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Risk factors that could cause, individually or in the aggregate, such differences include: the occurrence of any event, change or other circumstances that could give rise to the right of one or both of the parties to terminate the definitive merger agreement between First Horizon Corporation ("First Horizon") and the Bank; the outcome of any legal proceedings that may be instituted against First Horizon or the Bank, including potential litigation that may be instituted against First Horizon or its directors or officers related to the proposed transaction or the definitive merger agreement between First Horizon and the Bank to the proposed transaction; the timing and completion of the transaction, including the possibility that the proposed transaction will not close when expected or at all because required regulatory, shareholder or other approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all, or are obtained subject to conditions that are not anticipated; interloper risk; the risk that any announcements relating to the proposed combination could have adverse effects on the market price of the common stock of either or both parties to the combination; the possibility that the anticipated benefits of the transaction will not be realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the two companies or as a result of the strength of the economy and competitive factors in the areas where First Horizon and the Bank do business; certain restrictions during the pendency of the merger that may impact the parties' ability to pursue certain business opportunities or strategic transactions; the possibility that the transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events; diversion of management's attention from ongoing business operations and opportunities; reputational risk and potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the transaction; 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the impact of new and changes to, or application of, current laws and regulations, including without limitation tax laws, capital guidelines and liquidity regulatory guidance and the bank recapitalization "bail-in" regime, including other actions of the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Office of the Superintendent of Financial Institutions, legislative and regulatory actions and reforms; regulatory oversight and compliance risk; increased competition from incumbents and new entrants (including Fintechs and big technology competitors); shifts in consumer attitudes and disruptive technology; exposure related to significant litigation and regulatory matters; ability of the Bank to attract, develop, and retain key talent; changes to the Bank's credit ratings; increased funding costs and market volatility due to market illiquidity and competition for funding; Interbank Offered Rate (IBOR) transition risk; 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The Bank cautions that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results. For more detailed information, please refer to the “Risk Factors and Management” section of the 2021 MD&A, as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable) related to any events or transactions discussed under the heading “Significant Acquisitions” or “Significant and Subsequent Events and Pending Acquisitions” in the relevant MD&A, which applicable releases may be found on www.td.com. All such factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, should be considered carefully when making decisions with respect to the Bank. The Bank cautions readers not to place undue reliance on the Bank’s forward-looking statements.

Assumptions about First Horizon and TD Bank's current and expected financial performance (including balance sheet, income statement and regulatory capital figures), expected capital availability for the proposed transaction, expected closing date of the proposed transaction, expected synergies (and timing to achieve), integration and restructuring costs, assumed purchase price accounting (including fair value marks), costs of financing, foreign exchange rates, and future regulatory capital requirements, including the Office of the Superintendent of Financial Institutions' announced Basel III reforms effective in the second quarter of fiscal 2023, were considered by TD Bank in estimating its expected return on invested capital, adjusted EPS accretion and/or TD Bank's expected regulatory capital ratios. Examples of material assumptions made by TD Bank in the forward-looking statements, including TD Bank's expectations regarding the costs and financial impact of the transaction, include assumptions regarding First Horizon's future net income, transaction costs, transaction process, timeline to close and/or integrate the acquisition, expected synergies, future TD Bank capitalization, tax rate, currency conversion rate, and financial results. Assumptions about TD Bank's integration plan, the efficiency and duration of integration and the alignment of organizational responsibilities were material factors TD Bank considered in estimating integration costs. Material economic assumptions underlying the forward-looking statements contained in this document are also set out in the 2021 MD&A under the headings “Economic Summary and Outlook” and “The Bank’s Response to COVID-19”, under the headings “Key Priorities for 2022” and “Operating Environment and Outlook” for the Canadian Retail, U.S. Retail, and Wholesale Banking segments, and under the heading “Focus for 2022” 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.

Important Other Information

In connection with the proposed transaction, First Horizon intends to file relevant materials with the SEC, including a proxy statement on Schedule 14A.

This communication does not constitute an offer to sell or a solicitation of an offer to buy any securities or a solicitation of any vote or approval. SHAREHOLDERS OF FIRST HORIZON ARE URGED TO READ, WHEN AVAILABLE, ALL RELEVANT DOCUMENTS (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) FILED WITH THE SEC, INCLUDING FIRST HORIZON’S PROXY STATEMENT, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT FIRST HORIZON AND THE PROPOSED TRANSACTION.

