TD BANK GROUP
BARCLAYS GLOBAL FINANCIAL SERVICES CONFERENCE
SEPTEMBER 15, 2026

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Material economic assumptions underlying the forward-looking statements contained in this document and/or on the conference call are set out in the 2025 MD&A under the headings “Economic Summary and Outlook” and “Significant Events”, under the headings “Key Priorities for 2026” and “Operating Environment and Outlook” for the Canadian Personal and Commercial Banking, U.S. Banking, Wealth Management and Insurance, and Wholesale Banking segments, each as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable).
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PARTICIPANTS

Leo Salom
TD Bank Group – Group Head, U.S. Banking President and CEO, TD Bank U.S.

Brian Patrick Morton
Barclays Bank – Analyst

PRESENTATION

Brian Morton – Barclays Bank – Analyst

With us, we have TD Bank, and presenting from TD Bank is Leo Salom, Head of U.S. Banking. Welcome Leo.

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

Brian, good to be here with you.

QUESTION AND ANSWER

Brian Morton – Barclays Bank – Analyst

Great. Thanks for coming. All right. Let's start with – so on the recent earnings call, you announced you're going to focus on opening 100 new branches by end of calendar 2028, subject to regulatory approval. Maybe you can provide a few more details on the growth strategy?

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

Very excited to be able to make that announcement. We – this is really a return to sort of a proven track record that we've had previously. We did open up about 250 stores over the last decade. Obviously, given the last two or three years with the remediation, we took a pause. This is returning to that expansion strategy. I think maybe a couple of things that I would site. We have a pretty substantial existing footprint across the U.S. today, 1,100 stores. This is really a focus to densify – strengthen our footprint in those particular markets.

And with really – with two critical objectives. One, in the major markets in New England, the New York area and New Jersey – sort of Philadelphia, where we already have a top 3 deposit position, we really want to ensure that we're properly positioned for the emerging demographic trends that are taking place.

So, it's – think of that as a true repositioning and an extension in terms of the existing footprint that we have. The other part of the expansion is the Southeast expansion. Where we really wanted to take on a greater footprint in markets like Florida, the Carolinas more broadly, we'd like to try to embed or increase our presence in those particular markets. Taken in aggregate, it will be a substantial move in a relatively short a period of time. We said we'd open up the 100 stores by the end of 2028, and so we'll get started on that in short order here. But it's an exciting step forward, and it brings us back to a bit of an expansionary posture.

Brian Morton – Barclays Bank – Analyst

Great. And then how does the branch expansion strategy interact with the consent orders and asset limitation currently in place for TD's U.S. Bank? Can you comment on what you mean by "subject to regulatory approval"?

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

Sure. Brian, and I know I've mentioned this in the past. I wouldn't want anyone to interpret the fact that we're opening up stores as the fact that our remediation plan is complete or that we satisfied all elements of the consent order.

The consent order always provided for the ability for the bank to be able to open up stores or branches – and this is essentially us having a degree of confidence in discussions with our regulators that we will be able to open up those 100 stores by the end of 2028.

I should say that, with regard to the AML program itself, we feel quite comfortable with the work that we've done in that space, a tremendous amount of progress, Brian, in a relatively short period of time. And I think that where we are on that remediation, where we are from a maturity standpoint, gives us the confidence that we can embark on this expansion plan at this point in time.

Brian Morton – Barclays Bank – Analyst

You shared that TD continues to make meaningful progress on its AML remediation. Can you provide an update on this progress? Any updates on the timeline?

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

So, I know I've had conversations with many of you with regards to the work that we've done from an AML standpoint. I'd say, first of all, we are very pleased with the progress that we've made on our overall AML remediation plan, and I've signaled that on various analyst calls. But if I just take a moment to describe what we've done – we've completely rebuilt the management team around the BSA/AML program.

