2023 INVESTOR DAY CONFERENCE CALL
JUNE 8, 2023

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QUESTION AND ANSWER

Brooke Hales – TD – Head of Investor Relations

Thank you, Barb. I'll now ask Bharat and Michael to join us on stage for our first Q&A session. As Bharat mentioned, today's Investor Day is focused on our Canadian Retail businesses. This first Q&A will be to address questions on the Canadian Personal and Commercial Bank.

We will begin taking questions from those of us joining in person. And if time permits, we will move to questions from the webcast. If you're in the room with us and would like to ask a question, please raise your hand, and a microphone will be brought to you. And please remember to introduce yourself.

[Webcast Instructions] Okay. Let's get started.

Meny Grauman – Scotiabank – Global Banking and Markets – Analyst

It's Meny from Scotiabank. Lots of good growth projections. To me, one obvious question is just the underlying rate and macro environment that's underpinning those projections. I know Frank touched on it a little bit, but just wanted to get a better sense of when you're making these projections, what are you assuming, particularly for rates, but also in terms of the macro environment and especially more short term rather than long term?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

So I'll start with that. And if I take those rates and volume growth, let me start with rates. If you were to look at kind of forward curves, recognize they're kind of moving around a bit as we speak, but the general shape of them over the past 6 months or so, that's kind of how we think about rates on a go-forward basis.

If you look at volumes, we anchor on TD Economics and our TD Economics group has forecasts for credit card growth, RESL growth. And so RESL in specific, our medium-term outlook has growth rates in the, I think, 5% to 6% type range on a compound annual growth rate. And so when you look at our $140 billion, say, of RESL growth, embedded in there is the assumption that the housing market has pricing increases. And so the average ticket size will increase over time as well. That being the case, we're not getting there purely on average ticket size. We're getting there on the combination of some increase in the per mortgage amount and then also an increase in volumes.

And Barb, on your side?

Barbara Hooper – TD – Group Head, Canadian Business Banking

It's really the same process that we go through. We look at our TD Economics forecast. We look at how we think we can outgrow the market. And a lot of that is based on our historical experience. We've shown that we've outgrown the market quite nicely over the past period of time.

Bharat Masrani – TD – Group President, CEO & Director

Let me just to add to that, I mean, obviously, with the rate increase of yesterday, this economy is running. There is no doubt, if you look at the numbers from last month, both on job growth and economic growth, pretty strong. And at some point, that will not be the case. It will slow down if rates go high enough. But overall, when you look at the long-term prospects for Canada, with high immigration, people wanting to come here, the prospects for Canada over the long term are very bright. And yes, there will be bumps if we get into a real slowdown. Of course, some of these numbers will slow down. But as we saw in the housing market, there is a chronic shortage of supply. And then people are coming here, and most of them come to major metropolitan areas, urban areas, people need to live somewhere. And that's why you see continuous growth.

And New to Canada segment, you heard from Sona and Michael, and folks coming here, they have great education, they have good financial resources, and they add to the economy. So I think there are certain offsets here, but there could be some bumps here. Let's see how this plays out over the next few quarters, but the prospects for these businesses, as you -- hopefully, you got it from Michael and Barb, it's just terrific.

Meny Grauman – Scotiabank – Global Banking and Markets – Analyst

Just as a follow-up, immigration plays an important role in your plans. I think we were used to thinking about immigration as being just a total positive for the Canadian economy. I think the way I look at it based on yesterday was that there are some negatives here as well in terms of inflation and rates. So I'm curious Bharat, in particular, your view of that, is there a negative side to immigration? Is there a risk that the government has to pivot here in terms of its immigration targets and the risk to the business plan from them?

Bharat Masrani – TD – Group President, CEO & Director

There's ample capacity to absorb immigrants. But like you said, we have to balance this out. There are only so many new homes that can be created in Canada. And when you have competition for those homes, you could create some discord among populations and all that. It's been a terrific story for Canada. I think we need to be somewhat aware of what the other issues are, and I know as a country we will. Canada has had a terrific record of adapting, adjusting.

Our immigration policy moved from decades ago. It was largely more humanitarian and still is. A big portion of immigration is that family reunion. But as well, the country has pivoted to required skills, wanting specific types of immigrants coming here. And so I think on balance, things work out, but I think we need to be aware that there could be certain pressures. And as a country, as a society, we need to deal with it and make sure that we are adapting to those realities.

