JPMORGAN CHASE ACQUIRES SUBSTANTIAL MAJORITY OF ASSETS AND ASSUMES CERTAIN LIABILITIES OF FIRST REPUBLIC BANK

TRANSCRIPT

May 1, 2023

MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen. Welcome to JPMorgan Chase's Conference Call. This call is being recorded. Your line will be muted for the duration of the call. We will now go to the live presentation. Please stand by.

At this time, I would like to turn the call over to JPMorgan Chase's Chairman and CEO, Jamie Dimon and Chief Financial Officer, Jeremy Barnum. Mr. Barnum, please go ahead.

Jeremy Barnum

Chief Financial Officer, JPMorgan Chase & Co.

Thanks, operator. Good morning, everyone. The presentation is available on our website and please refer to the disclaimer in the back, and thank you for joining. On this morning's call, we will cover the transaction we closed overnight for assets and liabilities of First Republic Bank. I'll keep my prepared remarks relatively brief, so we can get to questions right away.

Starting on page 1, we always talk about how our fortress balance sheet and consistent operating model allows us to invest through cycles. The overwhelming majority of these investments are organic initiatives, and you will hear details about many of them at our Investor Day later this month. But, of course, it applies just as much to inorganic opportunities such as this transaction.

The key transaction details on page 2. We have acquired substantially all of the assets and assumed certain liabilities of First Republic Bank from the FDIC, including approximately $173 billion of loans, $30 billion of securities, $92 billion of deposits, which includes the $30 billion from large U.S. banks, and $28 billion of FHLB advances.

In addition, we will make a payment of $2.6 billion (sic) [$10.6 billion] to the FDIC. We are not assuming First Republic's subordinated debt or preferred stock. The FDIC has provided the traditional 80% loss share with respect to the substantial majority of acquired loans as is typical in a receivership transaction. We will be repaying the $25 billion of deposits from large U.S. banks. The deal also includes a $50 billion five-year fixed-rate funding facility from the FDIC, which helps manage the ALM profile of the transaction as well as the liquidity consumption.

In terms of integration, we have received all necessary regulatory approvals, and this transaction has closed. First Republic branches and offices will open today and operate normally. First Republic clients can bank as usual and feel confident that their deposits are backed by the strength and security of JPMorgan Chase.

I should pause here for a second to address First Republic employees. They are a critical part of First Republic's well-known value proposition of outstanding customer service, and we are committed to treating them with respect, care and transparency. In addition, in connection with any job losses, we would emphasize that, in the normal course, JPMorgan Chase hires tens of thousands of people in the United States each and every year, which means that there will be many opportunities for career redeployment.

Moving to page 3, which summarizes the financial impact of the transaction. We expect the transaction will generate a one-time gain at closing of $2.6 billion post-tax. Importantly, this does not include total restructuring costs of approximately $2 billion post-tax, which we expect to incur over the course of 2023 and 2024. So, accounting aside, on a net basis, the gain is quite modest. It's worth noting that the loss sharing agreement reduces the risk weighting on the covered loans to an average of about 25%, which significantly contributes to the capital efficiency of the deal.

Touching on a few other points. The transaction is modestly accretive to EPS and we expect to generate more than $500 million of incremental net income per year, not including the one-time gain or restructuring costs. It is also accretive to tangible book value per share and has an IRR of over 20%. The net of the day one gain and the corresponding RWA increase will reduce our CET1 ratio by approximately 40 basis points. Therefore, our pro forma ratio is still comfortably above current requirements and consistent with our first quarter 2024 target of 13.5%.

Turning to page 4 for the transaction rationale. As you know, the FDIC invited us – along with a number of other banks – to participate in a competitive bid process. We did not seek out this deal, but it does have financial benefits as well as enhancing our market positions and accelerating some of our key growth opportunities, particularly in wealth management. We are happy that our financial strength and capabilities enabled us to participate in a process involving multiple bidders that resulted in a rapid and orderly resolution without the use of the systemic risk exception.

