TD BANK GROUP
BARCLAYS GLOBAL FINANCIAL SERVICES CONFERENCE
SEPTEMBER 13, 2023

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Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2022 MD&A under the heading "Economic Summary and Outlook", under the headings "Key Priorities for 2023" and "Operating Environment and Outlook" for the Canadian Personal and Commercial Banking, U.S. Retail, Wealth Management and Insurance, and Wholesale Banking segments, and under the heading "2022 Accomplishments and Focus for 2023" for the Corporate segment, each as may be updated in subsequently filed quarterly reports to shareholders.

Any forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting the Bank's shareholders and analysts in understanding the Bank's financial position, objectives and priorities and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf, except as required under applicable securities legislation.

PARTICIPANTS

Leo Salom
TD Bank Group – President and CEO, TD Bank America's Most Convenient Bank®

John Aiken
Barclays Capital – Analyst

FIRESIDE CHAT

John Aiken – Barclays Capital – Analyst

Okay, ladies and gentlemen, we're going to start what is at least my final session. Very happy to have Leo Salom, TD's -- now I'm getting, CEO of TD USA America's Most Convenient Bank.

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

That's good. It's good to be here again.

QUESTION AND ANSWER

John Aiken – Barclays Capital – Analyst

Leo, thank you, very much for joining us. Just kind of open up with, obviously, the U.S., we saw some lending deposit issues earlier on in the year. Wanted to get your view on what happened, and how TD is approaching this business post this event.

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

Well, John, just to reflect on 2023, it was a remarkable year. I mean we had the second, third, fourth largest bank failures in U.S. history. And that did trigger a tremendous amount of uncertainty in the marketplace overall. When you couple that with the fact that we'd already seen deposit outflows. In fact, I think on a year -- in the last 15 months, we've seen about $1 trillion leave the U.S. banking industry.

The 2 forces did bring a tremendous amount of uncertainty in the marketplace. I think fortunately, TD weathered that process quite well. I think we're somewhat unique just based on our balance sheet. We've got $150 billion of excess deposits. And in this environment, that's given us a tremendous amount of flexibility. The product of that is largely really the bank itself. I mean we -- at our core, we are a community institution. We've got a very rich retail and small business deposit base. And I think that almost 60% of our deposits are, in fact, retail checking accounts and low savings products. So I think that gives us a really stable funding base to be able to then project -- we're still very focused on growing our core customer franchise.

Likewise, we've got a very strong corporate cash management business. In fact, just recently, we became the third largest government banking cash manager in the country. And so given the focus on deposit base that has certainly served us well, and it should serve us well as we move forward. It will give us the liquidity to be able to stand by our clients, support them through this period, but also to selectively be able to take share and be present from a lending perspective at a time when some of our competitors might be a little bit more challenged from a liquidity standpoint. So clearly, I don't think we've seen the end of this. There's still a tremendous amount of downward pressure on deposit levels overall in the industry. But I think TD finds itself in a very enviable position.

John Aiken – Barclays Capital – Analyst

And can you speak to the arrangement with Schwab sweep accounts, and how that impacts your strategy? And can you also talk about there was a recent -- or not as recent, but a recent change to the agreement. What was driving that on your side because, of course, Schwab has -- we can see Schwab is a bit of a bear seller.

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

And maybe for the broader group. So we do have a 12.4% stake in Schwab. It's a very important, very strategic relationship for us. We are extremely impressed with that franchise, serves over-- clients with over

$8 trillion in savings. So it's a very important part of our overall financial holdings. I would say that part of that is that we do have a sweep arrangement with Schwab. Currently at the end of the third quarter, those sweeps totaled about $103 billion overall.

Now that number has come down on a year-on-year basis as a result of clients, using the term that Schwab uses, sorting their cash and putting more of it to work either in T-bills or other equity investments. And so that number has come down a bit, but it is at $103 billion, it's an important part of our overall deposit base.

We would expect that number to continue to decline. We -- the new agreement that we put in place, we did provide Schwab with a little bit more flexibility, just given the overall market environment. And in exchange for that flexibility, we raised the floor, the minimum floor of that Schwab sweep agreement to $60 billion from $50 billion, and we extended the contract to the year 2034. And the reason why we did that was essentially to be a very good partner. This is a period of tremendous uncertainty in the marketplace. There were liquidity concerns. We wanted to provide Schwab with some short-term flexibility, but in exchange, we were able to extend the contract that we're quite comfortable with.