Investors and shareholders of First Horizon will be able to obtain a free copy of the proxy statement as well as other relevant documents filed with the SEC without charge at the SEC’s website (http://www.sec.gov). Copies of the proxy statement and the filings with the SEC that will be incorporated by reference in the proxy statement can also be obtained, without charge, by directing a request to Clyde A. Billings Jr., First Horizon Corporation, 165 Madison, Memphis, TN 38103, telephone (901) 523-4444.

Participants in the Solicitation

The Bank and First Horizon and certain of its directors, executive officers and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction under the rules of the SEC. Information regarding First Horizon’s directors and executive officers is available in the proxy statement for its 2022 annual meeting of shareholders, which was filed with the SEC on March 14, 2022, and certain of its Current Reports on Form 8-K. Other information regarding the participants in the solicitation of proxies in respect of the proposed transaction and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC. Free copies of these documents, when available, may be obtained as described in the preceding paragraph.

PRESENTATION

Gabriel Dechaine - NBF – Analyst

Okay. Thanks again for joining us. I'm here with Michael Rhodes, who was just named Group Head of TD's Personal Banking business. Thanks for joining us, Michael

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Thank you.

Gabriel Dechaine - NBF – Analyst

I have a bunch of questions here but one I'd like to start off with since you're relatively new to the role last fall, right, can you give us a bit of an overview of your background at the bank and what your first impressions are on the Personal Banking business or from your current seat?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

All right. Well, thanks. So, two questions there. Let me take the first one. Actually, I'm new at my role. I actually started January 1st. So, I'm 10 weeks in. So, all of you have the experience of 10 weeks of wisdom here. But in any case, I've been in financial services for about 30 years. If you think about my financial service career, it's been around consumer, credit card, payments, small business and then some commercial and a bit of wealth. The – I've worked in the United States, the United Kingdom, Ireland, Spain and of course now, Canada. I've been with TD since 2011. A lot of interesting roles over the time.

I've had the opportunity to work in technology and business units and operational functions. I was the CMO of the world's largest independent credit card bank for a while. That was sold to Bank of America. I was then the CEO of one of Bank of America's bank subsidiaries in the UK. And then I joined TD in 2011 around the credit card business. My joke is when I joined the credit card business, we were the sixth largest credit card issuer in Canada. And I told everyone there, my claim to fame maybe is, I told everyone, we're going be number one in five years. And we actually got there in three years. And so that was a good run, that might be one of the reason I'm sitting here with you today.

But in any case, I went from there then ran America's Most Convenient Bank retail bank and then came back to Toronto to run all the shared services, so technology, digital, data. We did the Layer 6 deal and some of the operational functions, call centers, fraud, collections, things like that.

And then at one point in my career, just mentioning, I took a diversion at one point and actually I left Bank of America in 2008. And I don't recommend anyone doing this, by the way. I decided I want to do something different. I raised some capital and bought a small specialty finance company. I raised $300 million of equity capital and raised a specialty finance company in the UK, which then was turned around and sold. The shareholders were very happy with that return. I'm going to say that. And so that's a bit about me. I'm thrilled to be in the consumer bank, now the personal bank as I have a lot of personal banking experience and I'm quite energized by the role I'm in right now.

Early impressions, honestly, we have so much strength to lean upon. If I think about, I'd say, start with our brand. Our brand is just fabulous in the Canadian marketplace, number one for awareness and consideration. And that's obviously very, very powerful and helpful. We have the best branch network in the country, and I say that with great confidence. We're 90% urban. We are number one – if you look at the markets in Canada which have 500,000 people or more. We're number one in 84% of those markets in terms of brand share. And so we're where the people are, which is terrific.

On the digital side, we have more digital presence, whether it be Web traffic or usage of our mobile and online platforms to anyone else in the marketplace. Our deposit business is a real source of strength. It's the largest deposit business in the country and we're growing share. We grew about 60 points of share last time I looked and at the same time that we've been able to increase our wealth business through our mutual fund referrals. And so, we're both growing the personal banks deposit business and creating a referral engine to the wealth business through the mutual funds, which is terrific to see.

And the other thing I'd say is, look, I really, the energy and the enthusiasm of the colleagues I work with is just off the charts, and that really matters in banking. I know when JP was given introduction earlier. He talked about the value of in-person and being in person. And for us, that value is so terrific because I'm just really proud of the staff that I'm working with.