On page 5, you'll see the branch map. The branches we are acquiring First Republic are in attractive locations and affluent markets, which is an opportunity to accelerate our wealth strategy. Moving to the due diligence and the integration plan on page 6. After the data room opened, a large team of professionals representing all business and functional areas performed a comprehensive review of the data led by senior management.

In terms of integration, clients will gain access to our leading capabilities and certain First Republic branches will be converted into new J.P. Morgan wealth centers. Over time, we will be converting First Republic's operations and platforms to Chase and J.P. Morgan brands and technology platforms.

So, to wrap up on page 7, we are glad to have been able to contribute to the rapid and orderly resolution of First Republic Bank. This transaction is attractive for our shareholders, both from a financial perspective and for the opportunities it presents for our franchises, and we look forward to welcoming First Republic clients and employees to JPMorgan Chase.

And I want to make a correction here. I think I misspoke. The cash payment is $10.6 billion, not $2.6 billion.

And with that, we will take any questions. Operator, please open the line.

QUESTION AND ANSWER SECTION

Operator: Please stand by. For the first question, it's coming from the line of Steve Chubak from Wolfe Research. You may proceed.

Steven Chubak
Analyst, Wolfe Research LLC

Q

Hey. Good morning.

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

Good morning.

Steven Chubak
Analyst, Wolfe Research LLC

Q

So congrats on the deal. You noted, Jeremy, $500 million boost to earnings from the acquisition. FRC generated close to $1 billion of earnings annualized in the most recent quarter. Your funding base is admittedly much lower cost. Just trying to understand why the accretion isn't greater. Any help you can provide just to quantify the benefit in terms of funding or interest expense savings versus legacy First Republic.

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

Yeah. Good question, Steve. I would say we're just generally trying to be a bit conservative. Obviously, there are open questions about deposit retention. We are very eager. We're going to fight hard to keep all the clients. We welcome any clients who left to come back. But this is an uncertain situation and we want to be a bit conservative.

Steven Chubak
Analyst, Wolfe Research LLC

Q

Understood. And maybe just for my follow-up on the – because you alluded to deposit attrition. What attrition assumptions are you contemplating for First Republic, whether its loans, deposits, advisors as part of the accretion analysis? And what expense synergies can be realized just given the strong footprint overlap in terms of wealth deposit coverage that you alluded to?

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

So, Steve, maybe I'll start with the wealth advisors question. Because, not surprisingly, we've had a number of advisor teams from First Republic reach out on an unsolicited basis over the past several weeks who are interested in joining JPMorgan, which, as a starting point, we think is encouraging from a retention perspective.

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

And then, furthermore, there are still nearly 150 advisors with the firm, and we believe that our brand, the investment platform, the banking capabilities and our research can make us a firm of choice for many of these advisors, and we think JPMorgan is a great place for advisors to grow their practice and stay for the rest of their careers.

We do understand that these are really good teams of high quality advisors who have choices. So your question about attrition is well stated, and we're really looking forward to discussing everything we have to offer when we meet with them.

I think you had a few other questions about, what I would call, general transaction modeling assumptions about attrition and expense synergies and so on. And what I would say is that, generally, we've tried to be conservative and we'll probably be giving you some more updates on that, both at Investor Day and subsequent earnings calls.

Steven Chubak
Analyst, Wolfe Research LLC

Q

All right. Looking forward to that update, Jeremy. Thanks so much for taking my questions.

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

Yeah.

Operator: Next, we'll go to the line of Erika Najarian from UBS. You may proceed.

Erika Najarian
Analyst, UBS Securities LLC

Q

Yes, thank you. Jeremy, my first question is how much of the loss share agreement is contemplated in the CET1 impact at close? Is there anything else other than the risk weighted assets going down to 25% in terms of the loss share agreement impact? And assuming that most of the marks are interest rate-related, how are you going to share that net interest income purchase accounting accretion from the FDIC? Or how would that work going forward?