Today, we have 40 very seasoned titled officers supporting various aspects of our AML program. We have strengthened and renewed a lot of our policies and procedures and upgraded them accordingly. We've implemented a new customer risk rating program. We've implemented a new transaction monitoring core platform. We've revamped our investigations capabilities, changed our training programs and really strengthened the relationship with the sort of engagement model with the law enforcement. Put all those things together, a lot has been done in a relatively short period of time.

There's still more work to do with regards to the AML program. But I think we're entering into a very important phase with regard to the program. And that is phase associated with validation and sustainability. That's really the work ahead of us now is really to ensure that it gets validated. And for some of you that you might have heard me say this in the past – when we say validation, it means that every management action that we've implemented will be challenged by the business community, by the business itself, will be subject to internal audit validation, will be reviewed by the monitor and ultimately, it has to be accepted as effective by the regulator. And that's the process we're in right now. I think we've made a lot of progress on the actual management actions themselves. We're now in that important validation stage to be able to secure regulatory relief.

Brian Morton – Barclays Bank – Analyst

And then on expenses, TD increased its guidance for the U.S. BSA/AML remediation expenses from US$500 million for fiscal 2026 to US$550 million for '26. What was driving that increase, and what is your outlook for the U.S. BSA / AML expenses for '27 – should we expect some moderation in costs?

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

So, Brian, we did say on the call that we were going to come in for the full year at US$550 million. So, a US$50 million increase vis-à-vis what we had said for – and what we did say is that the majority of that expense increase was associated with the lookback exercise that we're running. To a lesser extent, it was also related to the fact that we've accelerated a series of management actions that were previously scheduled for later on in 2026, outside of our fiscal period and 2027, and we brought those in to be able to get out in front of some of the critical deliverables that we had.

I'd say, as I think about 2027, we do believe we'll be able to moderate overall governance and control costs associated with the AML remediation effort. I'd say that moderation is probably to take place more in the second half of the year versus in the first half of the year, but it will allow us to be able to start to realize some degree of benefits. Some of you might recall in the Investor Day, we did communicate that we do expect that more than half of the total remediation expense, will be able to be reduced permanently, while there'll be a portion of that, that will remain as part of our running costs as part of the AML program. But I think that's – I think being able to experience some degree of moderation will certainly help us in next year's overall expense profile.

Brian Morton – Barclays Bank – Analyst

On expenses more broadly, TD has maintained its guidance for mid-single-digit growth for fiscal '26. What are some examples of how you're driving structural cost savings in U.S. banking? What's your outlook for overall expenses for fiscal '27?

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

So, the work we're doing on expenses is critically important. I know many of you have heard me talk about the fact that we're really looking at our structural cost envelope in the U.S. business. In the Investor Day discussion, we did put out a target to reduce our structural cost by US$750 million. And I can say, based on the progress that we've made this year, having achieved almost US$200 million of cost savings this year already, that I think we should be able to achieve that within the MTO period.

Some of the things that are driving some of those savings is partly the store optimization work that we did earlier this year. We also discontinued a number of businesses – part of our balance sheet restructuring effort. We have been leaning into certain organizational health initiatives to be able to bring down our overall staffing levels in select areas in the bank.

We're leaning in awfully hard on this moderation of G&C costs as we're getting through some of the remediation, we are able to begin to start realizing some degree of benefit. And probably the one that's early days, but it's showing some promise is the work that we're doing from an AI perspective to actually see some additional expense. You put all those things together, and I think the way I'd ask all of you to think about it is we've already been able to moderate the absolute level of expenses in the U.S. banking business.

So, our overall expenses on an absolute basis have been about US$1.8 billion, just above US$1.8 billion for the last 4 quarters. What we would like to be able to do is create the capacity for ourselves to be able to reinvest back at scale in some of the critical things that we're trying to achieve, including our branch expansion plan, including the increase of frontline bankers and financial advisors, leaning into some of the infrastructure investments we're trying to make in data and technology.