And so, that's a bit about my background.

Gabriel Dechaine - NBF – Analyst

And impressions. So, the Q1 call, there was one question asked about market share. And you're – in some markets, you're lagging a bit and your response was, the tone was a little bit we can do better. I'm curious about what areas do you see that need some work and how are you planning on addressing those areas?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Yeah, I do remember that question, it was the first question of the earnings call, and that was my first earnings call. But I think the question was specifically around our RESL business, our real estate business.

And if you look, on the one hand, you say, well, geez, your growth on a year-over-year basis was 9%. And just about any market, you'll say that's really, really strong. But, honestly, in the Canadian market right now, that's a bit of a laggard. And so, when I just described all of the strengths we have, and then I say, but we're not leading in growth in mortgage and home equity, those two don't seem to fit together. And so, I said, look, we can and should be doing better, and that's what I did call out.

And I described the strength of the bank. If you kind of double-click specifically on the RESL business, beyond the fact we have all those strengths I talked about earlier, look, we have a multichannel approach where we have several different ways where we can acquire customers and we've probably the most distribution of probably anyone in the marketplace. And we're seeing some momentum in a number of places. We've made some adjustments to our product suite, our broker channel, which has worked well. Our mobile mortgage specialists who aren't really tethered to a branch, but their productivity has increased at double-digit pace since pre-COVID. And so, we're seeing momentum, but we still need to be doing better. And we do have a lot of things that we're doing to ensure that we're going to get there.

When I was giving my background in terms of who I am, the one thing I didn't mention, I actually started out my life as an engineer. I was a mechanical engineer in materials science, and I actually practiced as an engineer for a while. So, I do have a bit of an engineering mindset. And if I look at our RESL business, one of the things I've done is I've asked for a complete end-to-end review of the process, everything from when we originate, if we take an application with being a branch or through a mortgage specialist, through underwriting, through funding, through servicing and almost an industrial engineering mindset. And look, the good news is we're actually seeing opportunities there. We're seeing opportunities on the account management side. We're seeing opportunities through auto adjudication. We're seeing opportunities in creating better connectivity between the underwriters and the folks who are taking the applications, our advisers who are taking the applications. And we're seeing opportunities in terms of tooling that we bring to bear. Whether it's the data, the analytics, the workflow management, things like that. And so, when I was on the call, what I said was, we can be doing better. But I also said, I believe we have momentum, and I actually really do believe that.

Gabriel Dechaine - NBF – Analyst

Well, one of the changes I believe you've made recently to your distribution – on the distribution side, sorry. The FlexLine product is being offered in the brokerage channel.

So, what – why wasn't it there before, I guess, would be my first question.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

So, it's when you work inside a large bank, when you look at the prioritization of kind of what you're offering where, there's always a bit of a pecking order and we have a certain amount of money that we're going to fund. And you have things that are above the line and below the line, and the broker channels become more and more important particularly with COVID and where people are going into a branch less. And to be fair, one of the reasons we had been lagging in RESL was because people are coming into the branch less and we were more branch dependent probably than most.

And so we saw, the broker channel was actually accelerating, this is – like, this is the time that we need to roll the product out.

Gabriel Dechaine - NBF – Analyst

And is that FlexLine – I'm a little bit confused sometimes the combined mortgage and HELOC products.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Yes.

Gabriel Dechaine - NBF – Analyst

Like the regulator is kind of shining a light on that. And it's a big product for every bank at this point.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Yes.

Gabriel Dechaine - NBF – Analyst

And TD was an innovator in it. So it's a big product for you. Is that – what are your thoughts on potential regulatory oversight of that particular type of product?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Yeah, there are certainly some regulators you've probably seen some press where regulators have commented on the product. Look, at the end of the day, whenever you're lending money, you want to make sure that we're doing in a prudent way that's good for the customer. We're pretty confident we understand what the regulator's intentions are with the product, and we believe that our path forward it is going to be a good path. If I actually look at the combined loan product and, HELOC in general, it's actually interesting.

When you look at some of our numbers, if you look at our financials, it's hard to see how we compare it to the marketplace because we actually have more granularity than most in terms of how we report out. If we look at CBA data which you probably don't have access to, but I do. We're fourth in the marketplace. So, we actually see this as an opportunity because in most places we're first or second in terms of our product share. And here we're fourth.