John Aiken – Barclays Capital – Analyst

And then post First Horizon, you obviously had spent personally a lot of time on the transaction. But we're in the new reality. What are the lessons learnt from the experience? And then what are you doing now to move the business forward?

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

So John, let me say that we were disappointed that we weren't able to close that transaction. I think First Horizon is a terrific organization, and I wish Bryan Jordan and his team the greatest success as they pivot towards their organic strategy. From our perspective, I think we did learn a lot, but we are pivoting likewise to an organic growth strategy. And in fact, I would argue, TD in the U.S. has had a proven track record to be able to grow organically. You think, we're the product of 3 acquisitions right through to about 2011 time frame. And then after that, we then built organically the franchise that we enjoy today with 10 million clients, nearly 1,200 stores from Maine to Florida.

I think we've been able to, over time, organically build and scale our franchise. We've got one of the leading retail deposit franchises in the country. We're a leader in the small business lending space. We've got deep community banking presence in every major MSA on the East Coast. And increasingly, we've been looking -- we've been building our specialty banking businesses in the mid-market space in areas like healthcare, education sector, and those have been a source of significant growth for us going forward. So where we stand right now, one of the areas that we're really focused on is bringing some additional capabilities to that core franchise. What I mean by that, there'll be 3 areas that we're leaning into quite deliberately. One, building our cards business, our consumer lending business broadly, but specifically cards. Secondly, building up the wealth franchise. And third, building out our mid-market business, our C&I mid-market business really across the country. Those 3 areas we think are highly complementary to our existing franchise and should give us additional revenue lift in the near term.

John Aiken – Barclays Capital – Analyst

Leo, that's fantastic. It literally moved into my next question in terms of what outside of Schwab, what actually is TD's U.S. Wealth Management strategy, and where are your aspirations? What would you like to look like in 10 years' time?

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

Sure. And maybe just some -- just to provide a little bit of context. As part of the shareholder agreement we had with TD Ameritrade, the agreement basically said that we were the bank and TD Ameritrade was the investment provider. With the sale of TD Ameritrade to Schwab, it basically opened up the door for us to be able to build an investment advisory business sort of both mass affluent and high net worth clients.

And that's what we've been doing. So for the last 2-plus years, we've been adding to our ranks. We added another 75 advisers to our mass affluent ranks this year. We'll continue to scale that business. Yes, I'd like to have a physical presence, financial advisory presence in most of the stores where we deem high net worth and mass affluent opportunities exist.

We also want to continue to build our high net worth coverage across the country and build our specialty teams to support the needs of high net worth clients. So very similar to what, John, I know you and I talked about the wealth franchise up in Canada. I think we have an opportunity to be able to replicate the same success that we had there. And I come back to just the embedded opportunity we've got. We've got 10 million clients, 3 million mass affluent clients, and I want more of those having their entire relationship with TD as opposed to strictly the retail sort of banking relationship with us.

John Aiken – Barclays Capital – Analyst

And is the growth just coming from attracting and recruiting advisers? What are your plans for product offering? Are you going to try to do that in-house?

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

So we have completely retooled the product offering. So I'm quite comfortable from a product standpoint. We've also invested quite a bit of time on the referral and the customer relationship management capabilities between retail and between our commercial bank and wealth team. And this year, the growth that we did experience, the business was up almost 13% from an AUA perspective on a year-on-year basis. The growth that we've seen is as a result of the partnership, stitching the various parts of the bank together, not too different from what you might have observed in Canada. But obviously, the U.S. marketplace is a little different, but bringing those teams together has been really quite successful. We're also building infrastructure. So we've retooled our brokerage and investment advisory platform. We've introduced a new wealth lending platform. We've deployed sales force across both our retail and wealth teams so that we can automate leads management and the entire wealth discovery process.

So I think we're really dressed to play at this point to be able to scale this franchise going forward. I wish I could go a little faster, quite frankly, but selecting advisers and entrusting them with our clients' wealth objectives is something that we take quite seriously. We want to make sure that we're building a very high-quality franchise going forward.

John Aiken – Barclays Capital – Analyst

Fantastic. And then one other interesting piece for TD was the recent acquisition of Cowen. How are you working towards integrating that platform as you expand out capital markets in the U.S.?

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

Yes. I am truly thrilled about the addition of Cowen to the team. Obviously, from a TD Securities perspective, this was a very complementary transaction. So if you think of TD Securities previously, we've had a very strong debt capital markets business, we had strong FX capabilities, a strong corporate banking franchise. And what Cowen brings is all of the other sides of the ledger, a strong equity capital markets capability, equity research, strong M&A and a mid-market clientele that was quite complementary to our large client clientele.

