RBC CAPITAL MARKETS CANADIAN BANK CEO CONFERENCE JANUARY 9, 2024

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PARTICIPANTS

Bharat Masrani
TD Bank Group – Group President and CEO

Darko Mihelic
RBC Capital Markets – Analyst

PRESENTATION

Darko Mihelic – RBC Capital Markets – Analyst

Okay, great. Thank you. We'll start the next session with TD Bank. I'm pleased to have Bharat Masrani on the stage.

Thank you for joining us today, Bharat.

Bharat Masrani – TD – Group President and CEO

Nice to be here, Darko. Happy New Year to you and to all of you. Good to see you folks.

Darko Mihelic – RBC Capital Markets – Analyst

So I've been pretty consistent in starting off our conversations, virtually every single one with interest rates. So I thought I'm going to do the same thing to you. So – and I think in this case, slightly different angle. What we saw in 2023 was your NIM expansion was pretty much as advertised. It was one of the best that we saw - balance sheet, your deposit base, it all came true. Rising interest rates certainly helped your net interest margin. But we're now entering a phase where rates are about to fall, perhaps fall aggressively, perhaps fall quicker than anticipated. So, maybe you can speak to the constant discussion that I'm getting with investors is, Darko, TD's net interest margin will be pressured more than you think. What are the mitigating factors that are out there and how should we think about – forgetting just NIM, let's talk about net interest income, right? And how do you think about this as you enter 2024?

Bharat Masrani – TD – Group President and CEO

Two ways. When rates went up, and you think of the pace at which they went up, within a year, we had what about 450 basis points, 500 basis points go up. And when you have that pace going up, beta is going to lag, how quickly do betas go up, because on the way down, I don't expect that this thing goes back down to zero again, because we are not in an any extraordinary situation, like the global financial crisis or the pandemic. So we should settle in at something – at some kind of a neutral rate, which is going to be much higher than what we've experienced the last 13 to 15 years. And betas will become more normalized and not play out the way they did. So that's one factor to keep in mind, is for the pace at which these rates drop. You said there's some uncertainty around that. Yeah, there is, but I don't expect them to go to zero again.

Secondly, whatever rate forecast you put out there, as you know, one of the strengths of TD is that we have huge non-rate sensitive deposits, i.e., checking transactions and savings accounts, and those are tractored. And as those tractors come for repricing, and you know exactly how we do that, the reset rates on those tractors that were put in place a few years ago, are much higher, even if you expect the rates to drop. So that's a countervailing force as to what it will do to our NIMs. The other factor – and you – I'm glad you brought up, at the end of the day, you can't eat NIM, you can eat NII. And if rates drop, you would expect that is because folks are feeling that the inflation dragon has been slayed, that the economy can start growing again at a normal pace, et cetera. And then you look at TD's businesses, the scale we have in each of our businesses, you'd expect us to not only keep up but gain market share. And that would give us the volumes to help our NII as well.

So I see how in a simplistic way you can do – try and do the math saying on the way up they had all that so on the way down a similar amount is going to be given back. But I think the factors that took us up there versus the factors that are going to reduce us and what the fundamental balance sheet behavior through that is going to be is a lot different. So I don't think it's as simple answer as what some of the people are warning you about. I think there's more to it than what meets the eye. But I feel comfortable that we have been able to show from TD that even when rates were zero, we were a growing bank, we were growing NII with very stable and good NIMs and scale businesses that are second to none, and so feel good about how we are positioned in this particular rate cycle.

Darko Mihelic – RBC Capital Markets – Analyst

So gathering from that answer, could I maybe pin you down a little bit and ask you maybe a slightly different way? Do you think net interest income growth in 2024 could be at the same pace that we saw in 2023?

Bharat Masrani – TD – Group President and CEO

A lot will depend on the general economy. And I don't expect us to start losing share. So if the economy is good and if you think rates – volumes are going to go up, we're going to hold our own and probably increase it because we are a growing bank. So a lot will depend on that exactly the pace at which this goes up. I did provide guidance. We did provide guidance in the Q4 call that our medium-term EPS growth target is 7% to 10%. We think in 2024, it'd be challenging to get there. We've been wrong in the past, forecasts are forecasts in the end. But given the volatility in the markets, given all the complexities of – with the regulations, particularly in certain markets where they may end up or not, where interest rates are, I think there is a bit of euphoria right now that we are over the interest rate issue. We went down by, I don't know, 110 basis points, 115 basis points in less than two months, but last week, we gave back 20 basis points. There's too much volatility here. So let's see how all those things settle in. But that was the trying to provide you with some sense as to how we see the picture over fiscal 2024.