Gabriel Dechaine - NBF – Analyst

Fourth in what – in volume?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

In volume. Just in volume. Just a balance sheet metric. And so, our aspirations go from fourth to a higher position in the league tables. And we can – we very much believe we can do this in a way that's absolutely compliant with regulatory expectations.

Gabriel Dechaine - NBF – Analyst

Got it. The credit card business. So far, that's one where TD's big in market share, of course. But if I look at pre- COVID balances to today, that's one where your recovery has been slower than some of the peers. And I'm wondering, is that because you had a heavy travel card emphasis or is it the legacy – not legacy, it's called the MBNA. The MBNA product because that's more borrowing based product and that's just not what people are using anymore or as much.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Right. So, I'd probably say yes and yes.

Gabriel Dechaine - NBF – Analyst

Okay.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

So, it's interesting. So, we've – you just described two different segments, one of which is the high end travel cards, which the our Aeroplan is our anchor product. And that's just – it's a fabulous product. And actually with Aeroplan, the product just re-launched actually during COVID and the re-launched product, it's the best travel product in the marketplace bar none. Unfortunately, people haven't been traveling as much and we actually see with our spend data in the credit card business that we're still not up to pre-COVID spend levels on travel. We are in everything else.

In fact, if you look at our balance of this year, balances have shrunk. But actually our spend on our credit card business, if you compare Q1 2022 to Q1 2020, which was a pre-COVID period, our spend is up 13% and our balances are down $3.5 billion or so, roughly $3 billion or so. And on a year-over-year basis, our spend is up 23%. And so, we're actually seeing good spend patterns, but that's not actually translating into balances.

So a few things as you unpack this. Clearly, the travel programs, without that high spend levels, the travel programs haven't achieved that level of spend yet but we actually see momentum there. We're actually –

we're confident actually and even in February we're seeing momentum there. And so, we feel good about that.

And then on the balance consolidation side, when COVID hit, lots of stimulus programs, customers flush with cash, the need for balance consolidation. Loans had gone down and that's impacted the MBNA business. If I think about the recovery from here, I actually think that travel rewards category is going to probably recover faster than the balanced consolidation category just because there is so much liquidity in the system. Now, that liquidity in the system is not all bad for us in fact.

That translates into very strong deposit balances and you can again see our deposit balances are quite healthy. And I actually – I've spent a lot of time in credit card. I can probably go on this forever.

Gabriel Dechaine - NBF – Analyst

I do have a follow-up and it's on the revolver rates being so low. I mean, I anticipated my simplistic view of the world that government programs have got wound down September of last year. You'd have a few months go by and people will start having to carry balances again. Maybe my timing expectations are off, but not just now but it sounds I've talked to a few other bankers and it's – they seem to be pushing back expectations for when revolver rates will actually go back to pre-COVID levels. Why is that and what's your outlook?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

So, I think our outlook would actually be pretty similar. That's taking a while for revolver rates to get back to pre- COVID levels. I will say they're firming up and not going down anymore. They're actually probably edging up a bit. But look, I know the stimulus programs have stopped and some other factors that kind of came into play. The truth matters which is good. The consumers still have a lot of liquidity even despite the fact that the stimulus programs have ebbed.

I do remind folks though every once in a while that there are a bunch of these natural hedges in the credit card business, where revolver rate goes down actually your loss rate goes down also. And I know the focus these days is pre-tax pre-provision.

And if we look at a NIAC basis and it's actually, it... ...performs well. All that said is, look, we want to see the balances come back and are confident they will. As I said, I think that travel is going to recover a little faster than the balance consolidation.

Gabriel Dechaine - NBF – Analyst

So – the other, today versus pre-COVID comparison I look at is margins, and your margins are still further off from pre-COVID. How much of that is because of this cards issue we're talking about because those are the highest spread products and how much of that is due to other factors and what might those be?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

So, a good question – obviously, everyone tracks our margin, and you can see what it does on a quarterly basis. And, when I came to the job, it was the first things I... ... did. Show me the margin trends and what's going on.

But at the end of the day, look, we are more interest rate sensitive than most. And so, when rates are going down, you feel that in terms of the margin compression. My hope is when the rates go up, you see the opposite effect.

And...certainly, right now, I'm – it seems like we're in a rising rate environment, but it's a combination of mix and, while card balances are much lower balances in aggregate than say, RESL on the balance sheet, they're a much heftier yield as that mix really does matter a lot.

