JPM AT THE BANCANALYSTS ASSOCIATION OF BOSTON CONFERENCE

TRANSCRIPT

November 06, 2025

JPMorganChase

MANAGEMENT DISCUSSION SECTION

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments

We're going to get started here. Up next, we have JPMorgan. Joining me on the stage is Bori Cox. Bori is a 14-year veteran of JPMorgan, 10 years as a CFO in various businesses, and has been the CFO for the CBB (sic) [CCB] for almost 4 years, I guess, and a CFO under both Marianne and Jen. So, that's like ninja school, I would imagine for CFOs. Welcome, Bori, and thank you for being here.

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

Thank you for having me. And yes, I kind of call it finishing school, but yes.

QUESTION AND ANSWER SECTION

Dick Manuel **Q**
Senior Equity Analyst, Columbia Threadneedle Investments

Okay. Finishing school. All right. So, let's get started. Maybe we'll jump in with a little conversation about the consumer and their health. They seem to be in good shape despite some softening signs in labor markets. We've got a data point on that today. Can you talk about what you're seeing in your business and perhaps stratify your comments by income segments if that's relevant or how you might think about it?

Bori Cox **A**
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

Sure. Sure. Thank you. And yes, of course, given our data, we spend a lot of time really sort of disaggregating what do we see in consumer health based on our credit and debit spend data, in particular, deposits data and obviously across the credit portfolios that we have in CCB. I would say as we've commented throughout the year, consumers remain generally healthy and resilient and we do not yet see any material deterioration in their position whether you're looking at sort of cash buffers is a key metric we're looking at or whether you're looking at delinquency trends, et cetera, and certainly spend. In fact, when we are looking at spend trends, after a relatively softer, although still pretty solid second quarter, we've seen strengthening both in confidence and that reflected in a little bit of strengthening in spend into the third quarter and that does continue. We're still early into the fourth quarter, but we continue to see those trends in the fourth quarter as well.

And when you unpack that, it's really also in discretionary categories. So whether it's retail or travel and dining. So, absent a bigger shock in the labor market, which of course is the key to consumer health in our businesses. As of right now, we don't yet see any material deterioration. And in fact, they continue to remain very resilient. When you unpack it by income bands and we look at it across four different income categories, the trends are actually quite similar. So we've looked, but there is no material divergence. There really isn't any divergence in the trends, whether you're looking at the level of cash buffers that each income category has. It's stable. It's about back to pre-pandemic levels. It's slightly still a little better.

If you're looking at delinquency trends, same story, they're actually slightly lower this year than last year. So, as hard as we look as of right now, again, absent a key – any deterioration, we do look at, payroll disruptions and how those are trending, both in our small business population, as well as by income segment. And again, they continue to remain quite steady. So, continue to look for it. But it's a resilient consumer as of right now.

Dick Manuel **Q**
Senior Equity Analyst, Columbia Threadneedle Investments

And you recently lowered on 3Q call, the net charge-off guidance in the Card business for the year. Could you maybe unpack your drivers for that improvement? And can we get to the comment on what that might mean for 2026?

A

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

Yeah. So, let me just take a step back for those of you who may be a little less familiar or deep into our metrics. But on our credit card portfolio, the guidance we had given through Investor Day, and then second quarter was a 3.6% net charge-off rate for our card portfolio. And then at Investor Day, it wasn't so much a one single point projection, but more a range of sensitivities and scenarios for next year's charge-offs and we had presented that under various scenarios, soft landing, mild recession in the 3.6% to 3.9% range. In terms of our current year-end performance, in the current year, we lowered our guidance from 3.6% to the 3.3% range on the third quarter earnings call.

And as Jeremy mentioned, there were really a few factors behind that. There were some early signs, I would say, in the second quarter that very early delinquencies and roll rates from current to second bucket were starting to trend better than our original forecast models. However, there was a lot of uncertainty at the time, right. We were looking at various scenarios of unemployment rate rising somewhere to the 4.5%, 4.7% range, depending on the rate at which you get there. And then, obviously, many of my peers also in the industry have talked about this concept of delayed charge-offs. And when you were looking at the more recent vintages that were originated post-pandemic, they weren't quite getting to the same expected vintage losses that our prior vintages had gotten to. And so, there was a little bit of uncertainty of when that catch up would happen. And that was a big source of uncertainty in terms of how we thought about our charge-off forecast for the rest of the year.