Darko Mihelic – RBC Capital Markets – Analyst

And I mean one of the things that we're certainly encountering now is a far, far lower level of concern with these mortgage renewals that are coming up since the forward curve is implying that the rates are going to go down. And there is, however, a marked difference amongst the Canadian banks in terms of their mortgage books. I mean, well, I have one bank that's had mortgage balances going runoff. And your bank, and you had an Investor Day on this, and you're following through on it, have very strong growth in mortgages. Can you talk a little bit about what you're doing in the mortgage market, what the rationale is, some – we're hearing in some places that you've got the best rate out there to attract clients. Can you talk a little bit about your strategy around growing the mortgage book when others are far more concerned about the margin? And is this just the simple the answer is that you've got tons of capital, tons of deposits, so why not go after mortgages or is there something more to it than just that?

Bharat Masrani – TD – Group President and CEO

Well, we've been working hard to improve our mortgage processing. We – and how we are running our mortgage business, we increased our sales force. We have something called a mobile mortgage salesperson. We increased the number that we have across the country. We put in a sizable amount of investments in improving the experience at the branch level. And frankly, through the pandemic, through that time, TD was underperforming in originating mortgages. And folks were wondering, why is that? Why is TD not doing well? Well, what – after the fact, what turned out to be the case is that through the pandemic, 40% of our branch network was closed down for a longish period.

Once it came back and came back with force and TD started show itself again because that particular channel at TD matters. Our distribution matters, and so when you combine all those it would suggest that operationally what are we doing to have improved that business quite dramatically and we're seeing that part. With respect to what might be going on now, yes, we – yeah, I like to think we're the lowest deposit cost bank. We have a funding advantage. We have a huge amount of funding available. If you're doing business because we have a funding advantage compared to a competitor, but that the origination margin is the same, what's wrong with that?

We're still making the same amount of money. The cost of goods is lower for us than perhaps for somebody else. That's the way to think about it. And we have the capital and listen – it's a good competitive market. People like to talk about why TD is growing and why they are not. But we are very comfortable with our business. It makes good money for us. And we have a scale positioning that we are not prepared to give up on.

Darko Mihelic – RBC Capital Markets – Analyst

And could we think about the same thing happening in commercial lending or why is there – why is commercial lending a little bit more balanced when I look at the growth profile across?

Bharat Masrani – TD – Group President and CEO

Yeah, because mortgages are a bit more of a...

Darko Mihelic – RBC Capital Markets – Analyst

Commoditized?

Bharat Masrani – TD – Group President and CEO

Well, I don't want to just call it commoditized completely, but there's a particular box in which they operate whereas commercial banking is one loan at a time. And you're going to look at it differently from that perspective. And in commercial lending, like, one thing for sure, I'm telling you from a TD perspective, we are not going to be gaining share by taking on undue risk on a product or frankly to give the product away. That's just not the TD style. Will we take advantage of inherent strengths that we have? Of course we will. That's the business we are in. But are we going to give it away in any way or take undue risk? That's not going to happen.

Darko Mihelic – RBC Capital Markets – Analyst

Okay. Fair enough. And maybe switching gears a little bit, but at year-end, you announced your results and a restructuring charge and one of the unique things that came about in your Q4 is that you had to build risk and control infrastructure at TD. And the number of – as I process that, I need to sort of think about what it is that you're actually doing in the U.S. So presumably you already have risk and control in place. And it seems like it's a fairly large spend. So I'm wondering if you can maybe give us a bit of an idea of what it is that you're actually spending on in the U.S. Is this a complete tear down and rebuild? How should we think about this? And why might this take more than a year is really the question?

Bharat Masrani – TD – Group President and CEO

Yeah. So, of course, we have a risk and control infrastructure. We are a bank. We're a highly regulated entity. But think about it, when we look at what's going on in various markets in which we operate, the operating environment might be different. New technologies have been introduced. New types of ways of looking at certain types of risks have changed. Talent is changing. Use of this particular technologies like AI, generative AI also is evolving pretty fast.