And they're loan margins also and, well, hey, your loan margins look on a relative basis and also balance sheet management strategies kind of come into play. So, those combination of factors have caused some a relative decline in our margin relative to what we might see for others.

That being said, coming into a rising rate environment, I think the things that have been, you've seen this bit look a little adverse, we should hopefully start looking a lot more positive.

Gabriel Dechaine - NBF – Analyst

Right. And that's my – leads into my next question is the rising rate environment. How much pricing power you have on the deposit side of the balance sheet such that, maybe you can overshoot some of the rate sensitivity metrics you've given us.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Yeah. So, if I think about a rising rate environment, I'll give you a number which is actually a disclosed number, so it's fine. In the first quarter, we actually disclosed the impact of...

Gabriel Dechaine - NBF – Analyst

You can give us the other one.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Okay. That's fine.

Gabriel Dechaine - NBF – Analyst

We're amongst friends.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Yeah. And I'm sure we are. This might be the first one of these, but don't want it to be the last. No. But if you actually look in our disclosure to see that, just a 25-basis point increase in the short end for the enterprise is worth about $394 million. About half of that is in Canada. So, that gives you kind of a sense of the leverage on the ups for how we see margin going forward. And I tell you, I was going on this. I talked about – what was the question again?

Gabriel Dechaine - NBF – Analyst

I guess, pricing power on deposits.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Yeah. And then so why is that pricing power so attractive? About three-quarters of our deposits in the Canadian bank don't attract rate, if you will, until basically zero yield, a 25% do. And so, that 25%, look, would be very thoughtful in terms of – in the marketplace, what's the customer expectation, what's the competitive dynamic, what's the yield curve look like? I think we've about a 75/25 mix, but...

Gabriel Dechaine - NBF – Analyst

And the 75, you don't pass anything through do you...

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Well, I guess so. With the 75, you actually need to kind of watch that and monitor it very, very closely, because you don't pass anything off, but there are mix shifts that can happen between the 75 and 25.

Gabriel Dechaine - NBF – Analyst

Got it. But I imagine given the level of excess deposits that are across the system, the competitive intensity just isn't that high, or is it more of a behavioral issue?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

I hate to forecast competitive intensity in the future.

So, I just know – like we've gone through prior rising rate cycles. Like – and this is different, without a doubt, what we're going through right now. But if you were to look at our prior rising rate cycles, you could probably use that as a proxy and think about what this will look like.

Gabriel Dechaine - NBF – Analyst

Okay. Expense management, investment spending. So, we're in the phase now where banks are gearing up for more initiative spending. I'll start with what are your areas of focus right now. What's the priority for these investments?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Sure. So, probably five or six areas of focus. Actually, today was – yesterday was my first visit for the markets. When I took this role, I anticipated basically going from West Coast to East Coast and visiting every market, which I failed miserably due to the kind of resurgence of COVID. So, I was actually in one of our branches here in Montreal just yesterday. And a great team, great staff, fabulous attitude. And I asked our divisional leaders. I said if you could have one thing, what would it be? He said more advisors. And so, one of the things we are investing absolutely in this year is more advisors. And so, you're going to see that as the year unfolds. And that's been a common story you've probably heard from us for a while.

But beyond advisors, how else do we stimulate demand is going to be marketing. Being an ex-cards guy for a while, that's a mostly direct response business. And so, I've been a believer in the value and the power of marketing to stimulate demand. And so, you're going to see us investing more in marketing. You're going to see us invest in our operations modernization. We heard earlier about kind of tech and ops coming together in the digitalization of the world. Yes, there's digitization going on. It's going to affect our operating areas. And so, we're investing a lot beyond mortgage in that.

We're also investing in a new operating model between tech and business. And this is actually my prior role. I ran technology and much of other things, and now I'm in this current role. But one of the conundrums you have inside a large complex organization is when you try to deliver technology is we're generally very siloed in terms of how we operate. And so how do you actually deliver technology across multiple silos and do it effectively?

It requires a change in your operating model, and this is something that some banks in Asia have done, some banks in New York have done, and we're doing it now ourselves, which is – you're going to hear us talk about platforms and journeys where platforms or enterprise capabilities journeys are the way a customer engages with a bank. And we're putting these platforms and journeys together just cross-functional pods and empowering teams to drive change. And the whole idea is here we want to increase the metabolic rate of driving technology change for the benefit of our business. And so you're going to see that.