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

Okay. A lot of technical details in there, Erika, about loss share which is, to be fair, complicated stuff. It can be a little bit hard to understand. So, if we need to follow up, we can do it offline. But what I would say broadly is that, given the nature of the portfolio in question, I think First Republic is very well-known for a very good credit discipline.

As you point out, these are primarily rate marks. And therefore, the benefit of the loss share really is the sort of enhancement to the RWA risk weighting, which in turn is what makes these otherwise generally not very high returning assets – in other words, prime jumbo mortgages primarily – actually quite attractive from a returns perspective. So the CET1 numbers fully incorporate the expected risk weighting of the RWA. And we'll leave it at that, I think.

Erika Najarian
Analyst, UBS Securities LLC

Q

Got it. And if Jamie is in the room, I just wanted to ask, I know you mentioned it on the media call, but just in case your investors weren't on that. Is this sort of the end of the more acute liquidity issues? In other words, do you expect the resolution of First Republic to sort of be the big signpost that the acute liquidity issues that the industry suffered in March should be mostly behind the industry?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

Well, no crystal ball is perfect. But, yes, I think the banking system is very stable. You guys have reported already on tons of regional banks who actually had good results, very modest outflow. A lot of the deposit outflow was because of quantitative tightening, it wasn't because people are having runs.

There are only so many banks offsides this way and I think this is – there may be another smaller one, but this pretty much resolves them all. But this part of the crisis is over. That does not – down the road, there are rates going way up, real estate, recession – that's a whole different issue, but for now, everyone should just take a deep breath.

Erika Najarian
Analyst, UBS Securities LLC

Q

Thank you.

Operator: Next we'll go to the line of Gerard Cassidy from RBC Capital Markets. You may proceed.

Gerard Cassidy
Analyst, RBC Capital Markets LLC

Q

Thank you. Good morning, Jeremy.

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

Good morning, Gerard.

Gerard Cassidy
Analyst, RBC Capital Markets LLC

Q

Jeremy and maybe Jamie as well. Obviously, you guys have experience in buying failed institutions – Washington Mutual obviously was the big one back in 2008-2009 – and I know this is very different than Washington Mutual. Then, of course, you bought Bear Stearns in a distress acquisition. Can you share with us what are the risks that you have identified based on your experience in doing those deals that you really have to focus in on to make this deal as good as it looks on paper?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

We're leaving behind a lot of things. You're basically getting a very clean bank in the most clean way you can get it. That does not mean there's no risk. It just means you have a very clean bank and the cleanest way you can get it that didn't have those problems. And, of course, we didn't have the mortgage crisis sitting on top of Bear Stearns and WaMu there. So, we feel pretty good about it, but that doesn't mean that something doesn't pop its ugly head up down the road.

Gerard Cassidy
Analyst, RBC Capital Markets LLC

Q

Very good. And then on the assumptions that with the deposits you're assuming – do you guys get to reprice those deposits from the get-go or do you have to wait until – if there are term deposits – do you have to wait until they mature and then you reprice them?

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

Bunch of nuances in there, Gerard. So, one set of issues is system integration. Obviously any term deposits, any CDs or anything with a contractual maturity remains that way. So, I think the reprice experience will blend over time into the rest of our deposit franchise is what I would say. But it's going to evolve, I think, over the next few months.

Gerard Cassidy
Analyst, RBC Capital Markets LLC

Q

Great. Thank you, guys.

Operator: Next we'll go to the line of Ebrahim Poonawala from Bank of America. You may proceed.

Ebrahim H. Poonawala
Analyst, Bank of America Merrill Lynch

Q

Good morning. Jeremy, if I could follow up just in terms of the loan book. So, if you can help us, what's going to be the yield of these loans that are coming on when you mark-to-market? I am just trying to understand the NII contribution tied to the loan and the securities book as we go forward and back into your $500 million net income map.