As the year continued to progress, our early delinquency performance continued to be stronger, our recoveries continued to be stronger. And so, as we see it right now, that 3.3% feels pretty much where we will land. And some of those drivers, of course when we think about the next year, may continue to play out. So, if we were to reforecast those scenarios that we had at Investor Day, you would potentially expect that the similar trend will come down – like will ultimately lead to slightly lower guidance for next year. We're working through that. We're working through the budget process and we will have an official guidance for next year soon. But I do expect that as we're working through the budget to come down slightly from there. Again, all of it very much dependent on what you believe the unemployment rate to trend that next year. And as you know, our economists are – have revised their forecast down a little bit, so we are right now looking at the 4.5% peak unemployment in the second quarter, so it really depends on what you will believe about where that peaks.

Q

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments

Great. So then maybe we could map that conversation into the Auto business. There have been, some – we've seen some uptick in subprime auto delinquencies. Could you maybe talk a little bit about what you're seeing in your business and like, how would you – what read do you get from that, if at all?

A

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

Sure. Sure. So first of all, just on Auto more broadly, the business is doing really well this year. We've had very strong originations both on the loan and lease side of the business. And when we look at the credit performance, as you probably have followed our early delinquency as well as charge-off rate is improving in that business and continues to very much remain within our risk appetite. We are not a big player in subprime. I know Mike was up here earlier as well. And so, true subprime under 620 accounts were a very, very small portion of our originations as we disclose sort of subprime and near prime. So, under 660 is in the mid-single digits, 14% [sic] (4%) or so of our originations and portfolio.

So, we are not kind of the utmost sign, early sign of credit stress in the Auto business. And more specifically, when we looked at our charge-offs and our performance, earlier, 2022-2023 vintages, those are the ones that we did have slightly elevated charge-offs as many players in the industry. We were – it was a very unique point and a very different circumstances in the Auto business, just given very elevated used car prices. And so, we did have a couple of vintages with slightly elevated credit losses. We adjusted to those very fast, in fact, much faster than many others in the industry. And so, we very much see those vintages going through and coming down. But outside of that, early delinquencies look very much as expected.

Dick Manuel Q
Senior Equity Analyst, Columbia Threadneedle Investments

Great. Okay. So, let's talk about deposits in the banking and wealth management sort of area. And I think that, we're expecting that those might inflect, but that would be later than what was the original expectation. Looking back to the Investor Day, kind of what's going on there, what are some of the drivers of maybe what was putting that growth on pause and why that might be less so the case?

Bori Cox A
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

Sure. So many of you probably were at our Investor Day, and there's a famous, well, famous, very much, often quoted chart that we had in our Investor Day presentation, that Marianne walked through various scenarios for our deposit growth. And in terms of what goes into those deposit forecasts, as those of you who may have worked on deposit models over your careers, they are complex, they are very much macroeconomic-driven models. And some of the most challenging things to forecast with your macro driven models is the actual inflection point. So, in terms of what goes into those models and how we think about forecasting them, obviously, new account production is a big input in that from our end, but the main drivers are really the interest rate environment, short- and long-end national income, national nominal income as well as the personal savings rate. And so, as we were looking to forecast under different, various different scenarios, our models were suggesting that, that inflection point would be happening in the second half of this year and partly driven by a slight increase in the personal savings rate, partly driven by rate cuts. The rate cuts are happening slightly delayed relative to what we were projecting at the time. So that clearly pushes it out a little bit. And then on the personal savings rate, debatable whether it is higher or lower than what we were expecting, but certainly in the models themselves, they were projecting to inflect at this time.