You're going to see investments in mobile. And I called mobile specifically because mobile is a growing channel. All other channels might be reasonably flat. Mobile is growing without a doubt, and those investments will be in capabilities. We just launched a new reward center with Starbucks. It's just great to earn and burn with Starbucks. You can actually pay for your coffee in line with a – through the TD app now and all sorts of interesting things you can do with that program.

But beyond the capabilities, probably the most important investments we're going to make are the ones you don't see, and those are the infrastructure investments, and so actually moving our mobile application in Canada to the cloud. By doing so, we actually are going to end up bringing – we're going to bring better tools for engineers so they can write and deploy code quicker so as speed increase the metabolic rate. And we're also – we've adopted a modular architecture to our services within mobile.

And so again, historically, if you wanted to make change in your mobile app, maybe five different groups want to do something, you had to coordinate all that into one giant release.

And now by creating modular architecture we can actually run our change programs at parallel and get more work done. And so you're going to see that type of investment. And so, my guess is this year you're not going to sit back and say, oh, geez, look at the great investments they've made in infrastructure because you won't see it.

What you will see is once we make those investments and then we're talking this year, you're going to see an increase in metabolic rate or the rate of change. So, we can actually be there for our customers in a really fast way and understand their needs and drive the solutions to support them.

Gabriel Dechaine - NBF – Analyst

So earlier I heard you like talk about the branch network, again, 90% urban. The best in Canada. And then a lot of emphasis on digitization. This is the question everybody asks, I, myself included, and I think it's one that I want to kind of feel the pulse type of things. The – with all this digitization and an increasing proportion of transactions online, what is the future of the branch look like? Is it just, well, it'll go down slowly and we make them smaller or something like that or is it something else?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Yeah. So, it's a good question. Let me just start out with telling you a little story, if I can.

Gabriel Dechaine - NBF – Analyst

Sure.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

So, the way you do when you're new in the role, one of the first thing you do is you call customers and you talk to them yourselves, you don't rely upon your marketing research, or your direct reports. So, I actually got on the phone and called a bunch of our customers and said, how are we doing? And I would tell you, and when I called them is we do these surveys with customers and I called customers who thought we were fabulous. And I usually call some customers who think we made a mistake in how we service them in one way or the other. And everyone, regardless who I talked to, they actually referred back and says – and said, I'd just love dealing with Jane in the branch or Harry, and they were actually referring to actual individuals in the branch.

And one thing as you heard from JP when he was introducing is, he says, it's great to be here in person because personal connectivity matters. When it comes to complex financial products, being in person actually does matter. And meanwhile, simple transactions will be going and then will they be going and going digital. Simple sales, simple service transaction look when mobile be going digital. Some day they might be going virtual reality. And you're seeing the branch, there's a shift, the shifts that's happening away from service towards what I call the more complex sales. And for there, having the physical presence we believe matters. Because when are going to do those sales, you either are going to do them work-from-home, you're going to do them in a call center environment or you're going to do them in the community. We believe that being in the community matters and being 90% urban, we have the right locations where the people are in order to make that happen.

Look, always going to be monitoring to kind of see and then we'll make tweaks to the portfolio as time goes on. But I think that's our approach.

Gabriel Dechaine - NBF – Analyst

I guess the end of the branch is an exaggeration, right? A quick one on the expense initiatives, in the world that we're in, how quickly can you pivot away from them if it's a batten down the hatches type of environment?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Yeah. So I mean, if you look at the – a quick thing you can pivot away from is honestly marketing. And so, when you have some excess dollars, you probably want to spend it a bit on more marketing to drive volume. And when there's not, you can kind of pull that down more quickly. I will tell you, when it comes to some of the kind of technology change that things are going on like our intention is to be actually quite persistent with that funding.

Because we don't think that the need to modernize our operations is going to go away. And so, one things that I'm really challenging my team to do is, we need to figure out how to not cut back on the investments we're making but how we lean out the things that we're doing as we can afford to pay for them. And so I'm very much focused on leaning out our operations to create the call for the furnace to drive the growth.

Gabriel Dechaine - NBF – Analyst

Well, with that, I'd like to thank you for coming to Montreal. Really...

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Well, thank you.

Gabriel Dechaine - NBF – Analyst

...appreciate your presence here and good luck the rest of the day.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Thank you