For the bank, what's exciting about the bank is that Cowen brings a whole new set of client introduction opportunities in that mid-market space, an area that we want to grow nationally. And I think Cowen immediately brings us a significant prospecting base of client opportunities. I also think it gives us a chance to be able to offer a full range of services to those mid-market clients that have grown to a point and have the sophistication to tap into equity markets. Now we have a unit research coverage and the capabilities to be able to serve that client through their life cycle. So I think for the bank, it will accelerate some of our plans in the market space.

John Aiken – Barclays Capital – Analyst

Fantastic. We'll pause Leo just to see if there's any questions from the audience. We have one.

Unknown Analyst

I understand that the reason that you couldn't close First Horizon, I don't know if the reports were confirmed, but that it might have revolved around regulatory concerns about AML and KYC. If that is an ongoing issue, what are you doing to resolve it? Because I would think that would still impact your ability to open new branches on an organic sense.

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

Yes. Let me separate the 2 items for a moment. Our decision to walk away from First Horizon was really predicated on the fact that we just did not have regulatory certainty with regards to the timetable. And we felt that as time was elapsing, the best thing we could do, given that uncertainty was to walk away from the transaction. And I assure you that was not an easy decision. Separately, last quarter, we did make a disclosure saying that we are in discussions with both the DOJ and our regulators about a specific matter at hand. So I don't want to conflate the two. We made that disclosure because we felt it was appropriate to do so. What I can tell you is any time we have any sort of inquiry from any of our regulators, we take those items very seriously. And we will employ whatever resources are required to be able to deal with that issue. And I can tell you, we believe that's a manageable item and in the fullness of time we will be able to resolve.

John Aiken – Barclays Capital – Analyst

Is there any other question? No. Okay. Asked and answered. So Leo, what's TDs' view in terms of the economic outlook for the U.S.? And how is that shaping your plans in terms of revenue growth, earnings, however you want to characterize throughout?

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

I mean I think we've been incredibly impressed with the state of the U.S. economy. It's demonstrated a tremendous amount of resilience. Job growth, albeit decelerating, has still been positive. The U.S. consumer continues to spend, albeit we're seeing a shift from goods to services, but notwithstanding still strong fundamental growth. Inflation is cooling, maybe not as quickly as some would like, but we are seeing a cooling effect, which hopefully will give the Fed some flexibility as to what they need to do over the next FOMC meetings. I do believe we'll see some deceleration in terms of overall economic growth as we go into next year. Just the absolute level of interest rates will begin to weigh on both consumer and commercial clients alike.

From my perspective, I do think there's still some intangibles that are important. What capital rules finally get enacted, what are the liquidity implications, what TLAC and other resolution requirements actually are imposed on the industry. Those are big factors, and they will influence the lending capacity of a good portion of the U.S. banking industry. So that's an important factor in terms of supporting the overall U.S. economy.

I'd say likewise, the geopolitical risk that exists are still quite significant. We're seeing as China decelerates, we're seeing global trade decline. And I think that is also something that could weigh on the overall outlook. That said, we don't see a significant downside recessionary scenario materializing next year. What we do see is a gradual deceleration from this year, and we believe that the ability to avoid a recession is still feasible, but it's still a 50-50 proposition with regards to what that outlook looks like for next year.

I come back to -- from TD's perspective, I think we're extremely well positioned. We have one of the strongest capital ratios in the industry. We have the liquidity to be able to serve our clients and to be able to once again selectively take share. I think we've got a proven growth model. We are quite comfortable being able to grow in down market scenarios. I think we've demonstrated that in the past with the financial crisis through other recessionary scenarios. So I think we've got -- we're very well positioned to be able to deal with whatever economic outlook comes our way.

John Aiken – Barclays Capital – Analyst

And then what is this -- how is it like affecting your budgeting for growth in terms of your lending volumes? Like you obviously have some initiatives that you have in place that are trying to grow, but what are you looking lending to fall in if you can give us a range in 2024?

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

Well, maybe I'll just anchor it based on what we saw in the third quarter, John, just to give you a sense. I think we saw some really strong lending performance in the third quarter. Our mortgage business was up

17%. Our cards and auto businesses were in that 7% to 8% territory. Our commercial lending businesses grew 9%.