But I think the point that I'd want to underscore is we're trying to create the capacity to be able to enjoy the value of J-curve type investments without the J-curve, to be able to allow us to be able to self-fund an accelerated degree of growth within the envelope that we currently operate today. And I think we're making good progress, more to come over the next 24 months.

Brian Morton – Barclays Bank – Analyst

I think that kind of leads directly into my next question. Is AI driving expense savings? And can you provide examples of AI initiatives transforming how you operate the business in the U.S.?

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

So, in a word, absolutely. I do think – I am truly excited about what we're seeing from an AI perspective. And I'll just talk about some of the things we're already doing and maybe some of those things that are probably to come in terms of some of the opportunities.

I'd say the single most impactful AI program that we're running right now is the software development program. We've now enabled 1,800 of our developers with GitHub copilot. I'd say while adoption curves will vary across that universe of developers, we're seeing anywhere between a 30% to 40% improvement in technology capacity available to those individuals, which right now, we are going to look at potential cost synergies there. But we're also experiencing what is a significant increase in just our ability to bring solutions to market faster.

And so, we're using it as a capacity increase as opposed to a hard dollar reduction at this moment in time, but obviously, we'll revisit that as we move forward. I'd say another area that we've applied AI at scale is within the AML effort itself. We are investing – we've already deployed 3 AI models. So, things like scanning negative news for any adverse developments on any clients in the portfolio or using AI to be able to look at our transaction alerts and be able to decipher rare patterns in it and be able to surface that much more effectively.

We're now working on a solution to be able to construct an investigator's desktop to be able to allow them to be able to look at hundreds of different items and immediately scored and be able to provide them with greater insights on how to manage that particular investigation. So, all of these things will make not only the AI program, I'm sorry, our AML program much more effective, but it should, over time, develop – generate some really significant efficiencies.

I'd say one area that I'm particularly excited about is the work we're seeing in the call center space. So, in the voice and chat AI space. We are working with a vendor as we speak, to be able to enable a voice AI agent solution that we're targeting to address about 50% of the calls into our call centers.

In fact, we were at a Board meeting yesterday, we got a chance to actually be able to demo the new piece. And it is, it's incredible what's possible today. In just the last 3 to 4 months, the quality of the sort of speech dynamic and the latency, the reduction in the latency that exists is now making what seemed almost unlikely a year ago, very likely now. And so, what we will do, obviously, that will create some synergies in terms of frontline staffing, but we hope we'll be able to reinvest some of that in being able to enrich the overall experience in the call center over time. I use those as just examples, but I would – Ray Chun, our Group CEO, talks about reimagining banking. I really do think that Agentic AI and some of the things that we're looking at, at the moment will allow us to be able to change the way we work internally. How work gets done inside the organization, and I think it will unlock a significant amount of expense synergies over time.

Brian Morton – Barclays Bank – Analyst

Great. Let's turn to the balance sheet. Q3 was an important inflection point for TD's U.S. Banking segment, with positive sequential loan growth. What do you see as key drivers of loan growth for your business going forward?

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

So, to your point, Brian, last quarter, we were able to post total loan growth – that means that we fully absorbed all of the restructuring loan runoff within the quarter – it's the first time we've done that since we announced the overall restructuring program. Our core loan growth – we have about US$165 billion in total loans. Our core loan growth was 3%, evenly distributed, both retail and commercial, both posted about a 3% growth rate.

But what I think is most important is in the areas that we have signaled during Investor Day that we were going to grow, so take our bank card business, our bank card business was up 20% on a year-on-year basis. New accounts for our cards business was up 30% and spend was up 12%. Some really strong fundamental growth in a category that we've said was going to be one of the critical categories to win as we think about the Investor Day overall targets.