Ebrahim Poonawala – Bank of America Securities – Analyst

Ebrahim Poonawala, Bank of America. I guess a question, Michael, for you. So there's no question about your ability to innovate the scale of your franchise. When we hear growth, right, given the market structure, alarms bells ring – price war. So give us a sense when you think about competing in the growth strategy. Eventually, one, is there a lasting advantage that TD can have on innovation where competition doesn't catch up? And if -- would pricing be the logical way to compete and get some of that growth? And why not, right, you have the deposit advantage, why not pursue that?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

So great question. And if I think about what's the lasting advantage, the lasting advantage -- I actually started out my discussion, which is, say, we have the leading franchise. And there are a lot of components to that, but our top-of-the-funnel activity is the best in the marketplace. So I think a top-of-the-funnel activity, it's awareness and consideration, the best in the marketplace. Our branch locations and the density in the urban environments, more Canadians live within 2 kilometres of 1 of our branches than anyone else, more branch traffic. Our digital properties have more traffic, both the public site plus our mobile app site.

And so the top-of-the-funnel activity is tremendous. And so for us, success is not about changing our risk appetite or about winning a price war. Success is about execution. Success is about executing and actually optimizing the funnels that we take all these shoppers and turn them into longtime franchise customers. And so when I look at our top-of-the-funnel activity, there's no reason we shouldn't be #1 in every product that we compete in. And so I'm really focused on execution, and we haven't relied upon pricing in order to win. I know we have received some questions in the second quarter earnings call, "Well, geez, your RESL growth was strong. You must have been using pricing." Our RESL margin for origination in the second quarter was higher than our origination margin in the first quarter.

Our success is driven by execution. That's the reason I used execution so often in my discussion. And so it's not about pricing, and it's not about risk expansion.

Ebrahim Huseini Poonawala – Bank of America Securities – Analyst

And just one follow-up. You mentioned the deposit mix shift that's going to continue to play out. Like how concerned are you where you -- deposit rates reprice higher and the spreads tighten much more, given that we've not been in this environment for a long, long time, just your visibility on the relationship aspect of your customers and your visibility in terms of deposit flows, what's operational and what's not?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

So yes, great question. And again, higher rates, you do see mix shifts happening. One of the things that we have going for us, and it's a relative game, relative to the marketplace, I feel very, very good in terms of where we are, and we see the historic data show that. But if you look at our franchise, I'll talk about that we want to be the bank for all Canadians. And the fact that we have such a large retail base in addition to the wealth customers that we have and the Small Business customers, that large retail base actually serves as a real anchor because you have less mix shift happening there and you have more mix shifts happening among the wealthier customers. And look, we have everyone, but we have a very balanced portfolio in terms of how we manage this.

And so as rates go higher, do I expect to see some more mix shifts? Yes, there'll be some more mix shifts as rates go higher. But I think we're actually very well positioned for this. And I know Ray on the wealth side, you'll hear him talk soon about all the opportunities we have to basically franchise customers as balances move around. And ultimately, some balances they end up in GICs, which are looking for rate. Long term, they could become investing customers in Ray's shop.

Barbara Hooper – TD – Group Head, Canadian Business Banking

And maybe just to add to the answer from a Commercial Banking perspective. In Commercial Banking, we do have an ability to price for each customer. So tailored pricing for each customer. So we are able to be very aware of the importance to a customer from a relationship perspective on the term deposit side. And so we can play with pricing where it's important to maintain customer relationships. And we've been very successful in maintaining relationships. We've seen deposits move to other banks for high term-deposit rates, but we haven't lost any customers really as a result of that.

Bharat Masrani – TD – Group President, CEO & Director

Michael talked about your core deposit ratio. Market share actually went up as to what you've seen as rates have gone up.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Actually, we've been gaining -- last 8 quarters, we've gained core deposit share. We've gained, I'm looking at Sona, 60 points or so in share over the past year. And so the spread with the market is actually improving. And so we see ourselves, again, on a comparative basis, outperforming the marketplace. And it thinks -- it's the nature of our franchise. I started out by saying we have a great franchise. I've worked in 5 different countries in retail banking. This is an incredibly strong franchise. And if we can take our incredibly strong – when we take our credibly strong franchise and we execute well, good outcomes come from that.