So on balance, we still see some lending momentum. I think there are signs of decelerating at the industry level. But as I said before, I think our relative position might give us a chance to be able to be a little bit more selective and continue to grow our loan portfolio in a profitable manner.

I'd say from an overall outlook perspective, I would -- cards is an area that we have specifically said we want to grow and target for growth. Today, about 14% to 15% of our customers have a TD credit card. And I think there's a natural ability to move that needle, we've thrown objectives of 25% to 30% as a desired percentage that will allow us to nearly double our bank card business. This past quarter, we grew that business by 13%. But we'd like to continue to lean in on that. We've done a lot in that space.

We've launched 2 new credit card offerings. We revamped our new cash-back cards. We signed a new 7-year agreement with Visa that provides us with the wherewithal to make some reinvestment back into the growth of that franchise. We've repatriated our servicing back into our center of excellence, and now we're converting multiple cards platforms into one. So we really are positioning the cards business for accelerated growth with a focus most -- first and foremost, on making sure that our clients have a TD credit card in their wallet.

John Aiken – Barclays Capital – Analyst

And just to underscore this, this is the TD branded cards that you're planning on growing, not the white label partnerships, which -- that's -- it'll have its own growth.

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

That's correct. Now that said, I am equally pleased that we did extend both the Nordstrom and the Target co-branded cards. And we're very comfortable with both of those relationships. I think we're fortunate to be associated with 2 premier retailers.

John Aiken – Barclays Capital – Analyst

And still on the personal side, TD in the U.S. takes with residential mortgages -- has taken a bit of a different approach than most U.S. banks do. Can you talk about the philosophy of keeping the residential mortgages on book as opposed to securitizing them off?

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

Yes, first, we think the mortgage product is an important critical decision in the client life cycle. And so obviously, for our clients, for our franchise clients, we want to make sure that we can provide them those services. Our mortgage portfolio has grown nicely. So this past quarter, it was up 17%. Not necessarily because originations have been up sharply. In fact, they haven't. Purchase mortgage money has been down something about 30%, 40% all year long and the refi business has been all, but non-existent this year given the overall rate structure.

So we are -- for our existing clients, we're still active in the market. We want to be able to increase our penetration of mortgage sold to our existing core client base. That said, I don't expect mortgage volumes to necessarily expand dramatically. Just to give you a stat, today, rates are flirting with a 7, 7 and a quarter handle. Most of our book, 97% of our book has an interest rate of less than 6%. And 87% of the book has interest rate of less than 5%. So it's unlikely in the near term that we're going to see a big refi boom, et cetera. So this is really about purchase money focused on our existing clients, making sure we're there and providing them good value and an effective solution to some of their more [inaudible].

John Aiken – Barclays Capital – Analyst

And then on the commercial side, you mentioned a couple of industries that you're looking, focused on. What do you need to be able to continue to grow that business? Is it bringing bankers on, is it just expanding business relationships?

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

From a commercial lending space?

John Aiken – Barclays Capital – Analyst

Yes.

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

I think we're doing a number of things. I think first -- commercial banking is all about the quality of the talent. So making sure we've got strong mid-market bankers in the communities that matter putting the critical sectors that we choose to be able to play in. That is first and foremost. So you would expect us to continue to add to our ranks selectively and to also add our ranks geographically in those markets that we want to continue to lean into.

I'd say, likewise, we're also leaning into the infrastructure discussion as well. We are consolidating multiple commercial banking platforms into one, creating more end-to-end straight-through capability. And that has 2 fundamental impacts that allows them to be able to serve our clients much more effectively, improve our response times, but also bring down the unit cost for that particular business, and it generates some productivity savings that we can reinvest back in the business. So we're doing a number of things. But there's no question that Cowen will be a critical part of that overall expansion plan. Leveraging the Cowen client base, marrying it to our existing banking footprint is going to be a big source of growth going forward.

John Aiken – Barclays Capital – Analyst

And then I guess we've seen interesting development in industry margins. Can you remind the audience of what your outlook is for margins for your line of business?

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

Sure. And I think we shared some guidance on our most recent earnings. Just to put the NIM into some degree of perspective. If you look at the 5 quarters ending the first quarter of 2023, our overall NIM expanded 118 basis points. The second largest of any of our expanded peer set.