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

Yeah. Good question, Ebrahim. I guess, in simple terms, I would just say, as part of purchase accounting, all this stuff gets fair valued so you can just kind of look at the screen, mark these things to market and assume the associated yield.

Ebrahim H. Poonawala
Analyst, Bank of America Merrill Lynch

Q

Got it. And I guess one just separate question, given the amount of time you had to spend with the regulators through this whole FRC transaction, it does feel like the industry is in need of consolidation. Would love to hear, Jamie, your thoughts or, Jamie, your comments around do you think the regulators are prepared for allowing some of the regional banks to consolidate and become a market solution if we get into more stress over the coming months and quarters?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

Yeah. So, I would say, and we've been very clear, we're hoping for open bank solution here. We support and want community banks and regional banks. You need big banks too, to try to do the type of business we do around the world for our larger clients. And banks will consolidate. You're going to have all of that taking place. But you should ask the bank regulators what their real view is of consolidation.

Ebrahim H. Poonawala
Analyst, Bank of America Merrill Lynch

Q

Got it. Thank you.

Operator: The next question comes from the line of Mike Mayo with Wells Fargo Securities. You may proceed.

Mike Mayo
Analyst, Wells Fargo Securities LLC

Q

Hi. Just one specific question. What is the rate on the five-year loan from the FDIC?

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

Mike, I'd rather not disclose the specific rate. It's at-market financing is what I would say.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

Fixed rate.

Mike Mayo
Analyst, Wells Fargo Securities LLC

Q

Okay. That's all part of the $500 million accretion – and the $500 million accretion is immediate accretion and assumes zero synergies, is that correct?

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

So the way we talked about it is sort of run rate $500 million-plus offset excluding the bargain purchase gain day one as well as the restructuring costs that we expect to incur over the next couple of years. So once all that's worked its way through the income statement, that's when that sort of $500 million-plus kicks in.

Mike Mayo
Analyst, Wells Fargo Securities LLC

Q

And Jamie, just I guess for the history books, your report in the media that you were kind of the ringleader to help stabilize First Republic, help move the industry past this phase. It didn't play out maybe exactly as planned, but certainly the loss to the FDIC is less than, I think, almost anybody had expected, no systemic risk exception, anything like that.

So, just as you pull the lens back, how do you think about JPMorgan's involvement? How do you think about this resolution? How do you think about kind of the way things played out and the way things should have played out?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

Yeah. So, the first one, now – look, I was just the first phone call. All of those banks were deeply involved in trying to figure out what we can do to stem the run and the tide – slow things down for First Republic to give them chance to seek out an open bank. So we didn't know at the time whether that would be possible – some thought yes and some thought no – but we wanted to give them the time. It did, in fact, calm things down and stop the run, and it did give them time to look at it. They couldn't get there.

I think Jeremy's made the point that this is actually a very good outcome for everyone, because this is how the system was meant to work. No systemic – SRE, systemic whatever you call that. It was put up for bid. It was competitive bidding. Cheapest cost to the DIF, which the FDIC said it will be something north of $13 billion. But, remember – and everyone should remember – that DIF is paid for by the banks. So, I think you're never going to have no bank failure. So, if this is how these things work in the future, that's a rather good thing. So, all in all okay, and hopefully, this mini bank crisis is over.

Mike Mayo
Analyst, Wells Fargo Securities LLC

Q

And one last quick follow-up in terms of you said this part of the crisis is over. Have you seen that in the deposit flows? Like for a while you got an influx of deposits. Is that still stable like it was?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

Yeah. I think, really, I was reading all the regional bank reports from you and some of the analysts out there. They're all mostly – some of the banks are down 2% or 3% – a lot had to do with QT. They were not having runs. The runs were really limited to the people who had too big uninsured deposits and money that can move very quickly and stuff like that. So, yeah, I think that's over. And obviously, there's always future issues, but I think that's mostly over.