As I just mentioned, consumers remain financially healthy. Spend continues to be quite resilient and the stock market which is not currently a direct input into our deposit models has performed extraordinarily strongly. And so, there's definitely a little bit of sort of yield seeking and cash sorting activity that our models are probably not picking up at this moment in time. All of that said, when we take a step back in terms of what's happening, we continue to remain very confident that, what determines long-term deposit growth, all of those underlying drivers continue to remain very strong in our business. We continue to see very strong customer growth, checking account growth across both consumer and small business. And the two of them, we've – as we've talked about, we've had net 10 million new checking accounts across consumer and small business over the last five years, pretty steadily anywhere between 1.5 million to 2 million every year. So, that's really solid underlying customer growth, which we see very clearly when we look at our checking balances and how those are already growing at a very steady clip in the sort of low- to mid-single-digit range.

So, the checking account balance growth is very much what's underlying our long-term projections. Where we are waiting for that inflection point is sort of the higher-end, more affluent customer’s savings, CD balances and how those are stabilizing and eventually expected to grow. So, may have missed that by a couple of quarters, but in terms of all of the underlying drivers and what we are expecting to play through, we continue to remain confident that, that will start to come through in our deposit growth, but certainly in terms of predicting the exact quarter has been a bit of a challenge across the industry.

Dick Manuel Q
Senior Equity Analyst, Columbia Threadneedle Investments

Right. Right. I certainly sympathize with that. Now, that slight delay, does that change in any way your aspirations or your confidence in being able to hit the 15% market share? Or is it just a timing thing?

Bori Cox A
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

As Jeremy has said, the short answer is no, it doesn't change anything. But I can give you the long answer. In terms of the 15% ambition, no, it doesn't really change anything about that. And the reason for that is what I just mentioned, that at the end of the day, long-term deposit growth through a full interest rate cycle, we feel very confident that we have all of those underlying drivers, including growth in very strong primary customer relationships. And that underlying strong growth in customer relationships, we see it currently and consistently outpacing national growth in the customer, in the population. And so, we are gaining share in terms of share of primary banking customers and that will over the longer rate cycle carry through. It might change the timing and we've never put like a specific timing on that 15%.

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

And as a reminder, when you look at the 15% and how you would unpack the 15% deposit share, we've put up a chart at Investor Day that really breaks it down between the various markets. And we truly do believe that deposits is very much a local business and you very much have to win that share at the local market level. So, when we think about how that 15% will build up over time, we have a full, almost 40% of the deposit market where we still have less than 5% branch share. And so, and not only do we have less than 5% branch share, we've built that branch share in the last five years. So, we have less than 1% deposit share in those markets. And so, when you build that out over time, that's going to be a pretty significant tailwind. But it is a tailwind that is not for the faint of heart. It is for long-term investors with the fortitude to build out a network in 45 markets, one branch at a time, building up to 10% branch share in all of those markets, which when you unpack sort of how that deposit share gain or in this current year, a little bit of a setback is evolving, we see it at the market level where even though nationally we've lost a slight bit of market share in those markets where we have been building. We've actually added 20 basis points or so of deposit market share.

So, that's kind of what gives us the strength of conviction that we have plenty of room to grow in all of the markets where we are not yet at 15%, and those are really large significant markets where our strategy is working. But of course, right now, because in some of the very large, more than 15% markets, we are still going through this inflection point in deposits, you are not yet seeing that carry through.

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments

Q

Right. Thank you. That was great. So, deposits obviously a core part of what drives the awesome economics of the business. Another driver of that is on the other side of the balance sheet, card loans, where you had 8% growth, I think in the third quarter. Can you maybe give some color there on your expectations for growth going forward and perhaps other loan categories there?

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

Sure, sure. So, let me start with Card. It's definitely been a key driver of our loan growth over the last few years. And yes, the third quarter loan growth rate was 8%, down slightly from earlier in the year where it was 10% and we think will probably average out for the year in that 8%, 8% plus range. The – and I think at the Investor Day, we have guided to about 9%. So, it's very much in line if maybe slightly lower than the Investor Day guidance. There – the key driver of loan growth there is our very strong card acquisition. We have consistently added over 10 million accounts for the last four years. We are still on track to add over 10 million new accounts this year. And so, that consistent vintage acquisition over the last few years is really layering up nicely to that growth.