So you'd say, all right, does it make sense for a bank of TD's scale? We're serving close to 30 million customers. We have a very large balance sheet. We serve more than 10 million Americans now in the U.S. We are one of the largest domestic banks in the United States. We're one of the largest domestic banks in Canada. And we have a global business in TD Securities. And to some extent TD Asset Management is a big initiative for us. So in the overall scheme is when we say we want to improve our risk and control infrastructure because it makes sense given the forces that I just talked about, of course, we're going to do it.

And it makes sense for us given our size and scale that we want to keep up with what you'd expect out of TD. So that's the way to think about it. Listen, I know where you're going with this because of our disclosures. Of course, I can't talk about a specific issue we are dealing with, but this is going to help our business globally. It is not just specifically just to the U.S.

Darko Mihelic – RBC Capital Markets – Analyst

And what will inform your decisions on building this out? Is it going to be a mixture of, hey, we need – we see this gap and we want to fix it? Or is there somebody telling you, hey, there's a gap here and you need to fix this? Like, how should we think about...

Bharat Masrani – TD – Group President and CEO

You should think of TD, you would think we are disciplined operators, that we have a strategy, we are already doing it, and we're executing against that. And we know what we need to do, and we are already in the process of doing that. So this is a program that we've put in place, feel very happy as to the type of resources we are putting into it, the type of technologies we are deploying, and the type of capabilities that we have actually hired in order for us to be able to deliver this in time and on budget.

Darko Mihelic – RBC Capital Markets – Analyst

And so just to – my last question on this and I promise we can move on, but there seems to be a large spend and then there's a sort of a thought that it could come back down. So is that the way I should think about this? Is that certainly next year, maybe into 2025 and then a significant reduction? Or should I think about run rate expenses as essentially being elevated and sort of continue from there?

Bharat Masrani – TD – Group President and CEO

So let me actually explain and I think hopefully it will be helpful in understanding it. Post our restructuring that we announced, we said we took CAD $363 million in Q4. We'll probably have a similar amount in the first half of this year. Post that, our core run rate expense growth should be around 2%, and – but because of these additional amounts we're spending on risk and control infrastructure, that run rate in 2024 will go up to mid-single-digits. Now, within that, there's a one-time build, as you say, as we build new platforms under this risk and control infrastructure. But running of those is core, and it's part of the 2% that we just talked about. So that's the way you should think about it.

Darko Mihelic – RBC Capital Markets – Analyst

Okay. All right. That's helpful. Thank you. And so maybe before we touch on capital, since we're talking on operations and so on, maybe we can touch a little bit on sort of how to think about in – I mean, it looked like TD Securities had a tough year, right? And you added Cowen at the very end of the year. So in an environment where rates are coming down, I'm hearing that pipelines are building, and things are improving. So how do you view that business and what do you think we could – is there a chance that – I know you talk about a certain run rate of revenues. I think Riaz talked about it on the call. And in my mind, after everything that I've been hearing for the last couple of days in discussions with people, I kind of get the sense that investment banking revenues look like they're going to be better than normal run rates. What's your view on that? And what do you hear – what are you seeing so far?

Bharat Masrani – TD – Group President and CEO

Yeah. Firstly, I'm really happy with the TD Cowen acquisition. It did various things for us. We – had recognized that we needed to be a scale player in equity capital markets, particularly in the United States, not only for our aspirations in the U.S., but to actually support our global franchise, because the U.S. does matter. We were lacking in U.S. research and research generally. And there were certain verticals in the investment banking side where we needed to build out because if you're going to have a franchise, particularly in areas where TD Securities is already strong, we needed those verticals to be more mature than where we were.

And frankly, TD Cowen fits perfectly for that profile, and hence we acquired it, and I'm very happy, like, if you adjust – you said 2023 has been a tough year for that market generally. And you're right. And if you adjust for market movements and then say, all right, if I adjust what our business case would have said from a revenue perspective, quite happy as to what they're doing, the deal flow, et cetera, where – and I think Riaz did a good job in explaining this - where we've been more deliberate is in integrating, ensuring what makes sense over the long-term and not to rush to a particular number because it might feel good for a quarter or two. I mean, we are long-term players in this. And so over time, the efficiency ratio in that business is going to be better than what we are seeing today, and we think we can get there.