Mike Mayo
Analyst, Wells Fargo Securities LLC

Q

All right. Thank you.

Operator: Next, we'll go to the line of Betsy Graseck from Morgan Stanley. Please go ahead.

Betsy L. Graseck
Analyst, Morgan Stanley & Co. LLC

Q

Hi. Good morning. How are you? Can you hear me okay?

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

We can hear you fine.

Betsy L. Graseck
Analyst, Morgan Stanley & Co. LLC

Q

Okay. Great. A couple of questions. One, when I think about First Republic, the loan book, it feels to me like a loan book that is priced differently from how you would go to market for those types of loans – I'm talking specifically around the mortgage and high net worth loans. And I'm trying to think through how to model this out.

Should I expect that the loan portfolio that you have is more of a melting ice cube that you would be replacing with your own lending profile on your own standards and yields, et cetera, over time – and that would be maybe a multiyear fade and then rebuild? Part of the reason for asking the question is the $500 million net income accretion seemed a little light, and I'm trying to think through how to try to get there. Thanks.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

You know I'm not a fan of putting mortgages on the balance sheet. And these are pristine loans, so keep that in mind, and largely high net worth – jumbo high net worth loans. The loans themselves are credit – really creditworthy. And being marked, obviously, you're going to have a much higher return going forward, but we're not going to be putting a lot of jumbo – cheap jumbo mortgage loans on our books. And we've already incorporated all of our numbers and potential run-off. And First Republic did a great job in service, but being in the low-cost lending business is not what JPMorgan does.

Betsy L. Graseck
Analyst, Morgan Stanley & Co. LLC

Q

So then the follow-up on this is, when I'm thinking through the IRRs, what are you thinking about with regard to how are you going to take this client set and expand what business they're doing with you, with the former FRC. You're not going to keep the First Republic name, are you?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

We're not. And I said – I think they did do a lot of mortgages very quickly for people and the people were very happy with it. But, remember, they also had extraordinary client service, good wealth management, excellent branch location. So you're dealing with high net worth clients, they have a very good model. But that one piece of it I'm not fond of, and it's all built into our forecast going forward.

Betsy L. Graseck
Analyst, Morgan Stanley & Co. LLC

Q

Okay. Great. Thank you so much.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

As best that we can. So, we assume a little bit of extra attrition, we assume a bunch of little stuff, but making very large, cheap mortgage loans will not happen going forward.

Betsy L. Graseck
Analyst, Morgan Stanley & Co. LLC

Q

And so this is a multi-year repositioning of the client activity with the folks that you are bringing in from First Republic. Is that a fair way of thinking about it?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

Yeah. My experience has always been, when you do an acquisition, there are some things the other side does really well and you should learn from that. And so this gives us a kind of an opportunity to look at how we deal with high net worth clients – we have Chase Private Client, we have Chase Wealth Management, we have J.P. Morgan advisors – and we want to fit them in a way that's great for them and their clients, and we hope to learn a lot from them.

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

Betsy, there is also like a Northern California nexus too – an interesting opportunity to be there.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

And a business banking nexus, they have a lot of good business banking relationships and we like that business.

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

And at the risk of pointing out the obvious, this happened relatively quickly. This is not the outcome that we necessarily planned for or expected, although we do contingency planning. So there are a bunch of day two issues about strategy and client retention and all that stuff that we're going to be working through, clearly.

Jenn Piepszak, Marianne Lake, Ben Walter, Kristin Lemkau are on a plane as of 6 or 7 o'clock this morning to go out there to meet the folks, do some town halls, learn a lot, and there will be a lot more to report down the road.

Betsy L. Graseck
Analyst, Morgan Stanley & Co. LLC

Q

Thanks for your time. Appreciate it.

Operator: Next we'll go to the line of Glenn Schorr from Evercore ISI. You may proceed.