I'd say that it wasn't the only category in our HELOC business, our home equity line business, that portfolio was up 6% on a year-on year basis and pipeline volumes were up 25%. So, we're seeing some good fundamental growth there as well. And I'd say the last area that I would say is our mid-market business, which is an area that we've been deliberately focusing on and working very closely with TD Cowen, which is the investment bank that we purchased in TD Securities to reinforce our capital markets business. That overall portfolio, the mid-market business was up 15% on a year-on-year business. And I think we're just beginning to see the power of that partnership with TD Securities.

So, you put all those things together, I'm feeling cautiously optimistic about our ability to not only sustain but accelerate the growth that we're seeing across our various lending books.

Brian Morton – Barclays Bank – Analyst

On the deposit side, with the competitive deposit market, TD is well positioned because of its strong core deposit base. What do you see as drivers of the deposit growth going forward?

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

So, in many ways, the one thing I would leave with all of you is that the deposit portfolio at TD is sort of the crown jewel. I mean it is the flagship product. We have historically been a very effective deposit gatherer in the U.S. Just to bring that to life a bit in the three largest markets that we operate in, the New England marketplace, including Boston, our presence in New York City and our presence in the greater Philadelphia marketplace, we have a top 3 market share position.

In fact, 76% of all of our deposits are in markets where we're either first, second or third in terms of market share. So that gives us an incredibly strong overall position. And if you look at the type of deposits you have, we are a traditional core checking transactional primary bank institution. So that gives us a great stable platform to be able to fund our portfolio.

When you combine that with the fact that our loan-to-deposit ratio is 58% overall, just sub-80, if you exclude the Schwab deposits, that gives us a unique position vis-a-vis our regional peers and some of our larger bank peers to be able to not only fund our balance sheet, but to do so at a much more attractive cost point than some of our peers that are forced into marginal pricing structures.

So, I think that's a unique advantage for us. It is an area, to your point, that we are leaning in. It's a critical part of our Investor Day objectives. In retail, we are leaning in quite significantly – the branch expansion will be helpful. I'd say the expansion of our front office staff will also be critically important. We're retooling our digital account opening capabilities and implementing next-generation precision pricing capabilities to tier much more intelligently and sort of price our book effectively as we move forward.

So, in retail, I'm confident that we'll be able to continue to grow that core book of business. And likewise, in the commercial side of the house, last year, we announced a global transaction banking effort, across TD Securities and ourselves to be able to focus on those cash management and treasury management capabilities that are going to position us to be a leader in the U.S. marketplace and to better service both our commercial and corporate banking clients.

Really pleased with the progress we're making on that front. And I would expect that to translate into greater product innovation and ultimately, greater growth in terms of overall commercial deposits. You put those things together, I gave a guidance at the Investor Day of a mid-single-digit growth rate in terms of deposits, and I think we feel quite comfortable with that as a future guidance.

Brian Morton – Barclays Bank – Analyst

How do these loan and deposit dynamics – plus tractor pricing – impact U.S. banking NIM outlook? You've guided to modest NIM expansion for Q4. What is driving that? And what is your NIM outlook for fiscal '27?

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

So, we're coming off a particularly strong quarter from a NIM perspective, NIM came in at 347 basis points – that was up 6 basis points on a year-on-year basis, up 28 basis points – I'm sorry, 6 basis points sequentially, 28 basis points on a year-on-year basis. So, a good strong overall performance. Number of factors played into that. But if we think about the fourth quarter, the guidance that we gave is that we still believe that there's an opportunity for modest NIM expansion. I think a little bit more muted than what we experienced in the most recent quarters, but still a modest expansion, nonetheless.

As we think about 2027, we still remain constructive about our ability to be able to grow NIM and as I said before, I think that growth will be more modest in nature, maybe more muted than what we experienced in the full year 2026 profile, but not notwithstanding the impacts of higher interest rates overall, the growing margins in both our loan book, growth in higher-yielding loans and higher investment yields all come together and give us some tailwind.