In terms of why growth is decelerating and we've talked about this quite a bit. Coming out of the pandemic, we had a real tailwind from revolve normalization. And that revolve normalization had contributed to double-digit growth earlier over the last few quarters. And that has now pretty much carried through and is largely behind us. As we look at customer behaviors, the payment rate has been pretty stable. And so, at this point, we no longer expect revolve growth normalization being a significant tailwind. So, that's just driving sort of why we're looking at 8%. Underneath all of that, of course, from a new account acquisition, et cetera, we have an amazing marketing machine that really contributes to that and a diversified card product portfolio, which we continue to refresh as many of you are well aware.

And with that continuous refreshing, whether it's across our rewards portfolios, our cash back portfolios and co-brand portfolios, we continue to see really strong momentum in our new account acquisition that we think will continue to be a tailwind for next year. So, I'm not going to give you a specific loan forecast for next year. I think we'll wait with that. But in terms of all of the underlying trends, you would expect, relatively similar to slightly decelerating growth, just depending on what we see from revolve normalization and new account acquisition.

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments

Q

Got it.

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

In terms of other, you've asked about other categories.

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments

Q

Yeah.

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

So, on the other loan portfolios, I would say, just touching on Auto, I already mentioned that Auto originations have been strong this year. Now that's a business where we definitely had a liquidity optimization, balance sheet optimization strategy. And so, we expect that portfolio to begin growing going forward as we continue to see pretty healthy originations in that business. And then in terms of mortgages and Home Lending, no secret that has been a headwind to our loan growth as we continue to see paydowns on our portfolios, including in the acquired First Republic portfolio. And even though we have a very strong jumbo origination business, the market has been quite attractive in terms of jumbo securitizations. So, we have been adding less of those jumbo originations to our balance sheet. And as a result, we expect to continue to see slow declines in our Home Lending portfolios. We do have other small portfolios in Business Banking as well as in Wealth Management. But in terms of the main drivers will continue to be Card by and large, and then Auto behind it. And then in Wealth Management, while a relatively small portfolio, as that business continues to grow, securities-based lending continues to be a pretty attractive proposition for customers.

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments

Q

Great. So, on the Card side of things, I'm going to set a placeholder. I'm going to circle back on that and talk about the refresh and the competitive dynamics...

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

Sure.

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments

Q

...and so forth. But that's later in the show. I'd like to swing to expenses. So, I think coming out of Investor Day, the expense trajectory was going to be moderating as we went through this year. A lot of that was driven by the technology spend, kind of moderating as well, which was like a really big factor in the period where expenses were growing higher. So you were doing a lot of investing. So can you talk about the ability to continue to bend the cost curve going forward? And how should we think about what is driving expense growth as we move forward from here?

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

Absolutely. Yes. And obviously, in the middle of budget season, this is a great topic. In terms of expense growth and how we are – let me just start with how we're performing this year, the guidance we gave at Investor Day, happy to report, we're actually going to come in within that as we continue to look for optimizing efficiencies and continue to be very mindful of the direction we have given of living within our means.

Just by way of reference, right, CCB we have 150,000, call it, employees in the business, and that number has been flat this year. And within that, of course, we have areas where we are very much growing and areas where we continue to find efficiencies. So while we are at flat headcount, we continue to invest pretty significantly in all of our front office roles. So whether it's all of the bankers in the 160 new branches that we are building this year, adding there, all of the business bankers, advisors, relationship managers. So the front office and sort of coverage bankers are definitely increasing across the business.

Offsetting that is we continue to have pretty significant efficiencies in operations. And so as we highlighted at Investor Day, and that's really due to two things: it's good old-fashioned expense management and efficiencies, but also early results of efficiencies from all of our AI efforts and AI implementations in operations. And so we're seeing pretty good offsets there.

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

In terms of just bigger picture, I'll switch to product and technology, which, as you mentioned, had been a big driver of our expense growth. We had doubled our investment capacity there over the last five years. And as we said, finally feel like we're about right sized in that capacity relative to the overall size of the business. And so this year, we're flat-ish. And we continue to look to bend the curve there.