Mike Rizvanovic – Keefe, Bruyette, & Woods, Inc. – Analyst

Mike Rizvanovic, KBW. I wanted to ask a little bit about non-interest bearing deposits. So when I look at your mix today, non-interest bearing deposits to total deposits, I'm struggling to figure out if they've structurally changed. So should I be using maybe pre-COVID as that mix shifting back to where it was in 2019? Or just given the rates are -- we haven't seen rates as high since pre-financial crisis. If I measure it back to pre-GFC levels, it looks like there's quite a bit more runoff on the non-interest bearing stuff to go into interest bearing, and that would be much more impactful to your earnings. So any comment on if there's been a structural change on that mix where it's just going to be higher going forward?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Well, I think I'll talk on the retail side, and Barb, you can talk on the other side. You used to be our treasurer recently and might have a point of view on this as well. But just overall, yes, in higher rates, you're going to see a shift. That being the case, I keep on going back to we have this core retail franchise relationship that actually will serve us well even as rates go up. And then overall deposit levels in aggregate, if you actually look at them, the bank balances in general, ourselves, certainly, we've seen an increase in deposit levels in total.

And everyone's been looking to see sort of the reversion back on the growth rates, and we haven't quite seen that yet. And we've actually seen our deposits in aggregate be quite resilient. In fact, when Sona was talking earlier today or even today in this inflationary environment, seeing that our money in coming in from deposits and payroll and government transfers is actually more than our money out, and that's kind of creating some opportunities. But Barb, do you have a point of view?

Barbara Hooper – TD – Group Head, Canadian Business Banking

Yes. I think if you look at sort of the long-term growth rates in deposits, there was clearly an increase above the long-term trend through the pandemic, and it's coming back down toward the trend in the business bank. There are some factors that will likely cause that reversion to continue. And one of those is the repayment of CEBA loans, which should start in December of this year. So you probably will see deposits come down further around that event.

Mike Rizvanovic – Keefe, Bruyette, & Woods, Inc. – Analyst

And just on the mix itself, non-interest bearing as a percentage of total deposits is pre-GFC. Is that mix a good benchmark to use in terms of where your mix could go if rates stay elevated for longer?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

So Barb used to be the treasurer, so…

Barbara Hooper – TD – Group Head, Canadian Business Banking

Yes. I think as a general matter, it's a good thing to look at. I think that there have been changes over time in terms of alternate places to invest your money. And so I'm not sure it'll move back to the exact same spot, but it's not a bad reference point.

Bharat Masrani – TD – Group President, CEO & Director

The only thing I would add is pre-GFC to now, how many new customers do we have? Quite dramatic shift on that. Secondly, the chequing balances at TD, these are transaction monies. Unlike in other jurisdictions through the surge deposits, you had a lot of money sitting in non-interest bearing accounts. So did we, but nothing dramatic.

So I think if you were to take those into -- I mean who knows? Maybe your thesis might be correct. But we had a tremendous growth in just a number of customers in Michael's business and in Barb's business. And these are transaction accounts, particularly the non-interest bearing accounts. I mean I forget, Sona, you -- one of the presentations you told me, what's the median balance of one of these accounts? Relatively small. So the so-called cash shorting is less of a risk and, hence -- is the share keeps on going up because that's the type of clientele we have.

A little different for Ray Chun's business. He's the wealth guy, and he'll be coming after the break because those are high-net-worth customers, people like yourselves and say, "Well, why am I giving so much money in my chequing account?" So I need to find something else.

Mike Rizvanovic – Keefe, Bruyette, & Woods, Inc. – Analyst

It's definitely not a problem that I have.

Bharat Masrani – TD – Group President, CEO & Director

No, Ray can fix your problem. I'm sure he is looking for you before the day is out. So I think that there are other factors at play here. I won't just take the averages. Maybe your thesis might turn out to be correct, but there are a lot more factors to take into account now than what might have been the case pre-GFC.

Dean Highmoor – Mackenzie Investments Corporation

Dean Highmoor from Mackenzie Investments. This question is for Michael. It's a 2-part question. Earlier in your comments, you talked about the improvement in retention for the operation -- operating accounts. Maybe you could just drill deeper into that as to the drivers of that. Is that sustainable?

And then you also mentioned that you had an improvement in the efficiency ratio of 300 basis points since 2017. With this improvement in retention and this growth in this tech and digital platforms that you're excited about, what further improvements in the efficiency ratio should we expect, say, over the next 5 years?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Yes. So I'll -- piece by piece. First question is about retention. Our retention rate is at historic lows. And one of the things I talked about was primacy. On primacy, you have a direct deposit coming in and to start using us for bill pay, these other factors. And so we're spending a lot of time and energy and effort to build primacy and actually starts when you actually open up the account and you try to build primacy upfront.