In the last 2 quarters, we've given about 29 basis points of that back. Really anchored around 2 fundamental reasons. One, just overall deposit rates have increased more broadly in the book. But the bigger impact was the actual deposit migration itself and largely amongst mass affluent clients. Now, the opportunity cost of not sorting cash is just too high. And so we saw a significant movement in that space. I would expect just to be clear, that, that deposit migration impact will continue over the next few quarters. That said, though, we are providing guidance that in the near term, NIM will be relatively stable. So how do I reconcile that? Our on tractor rates are giving us a significant tailwind. But we've got some headwinds associated with deposit migration amongst our customer base, but we've got a tailwind with regards to on rates with regards to our tractors. Those 2 will largely neutralize themselves. And so we'll see more stability in terms of the overall deposit NIMs in the short term.

John Aiken – Barclays Capital – Analyst

And then in terms of just overall growth on the platform, dovetailing to the question that was asked earlier, are there plans to increase your footprint, maybe expand into geographic regions that you were excited about with First Horizon?

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

Well, I think a couple of things. We still have growth opportunities within -- so Florida, the Carolinas, we've operated in those markets for a very long time. This past quarter, we did open up 7 stores, largely focused on the Carolina and Florida markets. So I think we want to make sure that we achieve density in the markets in which we operate. It's just a stat that I think is important to us. 78% of our deposits are in markets where we have a top 3 market position.

And that's something, for instance, in other words, we truly believe in making sure that we own a particular marketplace. We find that we are more effective when we have critical mass in a marketplace as opposed to simply having a number of beachheads spread widely. So there's still work for us to do in Florida.

We think that's a really attractive market, and there's pockets in Central and Northern Florida, which are important to us. And likewise, growing in the Carolinas, both in South Carolina, where we've had a presence with the former acquisition, and in North Carolina, which we think is an exciting new market, Charlotte, the place I believe, this past quarter, we added 3 new stores. And that is -- that's being able to build enough critical mass to be able to support our presence in the marketplace and then serve the community is really important.

John Aiken – Barclays Capital – Analyst

Leo, when you mentioned Florida, it triggers obviously, the North American platform that TD enjoys. How much integration do you have with the Canadian retail banking operations and the connectivity, how does your platform benefit with Canadians migrating; the snowbirds.

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

Just on a number of fronts, whether it's in retail, we have a series of transaction payment solutions that allows Canadian snowbirds to be able to transact back and forth. We have wealth advisory teams that are dedicated on clients that have a dual residence. In our commercial banking business, our commercial banking teams are collaborating on a regular basis with clients that have a footprint in both locations. That's one of the things that we can do. We're uniquely positioned to be able to support clients that straddle those 2 markets. And we want them to feel just as home in the U.S. as they might feel they are being served by TDCT in Canada.

John Aiken – Barclays Capital – Analyst

I comment to clients how it feels very weird walking through New York and there is a TD on every second corner. It feels almost like Toronto. But before -- as we're slowly winding down wanted to give the opportunity in case, anyone has additional questions? We have one.

Unknown Analyst

We've heard a lot from your U.S.-based peers about the Basel III process and the risk that some products particularly credit card and mortgage would suffer adverse capital requirements from the proposed changes. And I won't repeat all of the four letter words that I've heard, but question is, is there a similar movement at the Canadian level that would similarly affect your ability to do an effective mortgage or credit card business in the United States, or is the Canadian regulatory picture more stable than the U.S. it seems to be?

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

Yes. There's nothing underway that is explicit as the Basel III end game rules presently. But as you can imagine, regulators around the world will tend to converge over time. So certainly, I'm expecting the Canadian regulators will take a look at some of these proposals, and they will assess whether it's appropriate for the Canadian market or not. I would say with regard to the end game rules itself, I think we find ourselves with more than sufficient capital buffers to be able to step into whatever proposed regime takes place.

And that -- I think that gives us a degree of flexibility. The fact that we're a global G-SIB means that on some of the TLAC and other recovery related measures that have been introduced and announced by the FDIC that we're already ahead of that curve as well. And I think that's a huge advantage. And liquidity, while nothing has formally come out on liquidity, I think likewise, given our -- given what we talked about from a liquidity standpoint, I think we find ourselves -- so I think we're most focused about is regardless of what final combination gets presented, I think it's important for us to be in a position to continue to serve our clients and to be able to grow our franchise. And I think we do find ourselves in that envious position to be able to do that. I know that there's -- today, there were a number of lawsuits and filings and challenges with regards to what's been proposed. But from my standpoint, regulators are responding to the events that took place in the past 3, 4 months. So I'm not surprised that we -- I think some degree of reaction certainly around some of the rules was to be expected. Some response to the AOCI, will certainly, given the interest rate changes that took place, that was to be expected as well.