What we are very encouraged by in that area is since we have grown very fast, we think we have a lot of embedded productivity gains that we are working hard to unlock in our product and tech space. And again, very focused on using all of the latest AI innovation to unlock some of that capacity in addition to really focusing on improving our operating model and making sure that we are as streamlined as possible in terms of moving with speed, which is really our main focus on product and tech this year.

There will be areas where our expense growth may or may not be moderating going forward. And one of them, I'll just set aside, it's kind of accounting treatment for auto leases that will not be moderating, because we have had pretty good healthy growth in auto leases. And so from a expense growth perspective, we always kind of call that out separately, because there is the corresponding gross up on revenues in the same period.

And then, when it comes to field and marketing, those are really the two other really big components of our expense base. As I just mentioned, when it comes to the field, we continue to invest. And when we look ahead, there are both sort of headwinds and tailwinds on that one. But in terms of headwinds, it's – from our perspective, long term, it's a tailwind.

But in terms of the field, we have crossed the point of decreasing our branch count. So for those of you paying attention, we're over 5,000 in branch count. And we are at this moment in time actually expecting a slight increase in our total branch count. I'm pretty sure that's unique in the industry.

And so while the industry is decreasing branch count to the tune of 1.5%, 2% every year, we are at this moment growing in our branch count, simply because we are no longer finding as many consolidation opportunities as we used to have and we continue on our market expansion strategy.

So with that, as we add branches, as we add branch count, as we continue to refresh our branch network, we definitely have some expense growth that we are planning to have there. Of course, we obsess over the payback of that. We obsess over the productivity of those bankers and those are the metrics we demonstrate at Investor Day. But that will certainly be an area we grow.

And then, of course, there's always marketing. And marketing as Marianne likes to say, it's generally for us more of an outcome than an input, because it really reflects the demand that our customers have for our products, particularly in the card business, which I know you want to get to, but it is highly competitive. And so we will continue to invest to our hurdles, our return hurdles. And right now, we still see plenty of opportunity where we are continuing to pursue market share there.

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments

Q

Great. So let's just drill down a little bit on the AI point that you made because I'd say, the company has been pretty vocal about it being an important transformative technology. As you deploy it into the CCB, like, where should we see the evidence? Is it just an expense efficiency thing? Or is there a revenue case? However, you want to go with that, but just stepping back, where will we see the magic?

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

It will be a little bit of both. And in fact, what we have highlighted is going forward, you may see it more on revenues than expenses, but there are certainly areas where you will see it on expenses, and where you're already seeing it on expenses.

So the way we think about the main applications is really sort of in three areas. There is operational efficiency. We've been at it for a decade through traditional AI, traditional AI models, and making our operations much more efficient, whether it's across underwriting, whether it's back-office processing, et cetera. But you'll definitely continue to see it there.

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

Then, of course, you're going to see it in customer experience. And that's a major unlock that AI provides for us in all of the various customer journeys, where we have the capability to make it much more personalized real time, whether it's on a service or whether it's on marketing and will be a huge driver of customer experience and engagement and out of that future revenue opportunities.

And then, the third component is really around sales and marketing productivity. So things that you can unlock, whether it's on our advisor base, whether it's on our marketing campaigns and making them much more targeted, much more efficient. And with that, the ability to capture a larger MPV.

So we think about it across those three domains. We've been at it for a good period of time. We've talked about it at Investor Day in terms of operational efficiency. We've talked about it in core operations and have made real big headways in servicing, in particular. The capabilities are really moving into some of the more back-office processing capabilities as well.

We're making big headways in Home Lending as a lot of the document processing capabilities are coming online. So lots of opportunities there, including, for example, in travel servicing, which we have at scale now as well.

So what we have highlighted at Investor Day, of course, is you'll see that productivity in truly bending the curve on expenses. We always have to remind that we are a growth business. And so while you see pretty significant efficiency gains, a lot of that will be offset by volume. So net-net, in many areas, we'll probably be flat headcount instead of growing headcount to keep up with volume. But that's really where you need to unpack it and we will continue to unpack it for you in terms of where we see those efficiencies.