There's also another factor, which is an interesting one, is customers can originate chequing accounts, both digitally and in a physical branch. And there's something about human behaviour. I'm not quite sure what this is, the thing about human behaviour where a customer comes into a branch, you get much more primacy than if it's opened up digitally. Same is not necessarily true on, say, credit cards, but certainly is on chequing accounts. And so again, the strength of our branch network also creates primacy. And so at the point of sale, you get everything done. We're focused on the primacy, and that's driving, I think, very strong performance. That was the first question.

And the second -- I'm losing my -- so your second question?

Dean Highmoor – Mackenzie Investments Corporation

What sort of improvement in the efficiency ratio should we expect to, say, over the next 5 years or the medium term?

Bharat Masrani – TD – Group President, CEO & Director

Great question, Dean. Great question.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Do you want to answer this or you want me to?

Bharat Masrani – TD – Group President, CEO & Director

No, no. I am waiting for your answer.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

So in terms of the efficiency ratio, look, to be fair, we -- I really target creating positive operating leverage. And when I create positive operating leverage, I look to generate value for the shareholder and be -- create the capacity for us to save. And so I'm probably not going to give you a specific number here in terms of what the target is on a go-forward basis.

What I will offer is that the playbooks we're putting into place create the opportunity to drive efficiencies in our platform. If you think about our branches, and sometimes we'll say, "Well, jeez, you can improve your efficiency ratio if you close branches." The truth of the matter is we're renovating branches today. And the reason we're renovating branches is we actually need to create more space for sales advisers because we have such demand on a local level. So we're taking out teller wickets and actually creating the opportunity to put our advisers in there, plus new wallpaper and paint, but it's really about capacity.

And so when we think efficiency ratio, it's going to a combination of efficiencies you're driving but what you're also reinvesting in order to support the business on a go-forward basis. And it's really the operating leverage. I need to do all that and create positive operating leverage because the efficiency ratio kind of falls out of that. So I know I didn't answer your question, but just to tell you how I think about it.

Brooke Hales – TD – Head of Investor Relations

Yes. I'll take one from the webcast. Why do you think TD is seeing a slower pace of rotation into term deposit products than peers? And could you put some numbers around that?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Yes. I mean the slower -- I guess one of the slides, I think, had some numbers around that, and you can actually see that. And look and why this slower pace? Well, first of all, it's a core part of our focus and our strategy. That's one. Two is our pace of opening up new customer relationships, and Bharat, you mentioned this. Winning new customers is great, and when you win a lot of new core banking customers that actually helps this ratio.

And our rate of customer acquisition, I said it in my remarks, our rate of customer acquisition is accelerating. So we're the largest in the marketplace, and our customer acquisition is accelerating. So that all comes into place. And plus it's the combination of factors that include new account acquisition and the fact that we're a bank for all Canadians. And more retail customers are going to have much less of a mix shift. And I know Bharat, you talked about that before.

Paul Holden – CIBC Capital Markets – Analyst

Paul Holden, CIBC. Two questions. First one is related to the credit card strategy. Wondering what role interchange fees might play in that? Clearly, there's a risk at some point in the future that interchange fees will come down. They have been coming down. Does that change the importance of the credit card product? Or does it simply shift the strategy in which -- in the way in which you execute?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Well, so I mean, as I think you know interchange fees did recently have an adjustment. And I think this must have been third adjustment in the past few years. I actually -- with that adjustment that was made, it was quite interesting because the policy objective was to support small businesses, and the policy objective was achieved. With the way it was shaped -- because it achieved a policy objective and managed through that. And from a rewards and loyalty programs, it's very important for us to be able to continue to provide the value propositions to our customers. And so with respect to the changes that were made, we feel very good about our ability to manage through that.

Longer term, are there going to be changes? Like I would say I hope not because I think the credit card is a product that Canadians have really come to appreciate and the value they get from that. And from a policy perspective, there are 2 stakeholders here. They're small businesses and their consumers. And so I think the balancing of that has worked well so far. And so I'm anticipating that will work well on a go-forward basis.

If interchange rates were to fall dramatically, look, product value propositions would have to change unambiguously. And that being the case, the credit card is a device that allows people to buy things today and pay for them out of future income. That need doesn't go away. And so that need won't go away. But I hope that the environment we have now persists.