The one area where we probably won't experience as much of a tailwind from a NIM perspective, Brian, is tractor on/off rates. I think the first half of the year, just because of what's coming off and what's coming on, may not be quite as much of a tailwind as we enjoyed earlier in 2026. But as we see through the year, given where rates are, I do think the tractor on / tractor off rates the back end of this year of '27 and into '28 will be a tailwind as well. So, generally speaking, constructive about the future.

Brian Morton – Barclays Bank – Analyst

And then can you just comment – Fed might be – people think Fed might be raising rates tomorrow and likely some rate hikes early next year. Any thoughts on how that would impact your NIM outlook?

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

I think in the short term, I don't think it will impact it significantly. I think there might be some degree of favorability in the short term. I think, personally, a rate hike at this point will send a very strong positive message that the Fed is, in fact, conscious about the inflationary pressures that are still present and that are going to be able to rein in some of that sort of inflationary growth. I would argue the bond market is expecting it, so I think it's priced in right now. The market has priced 86% probability that it will, that they will increase.

So, I think it's important, something other than a rate hike at this point, could create some instability in terms of overall market reaction. I think the fundamental question that we just need to consider, I think generally speaking, the backdrop for banking has been very constructive. We look at earnings, if you look at general momentum in many – in the industry overall, I think the biggest area of concern at this point is do rates get to a level that they begin to affect the consumer and begin to fundamentally constrain through commercial and corporate growth activity.

I don't think we're there. In fact, the consumer has been resilient, and we're seeing corporations continue to make decisions in terms of their financial futures. But making sure that rates are contained is going to be critically important to the health of banking industry over the next few years.

Brian Morton – Barclays Bank – Analyst

Then maybe on the credit side, TD has demonstrated strong credit performance over the past few quarters. What are you seeing in U.S. Banking? And how do you characterize business client sentiment and U.S. consumer health?

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

So, really strong, strong quarter. Total PCLs came in at US$227 million, and that was down sequentially about 9%, flattish on a year-on-year basis. But if you look at the leading indicators, so delinquency, retail delinquency was stable to down across all product categories. And with regards to some of the other critical indicators like gross formations as well as gross impaired loans. In both cases, we saw sequential declines, 13% in terms of new formations and about 6% decline in gross impaired loans. So, I do think we are experiencing, despite some of the macro uncertainty, some really strong credit underlying performance numbers. And I think that's to be expected. I think TD's portfolio is a strong portfolio. On the retail side, we have very little subprime and near prime exposure, we're largely a super prime / prime core retail portfolio.

And on the commercial side, we have deliberately been derisking areas of greater – greater potential risk for instance, reducing our office CRE exposure over the past 3.5 years. So, I think you put those 2 things together, we feel like we've got a very strong credit portfolio, and we've got more than sufficient allowances against that book. So, I think PCLs should be a bright spot for us, certainly over the next few quarters.

Brian Morton – Barclays Bank – Analyst

There's been a lot of developments over the past year in the digital asset space with the GENIUS Act and the CLARITY Act. How are you thinking about TD's role in a tokenized U.S. ecosystem?

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

So, I think we want to be a leader in client-centric digital asset platforms and solutions. If I take a step back, we did – I think the Genius Act was a really important step forward. It created a legislative framework for stablecoin, and more importantly, it triggered almost an awareness moment across the entire industry and particularly the banking industry that tokenized deposits in stablecoin was going to become a reality, much quicker than first thought, and that's resulted in a mobilization across the entire industry.

At TD, back at the beginning of this year, we created a digital asset task force under Jeff Solomon's leadership – Jeff was the former President and CEO of Cowen, the investment bank that we acquired. Under his leadership, we did look at a number of digital asset solutions that we want to bring forward. We have embarked on a tokenized deposit solution that will link our commercial banking clients and the corporate bank's clients to be able to provide ledger-to-ledger transactions internally. And we've been supporting the clearing house's effort to create a tokenized deposit clearing process, in fact, which was announced, I guess, 1.5 months or 2 months ago. And TD will play a very important role in terms of enabling that as well.