Glenn Schorr
Analyst, Evercore ISI

Q

Hi. First, a quick follow-up on the advisor base. So, FRC had attracted a bunch of advisors over the last couple of years on some of these deals. I don't know if you can share with us how much of them were on deals, but my bigger question is, did the deal stay in place, did they have change of controls? Sometimes...

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

They'll stay in place if they did deals.

Glenn Schorr
Analyst, Evercore ISI

Q

Okay. So we should feel good then about the retention going forward, even though your assumptions are conservative. I would assume that they want to keep those deals, so.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

I think I'm going to try and have a call with them myself later on today. And they're very – as far as we know, very high quality, and we want to keep all the high-quality people. But every deal I've ever been in, everyone else is trying to hire these people at the same time.

On the other hand, this is a great home for them. So, if you are an advisor and you're listening to me, we have the best research, best equity, best debt, best munis. We have a concierge services. We take care of people. We've got excellent compensation plans. We're very steady. We got unbelievable banking products. We have unbelievable products for your business banking clients, your middle market clients, your corporate clients. So we have huge capability we can bring to help them do a great job for their clients.

Glenn Schorr
Analyst, Evercore ISI

Q

If advisors are listening, I agree with all that except the second-best research. Just kidding. Question for you. I find it interesting that the deposit cap wasn't a function in this and there seem to be plenty of other bidders, or at least a few other bidders, that were not over the deposit caps. So was it truly about minimizing the cost to the DIF?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

The FDIC is truly about minimizing the cost to the DIF. The United States government is truly about systemic – not having systemic problems. And the OCC decides about the cap. But they always – but the cap, I think, has always been given up in deals like this, for the sake of the system.

Glenn Schorr
Analyst, Evercore ISI

Q

Okay. Thank you very much.

Operator: And for our final question, we'll go to the line of Scott Siefers from Piper Sandler. You may proceed.

Scott Siefers
Analyst, Piper Sandler & Co.

Q

Thank you. Good morning, everybody. Jeremy, can you maybe walk through, just at a top level, you don't have to get too deep in the weeds, but how you arrive at the $2.6 billion after-tax gain. It can just be a little difficult from the outside to get from the sort of the implied asset discount down to the tangible book value impact.

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

Sure. And we can definitely do this for you offline, but broadly it's the net asset value, core deposit intangible, associated deferred tax liabilities – it's kind of BAU. There is one nuance that might be a little confusing which is the fact that our $5 billion deposit gets eliminated in consolidation. So, when you add that to your mental math using whatever that page is in the presentation, I think you'll get there pretty easily.

Scott Siefers
Analyst, Piper Sandler & Co.

Q

Okay. Perfect. Thank you very much. And then I guess, Jamie, while we've got you – certainly hear what you're saying on the strength of the industry, but we do have a situation where over the course of eight weeks, like 3 of the top 30 banks in the country failed, deposits flowed to you all and a handful of the other largest banks and to look for the sort of solution to one of the biggest ones, the government looked to you guys.

Do you think, as we look forward, sort of the rest of the industry is going to have to be constructed more like a JPMorgan, just higher capital, better liquidity just sort of all-around for people to have the same level of confidence sort of uniformly across the industry.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

I wrote in my Chairman's Letter – I think people should take a deep breath and be very, very thoughtful about changes. So, obviously, there should be some changes made about held to maturity, disclosure on interest rate exposure, uninsured deposit percentages, percent held in HTM, et cetera. But I think they should do that intelligently because what you want to do is have a healthier, strong and competitive regional banking, community bank system.

If they don't do it intelligently, you'll make it much harder to be a community bank or regional bank. And you can do things that create a lot of security without creating additional unnecessary burdens. But that's obviously going to be up to the regulators who already reported out some of the things they think about things.

Scott Siefers
Analyst, Piper Sandler & Co.

Q

Okay. All right. Well, thank you very much. I appreciate it.

Operator: And we have no further questions.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

Excellent. Thank you.

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

Thank you.

Operator: Thank you all for participating in today's conference. You may disconnect at this time and have a great rest of your day.