Paul Holden – CIBC Capital Markets – Analyst

Second question is related to HELOCs. I don't recall seeing it on any of the slides in terms of growth objectives, but it's a fairly significant product for TD. I think you probably have a #1 market share in HELOC. Maybe you can -- was that intentional it was left out? Is it still a growth product for you? Maybe talk a little bit about your plans there.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

When I talk about RESL, it's a combination of HELOC and mortgage. I try not to be overly precise about are you growing HELOC or growing mortgage because it's really a customer conversation. And so I don't want to necessarily say my HELOC goal is this and my mortgage goal is that. It's really dependent upon an individual customer's circumstances. And as a category, we want to capture the category. The mix is underneath that. Yes, I pay attention to it.

I will tell you in HELOC, if you look at the kind of league tables, we actually have a relatively less share compared to mortgages, where the higher share, and so the mix is actually less HELOC, more mortgage. That being the case, we're trying to solve customer needs as opposed to kind of manage an individual line item for a specific share objective. The overarching RESL category, definitely want to win there.

Bharat Masrani – TD – Group President, CEO & Director

The $500 billion includes HELOCs.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Yes, it does.

Bharat Masrani – TD – Group President, CEO & Director

Sohrab?

Sohrab Movahedi – BMO Capital Markets – Analyst

Sohrab Movahedi, BMO Capital Markets. First question for Michael. The work we do suggests that since COVID, the average age of the TD customer has been increasing, and their tendency to spend has gone down for most savers. I guess your stats would suggest that your loan growth has been slower in RESL and what have you. When you look at your businesses, do you stratify by stage of life? And will this necessitate going into a younger generation to grow the RESL? And is that -- and I want to know what Ajai feels about that from a credit score perspective.

Bharat Masrani – TD – Group President, CEO & Director

Is he sitting on that side?

Sohrab Movahedi – BMO Capital Markets – Analyst

I said hi to him on the way in.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Clearly, we spent a lot of time talking about New to Canada. The youth market and younger populations matter, too. But the 3 big categories that you compete on in retail banking is new to the market, clearly, a big thing in Canada. People come of age and are entering the need for financial services and switchers. And so clearly, it's an important component. We do have a lot of focus on that.

And our aspiration is to continue to grow that segment. I didn't spend a whole lot of time talking about that segment. But that is actually lead generation for the deepening of the relationship, whether it be the investment products or RESL. And look, with RESL, at the end of the day, from a credit perspective, we don't adjust our risk appetite to react to one thing here or there. We're through-the-cycle lenders, and it served us well. We're quite confident that if we underwrite a loan, we're going to underwrite it well, but the youth market is clearly going to be important one for us.

Sohrab Movahedi – BMO Capital Markets – Analyst

So do you feel like you have the right presence to meet the youth or the younger, the next-generation market where they want to meet you, which is not really in the branch?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Well, yes and no. Believe it or not, an awful lot of student accounts are opened up in branch. I will tell you that we are significantly increasing our presence on campus, like as we speak. And I'm not sure the exact number this year. I can say a multifold increase over the past few years on what our on-campus presence is going to be. And we're also doing some new things actually around even kind of the youth market to actually build a really good experience in the branch.

In fact, I had someone reach out to me just on LinkedIn yesterday and sent me a note that they were with their child and opened up an account in the branch. They talked about what a wonderful experience it was. So we're playing everything from youth to student to graduating students, but being on campus is going to be important as well.

Sohrab Movahedi – BMO Capital Markets – Analyst

Okay. And maybe just a quick one for Barb. What is the single biggest factor in winning a commercial customer?

Barbara Hooper – TD – Group Head, Canadian Business Banking

It's really understand -- having that confidence in your banker. So banker that understands your business, understands credit, right, who can assess whether a credit is going to work for the bank or not work for the bank, who can work with the customer to structure a credit so that it will work for both sides. So it's really that the quality of the banker who can really be a partner to the business to help them figure out how we can work with them to help them grow their business.

Sohrab Movahedi – BMO Capital Markets – Analyst

So it's a lending first-type hook is what you're suggesting.

Barbara Hooper – TD – Group Head, Canadian Business Banking

On commercial banking, it's largely lending, yes.

Brooke Hales – TD – Head of Investor Relations

Okay. We have time for one last question.

Darko Mihelic – RBC Capital Markets – Analyst

I've got a few, but I'll just limit it because it sounds like we're running out of time. Michael...

Bharat Masrani – TD – Group President, CEO & Director

By the way, we have a reception after.