So, I do think, certainly, on a tokenized deposit perspective, we believe that there is a tremendous amount of utility for our clients in that space, and we will be early adopters in that space. I'd say with regards to

Stablecoin, we did form – we did sign on to a major consortium of global banks to be able to enable Stablecoin technology. And the view there was for cross-border transactions – we don't know if stablecoin will become the primary means of digital asset exchange, but we felt that it was important to play a role in that as that technology develops going forward. So, all things being equal, I do think that plus a number of other initiatives that we're working on, we do want to play an important – a leadership role in how digital assets get brought to market.

I would say you mentioned CLARITY Act. And Brian, I'd like to make a bit of a distinction there. TD will always support innovation that is client centric. But we do have some concerns about the CLARITY Act in its current form. I think the largest concern is whether the BSA/AML and KYC rules that underpin by which crypto will be governed will be sufficient to protect the financial system as a whole.

And having just gone through a challenging remediation process ourselves, getting that right from my standpoint, that's instrumental. And we're going to be continuing to work with other industry players to make sure the final form of the CLARITY Act has very strong protective language with respect to that.

Likewise, I think we have to be thoughtful about this yield discussion. The risk of disintermediating banks and then subsequently potentially inhibiting loan formation in the U.S. is something that we need to look at very carefully. I know that this is the subject of a great deal of discussion. And we're certainly lending our voice to that discussion as we move forward. But to your first point, we absolutely want to play a role in the broader digital asset evolution discussion.

Brian Morton – Barclays Bank – Analyst

Excellent. U.S. bank M&A has been a hot topic on both sides of the border. At the top of the house, TD has said is focused on organic growth but would potentially consider inorganic opportunities that provide fee income diversification. What does that mean for your business? And are there inorganic opportunities for U.S. Banking?

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

So, Brian, I never like to rule things out, but the reality is we are absolutely focused on our organic growth strategy at this point. You've heard us talk about growing our branch network. We talked about adding 450 advisors next year. We're leaning into some of the work that we're doing in terms of our digital offerings we – I think right now, for us, where we are in our journey, completing the remediation is priority #1. Accelerating the momentum in the franchise, which we've started to see that actually materialize in 2026, maintaining that and building on that momentum is critically important.

And then ultimately, we put out some pretty bold aspirations with regards to our Investor Day targets – executing against those aspirations is really what we're focused on. And from our standpoint, I think we see that through an organic strategy at this point in time. We'll never rule out evaluating intelligent inorganic opportunities. But for our immediate focus, it's going to be driving that organic growth.

Brian Morton – Barclays Bank – Analyst

Great. Let's end on ROE. For your business, you were targeting 9.5% ROE for fiscal '26 and you've already hit that target. Medium-term target is 13%. Is that still the right target? And what levers are you pulling to achieve it?

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

So, Brian, are you trying to get me to change my guidance at the Barclays conference. I think we're in good shape on the ROE – just maybe a couple of numbers to sort of anchor the group. We did post in the third quarter, 10.2% in terms of ROE. That was up 130 basis points on a year-on-year basis, up 270 basis points over the last 2 years, and ROTCE eclipsed 15%. Now as we communicated at Investor Day, our targets are 13% and 18%, respectively, for ROE and ROTCE. I think where we stand right now, there is a path not only to achieve that, but potentially exceed that number.

I think a number of factors are playing into that. We talked about the momentum we're seeing from an earnings perspective, but we're also spending quite a bit of time on just capital optimization. We're really looking at our RWA models, looking at how capital is consumed, evaluating underperforming sectors within the bank, and making sure we're holding those businesses accountable and driving the necessary changes, whether that be unit cost changes or fundamental acceleration, volume acceleration to be able to achieve some of our targets.