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments

Q

Are we seeing it now in the business, would you say? Or is this a conversation that it's really for a year from now just…

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

No, we're absolutely already seeing it..

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments

Q

We're seeing it now? Okay. Great.

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

We're already seeing it. We've been very much active, especially in our operations space, where we are definitely seeing it already in our servicing capabilities, our service engagement efficiencies, which are doubled already this year in growth rate this year relative to prior year. So we're seeing very, very strong signs already in the business.

But as we remind everyone, it's still very much early innings. We just have more conviction now in how fast those capabilities are coming online, how fast we're able to deploy them. And we'll continue to hope to beat that productivity chart that we have put out at Investor Day, but we're gaining more confidence on it.

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments

Q

All right. So I also wanted to swing back and drill down on the branch expansion. So I have two drill-down topics now. We've got the card refresh one and the branch expansion. Maybe we'll start with branches.

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

Sure.

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments

Q

Okay. So earlier this year, you celebrated the thousandth new branch opening since 2018. Clearly, you have an established playbook. You're swimming against the current on this, as you pointed out, other people are net closers. Could you walk us through kind of how long it takes once you open a branch to kind of hit like a meaningful presence and a market share target that – some of the milestones along the way? And how long it takes to reach profitability? And where is kind of a top of the curve in terms of that?

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

Sure. Yes. So – and just by way of background, in terms of how we do it and how we think about it, I was actually Consumer Bank CFO back in 2018 when we started on this journey – 2018-2019. So many of the branches that we have opened since have gone through sort of our business casing process.

I would just say we are very, very rigorous in our branch opening approach, and we have a multi-disciplinary organization working on it, very, very analytical. And every single branch goes through its own individualized business case that is put together in partnership between business and finance.

In terms of how we look at it by market, so obviously, we have a top-down market prioritization framework. And we have been quite broad in that. Certainly, the broadest in the industry and how we think about it. We're focused primarily on the top 125 markets. That's where industry deposits are concentrated.

And now, we are present in 122 of them, which very much wasn't the case when we started on this journey. So we've entered well over 50 – I believe, something like 75 of those markets, may not be quite right. But in terms of the scale of new markets that we have entered is unmatched. It also shows that all of those separate markets, we are basically building from zero to some of those markets, we have reached now maybe 6.5% branch share. Very few of them are actually over 5% branch share.

Boston is a great example, we're over 5% branch share. We started in Boston with our first branch in September of 2018. And we would say, based on all of our analytics, that as the market still stands, you need to be at around 10% branch share – 10% to 12%, depending on which market you are looking at and the density of the particular market where you truly get that power score, as we call it, of your deposit share being significantly higher than your branch share.

We are very much still under that curve in most places. As I just mentioned, in most of these markets that we entered, we're somewhere between the 3% to 5% branch share. And we are somewhere between 0.5 point of deposit share to like 2 points of deposit share.

So very much still building that momentum. And that's why, when we say – one, it requires a lot of fortitude; two, you're doing it for the long term; and three, it will take time to get to those power scores.

When we think about how we build out the markets, right, we generally map it out from the center to all of the suburbs. And we have a real network modeling strategy to ensure that we take into account commuting patterns, spending patterns, and ensuring that over time we achieve the population coverage that we're looking for in each market, which is about 50% of population within driving time.

We have been very clear that most branches break even in less than four years. That's still very true for all of our vintages. We monitor them. And some of them come well within that. So not every branch takes four years to break even. But, on average, it's still under that and it's true by vintage. Of course, it depends on the rate environment; and of course, it depends on the overall market environment.

So one of the fascinating things over the last couple of years is that we are outperforming on our investment balances. So when we build a branch, it's not just about modeling the deposits you're going to get in the branch, but also the investments you're going to get from referrals to

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase **A**

the advisors, and of course, Card business and Home Lending business. But right now, our branches are significantly outperforming on the investment balances that we're generating. And that's just a reflection of the current environment that we're in.

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments **Q**

That's great. So you're probably losing money on some of the newest ones at this point. And there's a lot there moving through the vintage curve...