Darko Mihelic – RBC Capital Markets – Analyst

Yes, absolutely. I'm going to ask your ear off. But Michael, can you talk to us about the conversations you're having with customers who are facing very high mortgage payments or the potential for high mortgage payments, especially if rates stay higher for longer? And is that maybe part of the -- I mean is it negative amortizing? Is that part of the growth in mortgages you're also including in that? Maybe you can talk a little bit about how those conversations are going, and especially in view of yesterday's ratings?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Yes. I can assure you that negative amortization was not a line item in the model to get to $500 billion. So rest assured there.

In terms of customers who were coming up, the 2 issues is, you have variable rate customers and customers who come to term. And one of the things that we're seeing clearly is that -- and Sona, you spoke about this, customers have the ability through their cash flow to absorb the higher payments. We've underwritten the loans to reflect potentially higher-rate environments. We're seeing cash flows that are positive. And we have all sorts of metrics that we look at.

And I'll just give you one to kind of think about, which I think tells the story, which is we have a workout group called TD Helps. If I look at the number of customers who have a mortgage who are going to TD Helps, I just do a count of the number of customers who are going to TD Helps this year versus the same period last year, it hasn't changed. And so our customers are handling the higher rates. There's clearly going to be a mix shift in terms of how spend is actually handled and so discretionary spend could end up going down to absorb the higher payments, but customers have shown the ability through the combination of savings they have and plus their cash flows to support this.

And I have a report that I get frequently. Ajai, I know I asked all the time for the leading indicators of stress in the system. And one of the things I do is look what's going on in TD Helps. And if you look at the number of customers who've gotten, say, through the TD Helps and amortization extension, the number is very low. I mean I'm not going to tell the number. It's a very low number of customers who've actually got amortization extensions because that's the tool to get them to be able to afford their mortgage.

Darko Mihelic – RBC Capital Markets – Analyst

Okay. That's very helpful. And just one other question for you. In one of your slides, I saw a very interesting statistic where you were able to highlight that there was a -- I think it was $270 billion of loans.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Off-us.

Darko Mihelic – RBC Capital Markets – Analyst

Off of you. I mean it's a little creepy, you can find that out. But if -- can you give me an idea of maybe the magnitude of that – what it looked like maybe 5 years ago versus what it looks like today? And why is it that you think you'll be successful? And maybe you can give me an example of how you're getting someone like me who has a chequing account with you to bring over my loan?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

So you're one of that $270 billion. So first of all, I'll talk to you after this. I know your allegiances may or may not have thought how to lie. But the $270 billion, it represents our existing customers with mortgages elsewhere. And to be fair, any bank can get this if they want to because the data is available. I don't know how it's changed over time, to be honest. And I could probably figure it out.

But in terms of the playbooks to get there, I spoke a lot about lead management. And Frank, in our discussion, we talked about that. So when we think about a customer, we know a few things about them. We know if they come into a branch and say, "I'm interested in a mortgage." Well, that's a good lead. They go into one of our digital tools and said, "I'd love an appointment." That's a lead.

The third category of leads, which is the one that I had a stat on there, which brings this to life, is customers where we have data on the customers. And through the data, we can predict a likelihood to be interested in a mortgage, either it's a new home purchase or is a renewal with another financial institution. There's a chart there that showed a 3x number. The 3x was when we take our modeled leads, and we've actually done some things, we're actually now incorporating digital signals and digital intent into the leads. We got a 3x increase in terms of the volume that we're actually getting by actually proactive outreach to our customers.

And so one of the playbooks is actually just giving our customers a call because we have insights, we can have a conversation with them. And when those insights are targeted, relevant and timely, we're winning business. In the second quarter alone, relative to prepandemic, the loan balances that we have from leveraging these external leads, we're up literally hundreds and hundreds and hundreds of millions of dollars relative to prepandemic by just having a conversation with our customers informed by data using one of our branch-based colleagues or one of our remote colleagues who are actually doing the calling, and it's working. And when the leads are relevant, customers, they say, "Thank you. Thank you for reaching out to me because this is the need I have."

So I mean your question actually brings this all together, but talking about executing well, it's taking our data, our technology, our colleagues, putting them all together, find the right moments and driving activities. In the first question, I was asked if I think success is about execution. Success is about execution, and that's how we're going to do it.

Brooke Hales – TD – Head of Investor Relations

It's a great discussion. We're out of time for our first Q&A session. But later in the program, there'll be another opportunity for you to ask questions. Thank you, Michael, Bharat and Barb. We will now take a short break. There are refreshments available on the other side of the floor where you entered, and we will reconvene in 15 minutes at 3:10.