So overall, we feel pretty good about it. If the rates continue to sort of moderate and go down, M&A activity should go up, issuance activity should go up, and it should play out exactly where we thought it would with the capabilities that we've acquired. So feel pretty good about the business, the type of talent we've acquired, the culture that is being integrated. So this is a good story for us and frankly, good for TD Securities because it is a business that is very important to TD. And this was something that we needed to either build ourselves or to buy and we decided to buy.

Darko Mihelic – RBC Capital Markets – Analyst

And if you had to handicap the CAD $1.6 billion of revenues, I think per quarter is typically the sort of – do you think that this year could be better than that?

Bharat Masrani – TD – Group President and CEO

I hope so. Like, we all – but it's more market-related. And your forecast on where market conditions are going to be is going to be as good as mine. And it's hard, I mean, these market driven businesses are volatile in their nature. And we recognize that and that's why we keep TD Securities at the size that it is.

Darko Mihelic – RBC Capital Markets – Analyst

Okay. So I wanted to move on to capital because we've had some discussions today on capital and know there's a little bit of a fall in Q4 for TD and there's a modest negative expected in Q1. And then I think those numbers are well understood by everyone. And yet at the end of the day, you're still going to end up with a high ratio, one of the highest ratios, if not the highest. And I get the sense – and from all my discussions today that there isn't that much of a concern that the regulator will raise again in June. So given that backdrop that maybe we're at peak capital requirement, I got the sense in the Q4 call that there was a little bit of a reluctance to do a lot of buybacks. So can you maybe correct me, am I wrong in that thinking there was an aggressive move, there were some aggressive buybacks now? Are you taking the foot off the pedal or is there something more nuanced that I'm missing?

Bharat Masrani – TD – Group President and CEO

So I don't know why you get that. But anyways, let me explain. We announced soon after the First Horizon termination that we're going to buy back 30 million shares. And we said – we issued approximately 30 million shares through a dividend reinvestment plan in order to finance that deal, in order to acquire First Horizon. Since we are not going ahead with it, we're going to give that money back to our shareholders. Now, we made money doing it, but it's not the right way to make money. That's not what we do for a living - is issue at a high price and buy back at a low price. That's not the business we are in, but that's how it turned out.

And so when we completed that, then we announced another buyback because of the position we are in. And then we've been very consistent the way we think of capital deployment at TD – how much capital do we need to support our core organic strategies, what growth aspirations we have, are there any capability gaps where we might need to use capital, et cetera, et cetera. You heard that. And if you go through that framework and say we still have lots of excess capital, we're not shy to buy back. Hence, we announced a further program to buy back 90 million shares. And we said we will buy this- our intention is in the next one year we want to buy back 90 million shares. That intention has not changed. We've been telling you exactly every quarter how much we've been buying back.

And – but the level – the pace at which this happens depends on market conditions, depends on factors such as what kind of volumes we had today, because there are certain rules as to how the bank can operate, what kind of algorithms we can put in place, what's the environment like, and what's our algorithm, at what price do we buy, we cannot exactly predict that. So the pace could change based on those conditions out there. But our intention has not changed. That's what we said we want to do. And we are hoping we can execute fully. That's what we do.

Darko Mihelic – RBC Capital Markets – Analyst

Okay. That's a good answer. And so the next question is, where do you want to land with your ratio? Because if you execute entirely on that buyback, I still think to myself you're going to build a lot of capital throughout the year.

Bharat Masrani – TD – Group President and CEO

But we'll decide what else if we have nothing else, do we announce another buyback...

Darko Mihelic – RBC Capital Markets – Analyst

So that's what I mean I'm getting it. Yeah. So like, where do you want the capital ratio run? So your current level is too high.

Bharat Masrani – TD – Group President and CEO

We are in a very nice position where the expectation of minimum regulatory capital is. For us, more important than just the regulatory side is also what we think is an appropriate level of capital based on the balance sheet that TD has. And in that, I had signaled about a year ago that 12% plus sounds like a good number. I don't think that has changed from where we are. So that will be a good number. But how we get there, what timeline we get there, what happens in the meantime is something that is not – you cannot predict that with a 100% certainty. So that's how we think about it. But our framework has not changed. If we continue to be where we are, and if it means that buybacks make more sense, we're not shy to do that as we already demonstrated.

Darko Mihelic – RBC Capital Markets – Analyst

So I should be modeling longer term your capital ratio to come down to somewhere in the neighborhood of 12% to 12.5% – or 12%. You said 12%. And...