I'm pleased with the progress we've made to date. But we are absolutely committed to get to that 13% target. And I think stay tuned for some more updates with regard to that overall target.

Brian Morton – Barclays Bank – Analyst

Excellent. Well, we have a few minutes left, if I guess, if anyone wants to answer – ask any questions from the audience? Sounds quiet, late in the day. We got one in the back. You got a mic.

Audience

You happen to operate in a footprint that I would consider to be a very competitive environment for deposits and deposit rate setting. Can you talk about what your competitive advantages are relative to other institutions? And what – is it the stickiness of the deposits, the granularity, or what is the nature of your deposit base?

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

Maybe just to take a quick step back. Our deposit base right now stands at just under US$300 billion in size. What's different about our deposit base is one, we do have a very large single depositor through the Schwab sweep structure, which represents about US$70 billion of that overall target.

At the aggregate level, our loan-to-deposit ratio is 58%. If you take out the Schwab component piece, it would still be a little sub-80% overall. So, first of all, we are a very deposit-rich bank and the composition of that deposit base is important. We have a very significant chequing account and low-yield savings overall composition as part of the overall footprint. Why that's important is one, it gives us a tremendous amount of funding capacity. And secondly, I'm funding that largely with lower cost deposits relative to some of our regional peers that might not have that same flexibility and are funding themselves at the margin. That flexibility for us is quite significant. It's one of the reasons why our NIM expanded 6 basis points sequentially and 28 basis points is that we've been able to right size the balance sheet as part of our overall restructuring efforts and still be able to generate some overall margin increase. To your point, though, the market is very competitive. And we're seeing – if you look at macro trends, you're seeing loan growth start to increase across the industry and deposit formation starting to lag that overall loan demand. So, I do think that your premise that things will become more competitive is certainly true at neobanks and other factors that might bring us slightly less conventional approach to deposit gathering. And I fully expect the next two or three years to be a really competitive environment. It's one of the reasons why we're leaning into our branch expansion strategy. It's one of the reasons why we're leaning into our mass affluent strategy to make sure that we continue to protect, what is probably one of our most valuable assets, which is that core strong transactional deposit base at TD.

Brian Morton – Barclays Bank – Analyst

We have one more question here.

Audience

Would you be able to expand on how TD anticipates adapting to Canadian macro risks specifically with like weakening Canadian consumer spending and U.S.-Canada trade uncertainties heating up?

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

So, I'll address that from the U.S. perspective. So, I think we're certainly concerned about the state of some of the trade discussions between the two countries. It goes without saying that the reliance of both countries to the trade and supply chains are critically important. And we are hopeful that we will arrive at a beneficial solution for both countries – so that USMCA sort of question mark is removed from the overall equation. And I don't want to prejudice it with my own thoughts, but I do believe that we will find a solution on that point. It is in both countries' best interest, not only in terms of economic trade but in terms of defense coordination and just the ability to manage a number of really important issues, including immigration, etcetera.

So, I do believe that there will be some sort of positive outcome on that front. It is important to us. A number of our clients in our book of business are Canadian snowbirds and we serve them cross-border, and obviously, maintaining a strong relationship there is going to be critically important going forward.

I think trade generally speaking, if I could, is critically important. We are – there is a tremendous amount of uncertainty still with regards to the state of trade relationships globally, getting to an effective outcome on those and just arriving at greater certainty, I think will be one of the many factors that will eliminate some of the doubt that might exist in some of our commercial clients with regards to whether this is the right moment to invest. And so, I am hopeful that we'll continue to see progress both in the Canadian context, but in terms of trade much more generally. Thank you.

Brian Morton – Barclays Bank – Analyst

Thanks. That brings us – we're out of time. Please join me in thanking Leo for his presentation.

Leo Salom – TD Bank Group – Group Head, U.S. Banking and President and CEO, TD Bank U.S.

Thanks, everyone.