I think there are some areas in the end game rules that do create some pause. Some of the increased capital requirements for mortgages from a policy standpoint has historically been an area that both government regulators, et cetera, have wanted to support. I think that's an area that we want to take a look at to make sure that there isn't anything that might inadvertently inhibit mortgage lending in the country.

I think likewise, in some of the other areas, access to consumer credit, you don't want to increase capital such that certain segments might find themselves not having access to credit. Distinctly, there's some elements of the proposal that I think really merit a harder look. But on balance, I would say, I'm not surprised by some of the proposals that's being presented. I think they reflect regulators wanting to make sure they weatherproof the industry for what might be the next set of concerns.

John Aiken – Barclays Capital – Analyst

Anything else in the audience? So Leo one of things that has differentiated each of the banks in this more challenging macro environment is the ability to manage expenses, focus on operating leverage. Can you talk about how TD and you and your platform balance the investing in growth in each business and what needs to be done from a regulatory technical standpoint, but also trying to manage the cost inflation in an environment where revenues have not been growing as strong as they have been in the past?

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

Well I think it’s a critical issue. Managing productivity in order to be able to create the space for us to selectively invest in our franchise. And to be able to invest in just the infrastructure of the franchise, so we can continue to grow sustainably and profitably, particularly important. There are a number of things that we're doing. I think the question came up 2 quarters ago. And I did indicate that we had kicked off a productivity exercise. There's a number of levers that we're looking to pull in order to create some more short-term expense opportunity.

Those being, first and foremost, really staring at our data and technical architectures and trying to simplify that at the core. I mentioned the cards platform consolidations, commercial banking platform consolidations, our data infrastructure, making sure we have a single data lake – cloud-based – that supports the franchise as opposed to a more distributed redundant data infrastructure. I mean those things, they might seem like bread and butter, but they go to driving greater efficiency and greater quality, hardening of the actual infrastructure for the bank, which we think is really really important. Corporate real estate, the reality is our lives have changed. Hybrid is a reality and we do sit on a corporate real estate footprint that's larger than the one we need. So rationalizing that will create some degree of savings.

Store optimization, notwithstanding that we've talked about potentially adding stores at times, but being very disciplined in looking at our store network and pruning where appropriate to make sure that our stores are optimally positioned to be able to serve our clients is critically important. Likewise, vendor management arrangements, I'm somewhat obsessed about making sure that the marginal tiering structures of those agreements do provide the bank with economies of scale going forward. And so working with our strategic vendors, making sure that we're building long-term partnerships that makes sense. Key area of focus.

And then I would say just looking at our organizational health and just making sure that we are in a position effectively to be able to grow in the areas that we want to, support our core control environments and make sure that we are adequately staffed to serve clients, but doing that in a very productive way. Clearly, a big priority going forward.

I think those, work in those areas amongst others, will give us some of the savings to be able to reinvest in our franchise whether that be in terms of growth or in terms of building the infrastructure required to be able to continue to grow profitably and sustainably.

John Aiken – Barclays Capital – Analyst

And my next question on this in terms of scale, this is not to imply that you're sub scale in the U.S., definitely not. But are there any advantages of your platform, can you utilize with the fact that you've actually got a North American platform on both sides? Is there any technological or any other advantages that you're able to eke out?

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

We do that on a number of different fronts. John, to give you a sense, an area that we're investing in quite significantly is our digital mobile applications. A proprietary piece of software we refer to as Easy Apply, which is our online account opening and online digital marketing platforms. That's a piece of code, very evolved code, that was first developed in our Canadian business, and we've been able to rapidly redeploy it, and it is now sort of the core of all of the account opening procedures that take place in the stores and increasingly, it can do into our digital assets. So being able to have -- being able to exchange capabilities between our Canadian development centers and our U.S. development centers, certainly, that gives us a big advantage vis-a-vis other players.

But that's not the only one. I mean our -- we've got a cyber fusion center that straddles all of North America. And so our ability to alert across multiple markets and be able to bring that knowledge to bear to be able to support the U.S. branches, it's just a huge advantage. And there's many others. But I do think that while the U.S. needs to have the maturity independently to be able to operate at scale, I think that being part of a North American, a significant North American player gives us huge advantages as well.

John Aiken – Barclays Capital – Analyst

It's fantastic. We're both bumping up against time. I hope you know that I didn't ask 1 question.

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

Next time.

John Aiken – Barclays Capital – Analyst

Thank you very much. Really appreciate it.

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank®

John, thank you.