Bharat Masrani – TD – Group President and CEO

Either it comes down by buyback or we've grown the bank…

Darko Mihelic – RBC Capital Markets – Analyst

Fair enough. Okay. All right. That's great. I'm going to have to build in more buybacks, I think, to my model, Bharat.

Bharat Masrani – TD – Group President and CEO

Well, it did – point being that all of us – and we've said we put down a ROE target and people said, okay, what assumption I should use? You should use around 12%, 12.5% is the capital target. But how we get there and what pace we get there would depend on market conditions, opportunities in the market, pace at which – does it take six months to many years? It will depend on what the economy is doing and what markets are presenting by way of opportunities.

Darko Mihelic – RBC Capital Markets – Analyst

And in your answer, you didn't really mention the floors or any other sort of capital requirements coming. But is it really not that big of an issue for you?

Bharat Masrani – TD – Group President and CEO

Well, the Basel III is 15 basis points. We announced that, right? The floors – there is some ambiguity in that because of – we've got ample capacity now. But once the floor goes up, I think 72.5, then that – it could turn out to be within a few years down the road a binding constraint...

Darko Mihelic – RBC Capital Markets – Analyst

Right.

Bharat Masrani – TD – Group President and CEO

...at some point. We'll see because there's too many moving parts here, too many changes. We know Basel III as advertised now. But what's the final Basel III? We will find out. There's a lot of moving parts there. And how Canada reacts to those moving parts is going to be hugely important as to what those numbers are.

Darko Mihelic – RBC Capital Markets – Analyst

So I wanted to touch on credit quality before I jump to any questions that are coming up on my screen, which is – okay. And very similar to other banks and what we saw from you in Q4 in terms of guidance is not too dissimilar. You moved the goalposts a little higher. So generally normalizing sort of PCLs. But when I think of it, your Canadian book is a little more retail lending-oriented. You've got auto loan book in there. You've got a fairly sizable credit card portfolio. So I'm a little bit surprised that you didn't move the goalposts more on your PCL guidance. And so maybe you can give me a hand here. Is it that you're simply expecting slower growth and there are other factors at play here or why shouldn't I consider in a weaker economy that you wouldn't have a higher loss ratio? I mean what is it that – that you're benefiting from that.

Bharat Masrani – TD – Group President and CEO

We've said what we've seen in most of the asset classes that we're still in the normalization phase. We haven't yet normalized. I think one asset class where I think we are now – what we call normalized would be auto loans, actually. Credit cards, we are still below what we would call normalized rates. We are not seeing from an actual numbers perspective any delinquencies or any indication that we have a major issue brewing here. Notwithstanding that, Ajai said our normal sort of reserving would be 40 basis points to 50 basis points, right, and he sees that for 2024.

We also through the pandemic had built up large allowances that everybody would have expected and have been slower to release those as well. We are running our allowance, I think it's 89 basis points now. And so when you take a combination of that and based on IFRS 9, as you know, there is modeling there and then what we're seeing from actuals, et cetera, we feel comfortable as to the way we are managing this book and how it is playing out and feel quite comfortable with that. Having said that, I think the PCL expectation in 2024 is going to be quite a much more than 2023 because of just a normalization effect.

Darko Mihelic – RBC Capital Markets – Analyst

So that might be the missing link for me. So essentially if we're peaking on losses in 2024, maybe at the peak, you don't need to build reserves and maybe that helps. Is that...

Bharat Masrani – TD – Group President and CEO

Well, a lot will depend on volumes as well at that time, like those are the other factors. If volumes have slowed down because there is a major problem, so that will be the offset there as well.

Darko Mihelic – RBC Capital Markets – Analyst

Okay. Okay. Great. Thank you. Turn to the questions here from the audience. So with the recent departure of the Head of Canadian Business, can you remind us of succession planning at the bank?

Bharat Masrani – TD – Group President and CEO

Well, great. What a great bench we have. It's too bad that Michael left the bank. He was terrific. We wish him well. He's got a great role in a U.S. institution. Ray Chun took over for him. Ray has been with the bank 30-odd years, ran most of the businesses within Canadian Personal Bank in his career, including running a region as well, and very seasoned, very well known. And it just illustrates the bench at TD that we can have a major departure and life goes on and we got a terrific executive who's running it and knows the business extremely well. So very happy with how we managed through that situation.

Darko Mihelic – RBC Capital Markets – Analyst

And above and beyond is – the departure and replacement, I think embedded in the question is succession planning. So what do you – is there anything you can comment on that or...

