committee and the Board's independent directors determined the following compensation for our CEO:

🌑 Total compensation, inclusive of base salary and equity-based incentives, of \$26.5 million

🌑 94.3% of Mr. Moynihan's total compensation is variable and directly linked to company performance. All CEO variable compensation was awarded in equity (as it has been since 2010)

🌑 Half of Mr. Moynihan’s variable compensation is performance restricted stock units (PRSUs) that must be re-earned based on sustained three-year average performance of key metrics (return on assets and growth in adjusted tangible book value)

🌑 The remainder of the CEO’s variable pay is cash-settled restricted stock units (CRSUs) and time-based restricted stock units (TRSUs) settled in stock

🌑 Based on stockholder input and our Board’s assessment, this overall pay structure is consistent with prior years

🌑 Mr. Moynihan must hold 50% of net after-tax shares received from equity-based awards until one year after retirement

Compensation Risk Management Features

🌑 Mix of fixed and variable pay

🌑 Balanced, risk-adjusted performance measures

🌑 Pay-for-performance process that bases individual awards on actual results and how those results were achieved

🌑 Review of independent control function feedback in performance

🌑 Deferral of a majority of variable pay through equity-based awards

🌑 Robust stock ownership requirements, and executive officers must hold 50% of net after-tax shares received from equity-based awards until retirement

🌑 Use of multiple cancellation and clawback features for equity-based awards

Historical Say on Pay Votes

Our Compensation and Benefits Committee believes the results of last year’s Say on Pay vote and input from our stockholder engagement affirmed our stockholders support of our company’s executive compensation program. This informed our decision to maintain a consistent overall approach in setting executive compensation for 2018.

See Compensation Discussion and Analysis on page 42 and Executive Compensation on page 57.

(1) Total compensation pay components do not equal 100% due to rounding.

2019 Proxy Statement

v

Table of Contents

PROXY STATEMENT SUMMARY

RESPONSIBLE GROWTH

Responsible Growth means we must grow, no excuses. We have to do it by focusing on delivering for clients within our risk parameters. And it must be sustainable. To be sustainable, we want to be the best place to work for our team, we focus on sharing success, and we drive operational excellence.

Brian Moynihan
Chairman and CEO

What would you like the power to do? At Bank of America, we ask this question every day of all those we serve. It is at the core of how we live our values, deliver our purpose, and achieve Responsible Growth.

We deliver on our purpose to help make financial lives better through the power of every connection through Responsible Growth. A tenet of Responsible Growth is that growth has to be sustainable. This means (1) we share our success, including through our focus on environment, social, and governance (ESG) leadership; (2) we invest in our talent and capabilities by focusing on continuous improvement through operational excellence; and (3) we focus on the resources and benefits needed to be a great place to work for our teammates. These business practices enable us to address some of the key challenges facing the world today while also creating business opportunities, allowing us to create shared success with our employees, clients, and communities around the world.

As a result of this work, we are helping to advance the global economy in sustainable ways creating jobs, developing infrastructure, and addressing societal challenges, while managing risk, developing talent, and providing returns to our investors, clients, and for our business. To learn more, visit <http://bankofamerica.com/responsiblegrowth>.

Driving ESG Leadership

Our ESG approach is integrated into each of our eight lines of business and helps define how we pursue growing business opportunities and manage risk. Our management-level ESG Committee is comprised of senior executives across every line of business and support function who help guide the company's efforts and enable ESG progress. The committee identifies and discusses ESG issues material to our business including our human capital management practices, products and service offerings, client selection, and investments in creating a sustainable global economy. It helps set and monitor our progress against these ESG goals, reports regularly to our Board through the Corporate Governance Committee, and oversees disclosure to investors, stakeholders, and clients through annual ESG reporting in our Annual Report and on our company's website.

In addition, the chair of our ESG Committee, Vice Chairman Anne Finucane, and her team engage with consumer advocates, community advisor