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase **A**

They're all still – I mean, many of them are still on their breakeven path. So cumulatively, it's definitely a – not a significant contributor, yes.

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments **Q**

And the fortitude part on those, yes.

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase **A**

Yes.

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments **Q**

Okay. So before we open it up, could you just give us a quick feel for how the Sapphire Reserve card refresh is going in the context of Amex, did their refresh on their platinum cards, Citi came out with a premium card. I'm a brand new Sapphire Reserve cardholder with the refresh. I'm enjoying the value proposition, but I also have a platinum card from Amex. So if I have to choose, I don't know how, but how – I don't have to choose at this point. They're both good.

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase **A**

Excellent. Yeah. I mean, I'll just say – and Jeremy mentioned this on the call, Sapphire has already had its best year ever as of the end of September, so exceeding prior year full-year acquisitions. And so feeling very good about it. The Sapphire refresh itself has gone very well. By just way of comparison, when we look at where our acquisition run rate was before the refresh versus right after the refresh to give you just the sense of comparison, in the first month after the refresh, our acquisition rate jumped 3 times. So that was a really good early sign that customers received the value proposition really well. It has since then stabilized. Obviously, there's always an early pop, but it's stabilized to a 2 times run rate since then. So feeling very good about it. Continue to look at the value proposition relative to competitors, of course, and we feel that the ratio of the value we're providing to customers versus the annual fee increase is quite significant and very competitive.

We also just had the conversion of the existing population since the refresh that has happened. And so we're watching very, very closely any potential customer attrition and early signs are very encouraging.

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments **Q**

Great. I think we probably have room for a question or so. Your first question will come from Mike Mayo.

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

Of course.

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments

Q

You don't need a mic, Mike, you are a Mike..

Mike Mayo
Analyst, Wells Fargo Securities LLC

Q

Back on the deposit conversation, in the category of what-have-you-done-for-me-lately, so deposits have not grown much. And I know Dick asked you about this. But I think some of the reasons you've given have been around for a couple of years. I mean, cash sorting, yield seeking behavior.

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

Yep.

Mike Mayo
Analyst, Wells Fargo Securities LLC

Q

Plus, you have a lot more competition. I'm not sure what large banks not opening branches now. So how confident are you that you're going to get that deposit inflection in a couple quarters? Maybe it's just competition, and maybe you don't have it as easy going ahead.

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

Yeah, I mean, that's a great question, Mike. And yes, of course, those trends have been going on for a couple of years, which is why we went from deposits down year-on-year in mid-single-digit rates to now deposits being down 1%, zero, zero, zero. So we're definitely in that moment.

When you look at those drivers and we monitor all of our outflows, whether it's outflows to online banks, whether it's outflows to other brokerage competitors that may have high-yielding offerings, et cetera, those outflows have significantly moderated. And so that's the – it's a continuation of a trend, but there's definitely been a shift and an inflection point in those trends when those are much, much slower than they used to be.

And when it comes to competition, honestly, those like at the ground level, as I just mentioned, it is not the dominant factor, because it is so small at the local level that it's really these macro trends and customers with higher average balances where the inflection point needs to happen. And so that's one of the reasons we are very confident that we have seen our flows among that customer base really slow.

And in fact, one of our internal debates that we're having, if you wish, is we have been extremely successful with our wealth management strategy and Wealth Management business, which I know we haven't talked much about it, but it is growing significantly. And our flows inside of Chase have been really accelerating this year.

So it's possible that we ourselves have been so successful with our wealth strategy that it may have dampened a little bit our deposit growth. We think that's a good thing, because it is deepening wallet share with customers, it's strengthening those relationships. And I wouldn't say, it's definitive, but we are having that internal debate on – are we almost too successful and is that showing up in our deposit growth.

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments

Q

Great. I think, with that, we're going to call it a wrap. Thank you very much.

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

Thank you, guys.

Dick Manuel
Senior Equity Analyst, Columbia Threadneedle Investments

Q

And join me in thanking Bori.

Bori Cox
Chief Financial Officer of Consumer & Community Banking, JPMorganChase

A

Thank you. Appreciate it.