Bharat Masrani – TD – Group President and CEO

It's great. And succession planning is a core part of what we do in the Bank for every major position, including my own. It is how the Bank operates and how it thinks about it. It's a major mandate of our HR Committee. And frankly, I spend a lot of time doing that in part of my role. And we feel very comfortable that whenever we have situations, we've been able to manage it quite effectively.

Darko Mihelic – RBC Capital Markets – Analyst

Okay, thank you. And the next question is 2024 sounds like a transitional year for TD. What should investors look forward to in 2025 outside of credit? So let's assume credit – can TD return to 7% to 10% earnings per share growth in 2025? So I realize it's a bit of a futuristic look, but let's try and pin you down.

Bharat Masrani – TD – Group President and CEO

Well, medium-term target, EPS growth is 7% to 10% and that has not changed. TD has the means to provide that level of growth absent any major market movements, et cetera, and generally at the end of the year, we say how we're feeling about the following year. So that's when I said at the end of 2023 that I feel in 2024 is going to be challenging to get to the 7% to 10% because of the complex environment and various reasons that I outlined. That's the best I can give you. We still feel that medium-term 7% to 10% EPS growth is doable and that's why we still have it out there.

Darko Mihelic – RBC Capital Markets – Analyst

I know pressure a little bit on that, because if I sit here and think – I don't have my model right in front of me, but if I looked at that model and I say to myself, well, they are going to do a lot of buybacks and they are growing mortgages at higher than industry average. So I think about the loan growth as being better than average in 2024 versus your peers. As I enter 2025, I've got a lower share count, a higher kind of loan growth, NIMs are stable. I kind of have to think that, yeah, the 7% to 10% is probably very easy. So again, we're notwithstanding credit because that was the question. So is it the expense side that maybe gives you reason for pause on that?

Bharat Masrani – TD – Group President and CEO

There's a career for you outside of being an analyst. Too many moving parts. Like, it's hard to – like give a medium-term target, 7% to 10%, feel very comfortable with that. And then we give you a sense as to what we feel for one year at a time. And I think that's the appropriate way to think about it. To try and say, what's going to be your expense growth in Q3 of 2025? Nice question. But hard to actually say what it is. And like, if this conference was a month and a half ago, we would not be talking about interest rates dropping as quickly as they have. If we were talking a year ago, oh, my God, we're going to look at a major credit problem because the way the rates and inflation and et cetera, et cetera are playing out. So things move too quickly, too dynamically. We – let's not forget, we've got elections coming up in major economies that have probably more impact than historical experiences we've had in the U.S. The UK is also having a – probably will have an election, India and Indonesia. These are major moves and we've got two major wars going on in the world. Too many moving parts here to pin down what's going to happen in a particular year except to say from a trend perspective given the type of businesses we have, the way we operate them, the type of risk appetite that we have articulated, is it reasonable to think that TD can deliver 7% to 10% EPS growth on an annualized basis over the medium-term? The answer is yes. What we might do in a specific year, hard to say based on all these moving parts.

Darko Mihelic – RBC Capital Markets – Analyst

Okay. With that, we're running up to the end of our session together. So, Bharat, I'm going to ask you to maybe just to summarize for investors and shareholders your key takeaways for 2024.

Bharat Masrani – TD – Group President and CEO

Well, firstly, thank you for your support of TD.

We have scale businesses in every market in which we operate. We have a fantastic business in Canada that is growing as you rightly pointed out. We have a wealth business that is taking share with lots of new positioning. We just introduced TD Active Trader last month, which is going exceedingly well, tested well in the market. We have, in the credit card space, given travel is back, the luxury sector is back, a very growing business.

In the U.S., we surpassed 10 million Americans that are banking with TD today. We are one of the largest domestic banks, not many foreign banks can actually say that, and we were able to do that in about 15 or 17 years.

And in our capital markets and our wholesale business with the addition of TD Cowen, feel very excited. So overall, we have businesses that are at scale, working well, and we are looking forward – and with the advantage of capital and funding costs that are probably one of the lowest in the industry gives us specific advantages that we certainly will leverage. So – and thank you for all your support and look forward to meeting many of you over the next few hours.

Darko Mihelic – RBC Capital Markets – Analyst

Okay. All right. Thank you, Bharat.

Bharat Masrani – TD – Group President and CEO

Thank you.